



PEABODY

Report and Financial Statements

31 March 2009

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Report and Financial Statements

31 March 2009

Operating and Financial Review

Board, Executive Officers and Advisors

MEMBERS OF THE BOARD OF GOVERNORS

Pam Alexander	Chair of the Board, and Member of the Nominations & Remuneration Committee
Fred Calcott	Chair of the Tenant Liaison Committee and Member of the Resident & Community Committee – resigned 31 December 2008
Peter Doyle	Chair of the Audit & Risk Committee, Member of the Finance Committee and, until 23 October 2008, the Property Committee
Ngaire Drake	Member of the Property Committee
Dudley Fishburn	Vice-Chair of the Board, Chair of the Finance Committee, Chair of the Nominations & Remuneration Committee and Member of the Audit & Risk Committee
Karl King	Member of the Property Committee
Hattie Llewelyn-Davies	Chair of the Resident & Community Committee and Member of the Nominations & Remuneration Committee until 26 November 2008, and Member of the Resident & Community Committee since 26 November 2008
Christopher Strickland	Chair of the Property Committee and Member of the Nominations & Remuneration Committee
Marc Hume	Member of the Resident & Community Committee – resigned 10 November 2008
Marisa Cassoni	Member of the Property, Finance, and Audit & Risk Committees
Tim How	Chair of the Resident & Community Committee and Member of the Nominations & Remuneration Committee since 26 November 2008, and Member of the Finance and Audit & Risk Committees
Millie Banerjee	Member of Resident & Community Committee – appointed 24 September 2008
Claudette Forbes	Member of the Resident & Community Committee and, since 4 February 2009, the Property Committee – appointed 26 November 2008
June Welcome	Member of the Resident & Community Committee – appointed 4 February 2009

CO-OPTED COMMITTEE MEMBERS

Danny McLoughlin	Finance Committee – appointed 24 September 2008
Neil Gardiner	Property Committee
Ian Nash	Property Committee – appointed 24 September 2008
Liz Peace	Property Committee
June Welcome	Property Committee – appointed 24 September 2008 and resigned 3 February 2009
Margaret Kerss	Resident & Community Committee – resigned 14 May 2008
Janet McLagan	Resident & Community Committee – resigned 14 May 2008
Ian Parkes	Resident & Community Committee
Kirk Mitchell	Resident & Community Committee
Anne Dilletta	Resident & Community Committee – appointed 24 September 2008
Edwina Fraser	Resident & Community Committee – appointed 24 September 2008

EXECUTIVE OFFICERS

Stephen Howlett	Group Chief Executive
Catriona Simons	Group Finance Director
David Lavarack	Corporate Services Director
Sean Gallagher	Property Director – resigned 5 January 2009
Keith Carter	Interim Property Director – appointed 7 January 2009
Stephen Burns	Director of Community Services
Sandra Skeete	Customer Services Director

Operating and Financial Review

Board, Executive Officers and Advisors

Auditors

Grant Thornton UK LLP
Chartered Accountants
& Registered Auditors
Bryanston Court
Selden Hill
Hemel Hempstead
HP2 4TN

Company Secretary

Graham Lawrence

Bankers

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Registered Office

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London SE1 7JB

Solicitors

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Registration Details

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Charity Commission Registration – 206061

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40 Tower Hill
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Operating and Financial Review

OVERVIEW

Founded in 1862 as the Peabody Donation Fund, Peabody Trust ("Peabody") is now one of London's oldest and largest charitable housing associations with over 17,500 properties across the capital. It has its own Act of Parliament stipulating Peabody's objectives to work solely within London for the relief of poverty. The Peabody Group (The Group) works with government and a whole range of voluntary, private and public sector partners to bring services to our residents and others in communities where we work.

The Group consists of two registered social landlords, Peabody and CBHA, and a number of smaller trading companies.

Peabody's portfolio comprises a significant number of properties in central London. Most are in central and inner London, with over 5,750 properties built before 1900 and 2,300 of these built before 1875. The majority of our homes are on estates with open, communal green spaces. There are also a number of street properties. Peabody also acquired three local authority estates in Islington, Hackney and Barnet between 1998 and 2000 comprising 2,271 homes.

The Group has four key areas of activity, benefiting directly and indirectly both its residents and the wider London population:

- The provision of rented housing for people who are unable to afford to rent or buy in the open market;
- The provision of supported housing and care for those who need additional support;
- The provision of low cost home ownership, particularly shared ownership; and
- The delivery of community regeneration activities such as the provision of learning opportunities and access to ICT training and accreditation.

Peabody has a dedicated Community Services directorate established to tackle poverty at its roots – poor education, low skills and lack of opportunity. Working on and around our estates in some of the most deprived areas of London, the team is well placed to reach the most excluded and to ensure

that services are accessible by taking support right into the heart of the community. The directorate also provides support services to those who need them, both Peabody residents and others.

KEY MISSION, VISION AND PUBLIC BENEFIT

Peabody's mission is to make London a city of opportunity for all by ensuring as many people as possible have a good home, a real sense of purpose and a strong feeling of belonging:

A good home: a place that is safe, warm, clean, light, well maintained and evokes personal pride

A real sense of purpose: regular endeavour through work, learning, caring for others, personal development or volunteering. Pursuits that people look forward to because it makes them feel valued.

A strong feeling of belonging: active involvement in the neighbourhood and the spirit of togetherness and friendliness that goes with it.

Opportunity is a platform that takes us beyond homes into personal community development and it is these three things that Peabody strives to be famous for.

Peabody and CBHA are subject to the Charities Act 2006, including the obligation to demonstrate, explicitly, that their aims are for the public benefit. Peabody's Board of Governors (the Board) is satisfied that through the provision of affordable housing and the delivery of community regeneration activities, the Group actively creates social and financial opportunities and so relieves poverty in London, to the benefit of the Group's residents and other customers and, indirectly, the London population at large. Although the principal focus of the Group is the provision of affordable and quality housing, a non-exhaustive list of other opportunities and benefits facilitated and promoted by the Group are set out in this report and the financial statements.

THE CONTEXT IN WHICH WE OPERATE

The global economic downturn continues to have a significant impact on the housing sector. New build programmes have slowed; funds have become more expensive; sales have fallen; and the social housing model, reliant upon cross subsidy, has not withstood these pressures.

The economic backdrop also creates a difficult environment for our residents and customers throughout our three year business plan period. They face an increased cost of living, rising levels of unemployment and greater economic uncertainty.

This environment also, however, presents opportunities for well managed and financially strong housing providers.

The regulatory landscape within which we operate has undergone the most significant change for many years during this financial year. The Housing and Regeneration Act 2008 has created two new bodies:

Homes and Communities Agency (HCA), which provides funding for affordable housing, brings land back into productive use and improves the quality of life by raising standards for the physical and social environment.

Tenant Services Authority (TSA), a new regulator for providers of affordable housing. The TSA place more emphasis on tenants, strive to increase choice and challenge providers to improve services and performance. The TSA will have more extensive powers and is working towards a new set of regulatory standards.

The London Housing Agenda is led by the Mayor, his draft housing strategy outlines plans for delivering 30,000 new socially rented homes in London between 2008 and 2011. Greater prominence and power is given to Local Authorities, with which individual borough-based housing investment targets will be agreed. This, combined with the introduction of Comprehensive Area Assessments, will place renewed importance on our strategic partnerships and relationships with Local Authorities. With ambitious targets for reducing carbon emissions, the desire for 'greener' homes and environmental improvements in housing continues to feature strongly at national and regional policy level.

London faces a changing demographic profile and steady increases in youth and elderly population will shape the services provided by the sector.

Operating and Financial Review

BUSINESS DRIVERS

Informed by our Mission and the changing market context, two business drivers will shape the focus and emphasis of Peabody's activities over the next three years.

Putting our customers first

Customers tell us every day what we need to do to improve our services. We believe that the way to improve customer service is to listen, understand and do what is important for them. This means having a workforce that is professional and competent with the interpersonal skills to deliver high quality services to our customers. It also means having systems that assist in the development of a deeper knowledge of our customers and their needs to support profiling and more informed business decisions.

Maintaining strong financial capacity

The current economic environment is challenging for our sector and especially for our residents and other customers both in terms of their aspirations for home ownership and access to employment.

Peabody is a strong and financially sound organisation. We will continue to strengthen our financial capacity by continuously improving our efficiency and operational effectiveness.

We will ensure the long term viability of the organisation and seek to generate increased capacity for growth:

- in those service areas that our residents most value and communities most need
- in the provision of new homes

We will use our financial capacity and strength to take advantage of growth opportunities where these are in the long term interests of our residents and customers.

BUSINESS PLAN PRIORITIES

The objectives and strategy of Peabody are set out in a rolling three year business plan that is reviewed annually and approved by the Board. The business planning process includes an assessment of strengths and weaknesses, opportunities and threats, which

are discussed between the Executive team and the Board of Governors.

The 2009/12 plan builds on the 2008/11 plan with the business objectives required to deliver against our purpose being distilled into four priority areas:

- excellent customer services
- thriving communities
- desirable homes
- a first class organisation

Success in executing our objectives over the next three years will be measured through:

- feedback from our customers: achieving an 10% increase in satisfaction
- feedback from our stakeholders: achieving a reputation for listening and acting
- peer group benchmarking: achieving top quartile performance
- assessment by regulator: achieving recognised improvement since our last audit

Peabody Behaviours

The way in which we achieve our objectives is as important as the objectives themselves. Peabody behaviours which apply to staff at every level:

- customer focussed – delivers excellent customer service
- results focussed – gets things done
- collaborative – works effectively with others
- can do – positive and helpful
- principled – trustworthy and fair
- continuously improving – always looking to get better

These behaviours form an integral part of the assessment of performance for all staff and will guide the way in which we deliver our plans. For those responsible for the direction and development of others, we have designed a set of Management Expectations, grouped into four categories:

- leads a team
- manages people
- manages delivery
- manages change

This will form part of the performance assessment of managers.

Through comprehensive customer care training commissioned from Mary Gober International in 2008/09, we are now entering the next phase of our journey towards service excellence.

Operating and Financial Review

PERFORMANCE AND DEVELOPMENT

Senior management and the Board monitor achievement of Peabody's objectives by measuring performance against the targets that are set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement. We use a range of indicators to monitor achievement of the organisation's objectives in each of Peabody's 4 priority areas.

Operational performance over the last 3 years against a number of the key indicators is shown in the table below:

Key performance information	2009 (Actual)	2009 (Target)	2008	2007
Excellent Customer Service				
Overall Satisfaction (per STATUS survey)	66.5%	65.0%	56.0%	56.0%
Resident Satisfaction with views taken into account (per STATUS survey)	53.1%	65.0%	34.0%	34.0%
Percentage of repair appointments kept by PMP	85.4%	85.0%	87.2%	83.9%
Percentage of calls answered by Peabody Direct contact centre	93.0%	95.0%	89.9%	87.1%
Complaints resolved at Stage 1	77.7%	90.0%	79.0%	84.0%
Complaints resolved at Stage 2	70.1%	80.0%	59.0%	N/A
Thriving Communities				
Number of people into jobs	340	300	269	331
Number of people accessing training opportunities	1,588	850	965	713
Number of Activate London beneficiaries	8,397	7,800	N/A	N/A
Desirable Homes				
Percentage of properties compliant with the DECENT standard	90.6%	88.0%	85.1%	80.6%
Average days to re-let a general needs dwelling	40	28	34	46
Void loss as % of rent & service charges receivable	0.7%	0.7%	1.9%	1.7%
Percentage of emergency repairs completed within target	86.1%	95.0%	93.4%	97.6%
Percentage of urgent repairs completed within target	94.4%	90.0%	93.7%	87.7%
Percentage of routine repairs completed within target	88.9%	90.0%	90.5%	80.2%
Percentage of properties with a valid gas safety certificate	99.1%	100.0%	98.2%	98.0%
First Class Organisation				
Gross current tenant arrears as % of rent and service charges receivable	6.1%	6.2%	6.8%	7.7%
Operating margin	19.5%	12.0%	21.4%	25.4%
Voluntary staff turnover	11.3%	15.0%	14.1%	9.45%
Staff attendance level	97.2%	96.0%	96.4%	96.7%

Operating and Financial Review

SUMMARY OF OPERATIONAL PERFORMANCE

Excellent Customer Service

Following a new STATUS survey which was conducted in late 2008, resident satisfaction has shown a considerable positive trend, whilst not yet at the levels that Peabody aspires to achieve, this improvement reflects the significant focus of the organisation in recent years on putting customers at the heart of everything that Peabody does and the significant increase in investment in frontline service activities.

Performance of Peabody's contact centre and complaints handling and resolution activities will be pivotal to achieving further improvements to Customer Satisfaction. Performance of the contact centre has been showing steady improvement with a benchmarking exercise planned for June 2009 to compare our performance with our peers, and exchange of best practice with best performers in the sector is already taking place.

The percentage of complaints resolved at stage 1 (78%) and at stage 2 (70%) is disappointing and behind target. There is significant organisational focus on improving performance in this area with a number of initiatives currently underway which are expected to deliver tangible improvements.

Thriving Communities

This year has been another successful year for our Community Initiatives department with both the numbers of people assisted into jobs (340) and the number of people benefiting from our training opportunities (1,588) exceeding the targets set for the year. A total of 548 young people have benefited from the Youth Programme in 2008/09, ahead of the target of 500. Peabody's youth clubs/homework clubs continue to be well attended, and activities are ongoing to encourage participation by young people. Funding has been secured for a Youth4Youth programme for 2009/10, working with three partners to develop our Youth Forums and nationally a Young Social Housing Tenants Alliance.

Further to the award of Lottery Funding for Activate London projects both the number of Activate projects taking place (51) and the number of beneficiaries benefiting from the projects (8,397) exceeded target for the year.

During the year £840,339 was received from the Big Lottery for the Activate London programme, £27,573 from the Big Lottery for the Media Club and Youth Committee for residents and £384,618 was received from Tower Hamlets Council for the Linkage Plus Programme.

Desirable Homes

Meeting the DECENT homes standard was a significant challenge for Peabody given the age profile of its stock, however following the significant investment programme over recent years over 90% of the stock now meets the standard with an additional 1,400 homes brought up to standard during the year.

The average time taken to re-let a general needs unit failed to meet target but has demonstrated a positive trend in the second half of the year following the letting of a number of properties in the early months of the year that had previously been void for a long period. Rent lost through dwellings being vacant and available to let throughout the year fell only narrowly short of target at 0.71%. Performance is expected to continue to improve into the new financial year.

Performance of Peabody's repairs service is critical to the service received by our customers and the quality of our homes. The total number of repairs completed in 2008/09 showed an increase on previous years (39,375 in 2008/09 compared to 35,659 in 2008/09). Performance of the service is measured for each category of repair against standard response times. Urgent repairs showed an improvement on previous years despite an increase in the number of jobs categorized as urgent. Emergency repairs completed within target did not achieve our target, there were a higher number of emergency gas repair jobs during the winter months which stretched the

service. The percentage of Peabody properties with a valid gas safety certificate rose to over 99% during 2008/09.

A strategic review of Peabody's maintenance service has recently been commissioned with recommendations being submitted to the Board of Governors in May 2009. Work to agree the future strategy will be completed during 2009/10 with a target date of April 2010 for any new delivery arrangements to be in place.

First Class Organisation

Peabody achieved better performance across the key indicators in this area than was targeted. Current tenant rent arrears as a percentage of annual rent roll was 6.1% at the end of the year which continued the improving trend of recent years. Peabody achieved its budget for the year achieving an operating margin of 19.5%.

REGULATION AND GOVERNANCE

As a social landlord, the Group is regulated by the Tenant Services Authority (the successor body to the Housing Corporation, which was abolished on 30 November 2008). The Group is registered with the TSA and complies with its Regulatory Code. Peabody and CBHA are also both registered charities, regulated by the Charity Commission. The TSA assesses performance in respect of viability, governance and management, and the HCA regulates development activity and other schemes which it funds. A "traffic light" system is used to measure compliance and throughout 2008/09 the Group had a full set of green lights.

During July 2006, Peabody was inspected by the Audit Commission and achieved a one star rating with promising prospects for improvement. Our business plan focuses on ensuring that Peabody continues to improve the services it provides to its customers.

Operating and Financial Review

The Board of Governors of Peabody (the Board) is the incorporated body of trustees of the charity and as such it is Peabody's ultimate governing body. The Board comprises up to 12 non-executive directors who normally meet seven times per year. All Board Members give their time voluntarily and receive training as appropriate to support them in their roles. Present and former Board Members are listed on page 2 of these financial statements.

The maximum permitted term of office for Board Members is limited to three terms of three years and thereafter a maximum of three terms of one year each.

Peabody is managed by an Executive Team headed by the Chief Executive and supported by directors of community services, corporate services, customer services, finance and property. The Executive Team attends all meetings of the Board. Peabody's Executive Officers are not members of the Board and, although for the purposes of salary disclosure they are referred to as directors, they are not regarded as directors for legal purposes. The Executive Officers meet on a fortnightly basis under the chair of the Chief Executive in order to manage Peabody's affairs in accordance with the framework set by the Board. The Executive Officers are listed on page 2 of these financial statements.

The Group is eligible for exemption from the Financial Services Authority's requirements relating to corporate governance disclosures but Board Members have elected to provide the majority of applicable disclosures. These are set out in the appropriate parts of this report and the financial statements.

Subsidiary Entity Boards

CBHA is regulated by and registered with the TSA. The Board of Trustees of CBHA comprises two Peabody Board Members and three Peabody Executive Officers, as nominated by the Peabody Board. The Trustees are supported by a local Board and a range of functional committees. The governance arrangements for CBHA are subject to a wide-ranging review, which will from 2009/10

further increase the role of CBHA's residents in the strategic management and over-sight of the charity.

The non-charitable entities within the Group each have a Board of Directors comprising both Peabody Board Members and Executive Officers. This is in accordance with regulatory guidance and good practice, which recommend that the membership of subsidiary entity boards should not replicate the main governing body.

Delegation and Functional Committees

The Peabody Board is supported by five functional committees, each of which meets four times per year (with the exception of the Nominations and Remuneration Committee, which meets twice per year). The membership of these committees comprises Board Members and Co-opted Members. Each of these committees has clear terms of reference and delegated authority. They report back to the Board at each Board meeting, where their recommendations are considered fully and approved as appropriate.

The Audit and Risk Committee is responsible for overseeing internal audit, external audit, and control and risk management. The Finance Committee oversees and reports to the Board on Peabody's

financial performance, treasury matters and financial statements. The Resident and Community Committee is responsible for overseeing the provision of services to Peabody's current and prospective tenants, leaseholders and other customers. The Property Committee is responsible for overseeing effective asset management and the control and delivery of development and stock investment programmes. The Nominations and Remuneration Committee advises the Board on appointments to the Board and Committees, and remuneration issues, including senior staff salaries and human resource policies.

RISK MANAGEMENT

The main risks faced by the Group are considered by the Executive Team with the Board as part of the business planning process. The Group has taken steps to ensure that it identifies factors that may affect future performance. Peabody's Risk and Risk Management Strategy identifies the key risks facing Peabody and strategies for monitoring and mitigating them. An Officer Risk Panel, which meets quarterly, also plays an active part in embedding a culture of risk awareness and risk management amongst staff.

The Group considers the following to be key risks during the business plan period:

Key Risk Identified

Reduced availability of debt in the current financial markets

Higher cost of new debt in the current financial markets

The impact of volatility in inflation with the possibility of deflation in 2009/10

Continuation of the significant and sustained downturn in the London housing market leading to a fall in demand for and prices of property

Risk Mitigation Activities

- Forward funding totalling £60 million is in place, secured at competitive margins.

- Sufficient available and secured facilities to meet Peabody's medium term funding requirements thus limiting the impact of high margins on new debt.

- Prudent financial planning assumptions have been applied by the Group which anticipate zero inflation at September 2009.

- The financial plan and budgets have been stress tested with contingency planning completed to deal with any further deterioration in assumptions.

- Regular review of financial planning assumptions to ensure a prudent approach is taken.

- Investment programmes are flexible.

- Scheme appraisal for potential new schemes factors in economic conditions.

- Any potential land purchases are strictly appraised.

Further details of the Group's risk management activities are provided in the Governors' statement on internal control.

Operating and Financial Review

CUSTOMER AND EMPLOYEE INVOLVEMENT AND DIVERSITY

The Group has developed policies for customer and employee involvement, as well as for sustainability.

Customers

Peabody seeks to involve residents and customers in the design and delivery of its services. It has developed a menu of involvement so that residents can become involved as much as they want and in a way that they choose.

This year Peabody has been implementing the first year of our Customer Involvement Strategy 2008/11 which states that we involve residents to:

- ensure accountability;
- deliver thriving communities and;
- improve services.

We continue with our efforts to embed involvement across our activities, placing our customers at the heart of everything we do. The key change is that this strategy focuses on outcomes rather than processes of involvement. It is making our involvement structures more widely accessible and is enabling us to ensure that involvement methods suit our customers and are directed towards achieving positive outcomes for residents, communities and Peabody.

Our keys objectives around customer involvement are to:

- ensure that customers have equal opportunities to take part in involvement;
- develop market intelligence about our customers;
- develop a range of involvement methods to suit identified customer needs;
- develop resources and training to facilitate involvement;
- provide feedback to customers on how their involvement has made a difference and brought about change;
- agree with customers service standards for their involvement;
- develop a range of ways for our customers to agree service standards, influence corporate decision making and hold us to account;

- ensure our customers can influence decisions made over investment in and development of homes and neighbourhoods;
- consider with customers the value for money of involvement;
- agree neighbourhood plans and targets with customers.

The Strategy and associated action plan explain how we will achieve the desired outcomes, timelines and the benchmarks for success. The work carried out during the first year includes:

- developing a menu of opportunities for customers to be involved in improving services, customer service, homes and communities. The highlight being the move towards resident focussed self-regulation through the development of the Resident Review Committee backed up by a Customer Inspection Team, these have both been set up and have carried out a pilot inspection of the Customer Service Charter.
- strengthening the role of Resident Associations and Community Groups by working with them to develop local plans, to tackle issues important to them as well as explore devolved budgets and management opportunities. This work has begun, Neighbourhood Managers have been trained to work with resident groups, 33 local plans have been developed and a code of excellence for resident groups.
- developing ways for the customer's voice to be heard at the strategic level, by providing mechanisms and training for customer involved up to Governor level; we have redefined the role of resident groups in the governance structure and are changing the Terms of Reference accordingly.
- community initiatives that will build up the capacity of our residents to engage with us and the community as a whole. We are working with community groups to develop proper agreements over the running of community facilities and have employed a youth participation worker to ensure that young people are having a say. We are exploring models of self management with community groups.

Employees

The Group considers that employee involvement is essential to its success and uses a variety of methods to inform, consult and involve its employees which includes a staff forum. Union representation is recognised through the Joint Negotiating Committee (JNC), Joint Consultative Committee (JCC) and the Staff Consultation Group (SCG).

The Group has a comprehensive learning and development policy and retains the Investors in People accreditation.

Equality and Diversity

The Group is committed to achieving equality of opportunities and values diversity. Its policies and strategies reflect this. The Group recognises that its ability to meet the diverse needs of both the individuals and the communities it serves relies on its diverse workforce. The Group makes efforts to extend its commitment through its governance structures and through its use of suppliers and contractors.

Peabody's commitment to diversity is reflected in our attitude towards our employees. We respect everyone who works for us as an individual through fair policies and practices, which are designed to include everyone's perspective and expertise. We actively engage with staff through our Diversity Forum. Applications for employment from disabled persons are given fair and full consideration, having regard to their particular skills and abilities. In the event of employees becoming disabled, every effort is made to retain them in continued employment within the Group. By doing so, Peabody can empower every individual to contribute to the overall success of the organisation.

Health and Safety

The Group recognises and accepts its legal and moral responsibilities, as defined in the Health and Safety at Work Act 1974 and other legislation to ensure, as far as reasonably practicable, the health, safety and welfare of all of its employees, customers and other persons who may be affected by the way it carries out its activities.

Operating and Financial Review

FINANCIAL PERFORMANCE

The financial position and results for the year are set out on pages 15 to 55 of these statements. The financial statements have been prepared in accordance with the relevant provisions of the Peabody Donation Fund Act 1948 as amended by the Charities (The Peabody Donation Fund Act) Order 1997, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Performance in the period

Peabody made a surplus for the year after tax of £34.2 million for the year (2008: £31.5 million). The consolidated results for the Group, which include the results of those entities detailed in note 26 to these financial statements, show a surplus for the year after tax of £35.1 million (2008: £33.5 million). An operating margin of 20% has been achieved by the Group with an operating surplus after financing costs (but before property sales) of £3.2 million achieved. The benefit of refinancing the 2018 and 2023 fixed priced bonds in the previous two years together with the impact of falling interest rates has led to a year-on-year fall in annual interest costs of £2.4 million.

The significant fall in the value of the stock market during the year has resulted in Peabody's equity portfolio falling in value. The portfolio is now valued at £1.4 million below original cost with this fall in value reflected in the income and expenditure account for the year.

During the year Peabody sold its 529 properties in Croydon to London & Quadrant Housing Trust and 102 properties which were void and economically unviable, generating a total surplus of £30.8 million. In addition Peabody generated a surplus on the sale of properties under the preserved right to buy and from shared ownership staircasing transactions of £2.1 million.

CBHA sold 2 properties during the year under the preserved right to buy, and completed 1 shared ownership staircasing transaction, generating a surplus of £0.3 million.

All of Peabody's surpluses are re-invested in the Charity.

During 2008/09 £37.7 million was invested in existing homes with an additional £10.0 million invested in the delivery of new homes. At the end of the year over 90% of Peabody's stock met the Decent Homes Standard with an additional 1,400 homes made Decent during the year. All of the properties owned and managed by CBHA meet the Decent Homes Standard.

Treasury Management

The Group's Treasury Management Strategy and Policy is updated and submitted annually to the Group's Finance Committee for approval. Treasury Management performance, which includes ongoing review of the loan portfolio and compliance with financial covenants, is reviewed quarterly by the Committee.

At 31 March 2009 the Group complied with all financial covenants in place.

Financing

During the year £96 million of new funding was secured with the Group having total available facilities of £530 million at the end of the year of which £375 million (gross of capitalised arrangement fees) had been drawn.

Interest

In accordance with the Group's Interest Rate Management Strategy, and in order to mitigate the risk of rises in variable interest rates, at 31 March 2009 79% of the Group's debt was at fixed rates.

As at 31 March 2009 the Group's weighted average cost of capital was 4.48%.

Liquidity

The Group's Treasury Management Policy dictates that the Group's available cash should not at any time fall below the forecast outflow for the next calendar month and sufficient facilities should be in place to fund its business and service objectives for the forthcoming year. The Group has been compliant with this policy throughout 2008/09. The Group has sufficient committed facilities available to meet known requirements until 31 March 2009 and for the foreseeable future.

At the year end the Group held cash balances totalling £51.3 million of which £28 million was held on term deposits of up to 3 months at average rates of 1.64%.

Reserves

The Board of Governors has reviewed the reserves of the Group taking into consideration the nature of income and expenditure streams and has concluded that the level of reserves shown at 31 March 2009 is commensurate with the performance and investment profile of a housing charity.

Operating and Financial Review

Group Highlights – five year summary

For the year ended 31 March

	2009	Restated 2008	2007	2006	2005
	£m	£m	£m	£m	£m
Group income and expenditure account					
Total turnover	101.2	102.9	98.7	98.5	86.9
Income from social housing lettings	89.3	85.5	82.0	78.4	72.9
Depreciation & amortisation of housing properties	9.9	9.6	9.8	7.6	6.0
Interest payable	19.4	21.8	25.3	34.4	34.5
Redemption penalties	-	37.0	52.3	5.2	1.2
Operating surplus	20.3	22.2	25.0	25.7	24.3
Surplus before tax (excluding redemption penalties)	35.1	70.6	43.7	32.7	18.4
Surplus/(deficit) after interest and tax	35.1	33.6	(8.6)	27.6	18.4
Group balance sheet					
Tangible fixed assets, at depreciated cost	995.9	999.3	986.9	964.4	924.8
Social Housing Grant	(421.3)	(437.8)	(449.8)	(445.0)	(423.8)
Net current assets	32.7	21.7	6.9	38.2	(2.6)
Indebtedness	372.0	382.6	375.1	364.5	363.8
Total reserves	224.89	197.0	157.8	161.8	135.5
Key financial performance information					
	%	%	%	%	%
Group Operating Surplus as a % of turnover	20	22	25	26	28
Total loans as % of capital grants plus reserves (Gearing)	58	60	63	66	65
Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a % of interest payable excluding loan redemption penalties	183	150	143	125	118

Operating and Financial Review

STATEMENT OF BOARD RESPONSIBILITIES

The Board is responsible for preparing the Annual Report and the financial statements. The Board has chosen to prepare accounts for Peabody and the Group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Housing Association legislation requires the Board to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of Peabody and of the Group and of the surplus or deficit of Peabody and the Group for that period and comply with UK GAAP and the Peabody Donation Fund Act 1948 as amended by the Charities (The Peabody Donation Fund) Order 1997, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Peabody 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 Peabody, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NHF Excellence in Governance, Code for Members

We are pleased to report that the Group complies with the fundamental aspects of the NHF's Excellence in Governance, Code for Members.

Donations

The Group donated £Nil during the year (2008: £2,380) and made no political donations.

Going Concern

After making all reasonable enquiries, the Board have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Disclosure of Information to Auditors

At the date of making this report each of Peabody's Board Members as set out on page 2, confirm the following:

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

External Auditors

Grant Thornton UK LLP were appointed as auditors to the Group during the year and have expressed their willingness to continue in office. Accordingly a resolution is to be proposed for the re-appointment of Grant Thornton UK LLP as auditors of the Group.

Statement of Compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2008.

Approved by the Board on 16 July 2009 and signed on their behalf by:



Pam Alexander
Chair



Stephen Howlett
Chief Executive

Board Statement on Internal Control

The Board acknowledge their ultimate responsibility for ensuring that the Group has in place a system of internal controls that is appropriate to the various business environments in which it operates.

This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide the Board with reasonable and not absolute assurance against material misstatement or loss.

The Group Board has established a comprehensive framework to assess the effectiveness of the system of internal controls. The Board is supported in its responsibilities by the Audit and Risk Committee with the Group's report and the statement on internal controls being presented to the Audit and Risk Committee for consideration and recommendation to the Group Board.

The internal control framework covers all systems within the Peabody Group and gains assurance from many sources such as internal audit, external audit, Audit and Risk Committee, external regulation and the assurance provided by management. This is then supported by the ongoing risk management process which is embedded in the Group. This process ensures that the risks faced by the entities within the Group are identified, controls are in place to effectively manage these risks and these controls are regularly reviewed and checked for compliance.

The processes in place for identifying, evaluating, and managing the significant risks faced by the Group is ongoing throughout the year and is reviewed regularly by the Audit and Risk Committee on behalf of the Board.

The following key elements of internal control have been in place for all or part of the financial year 2008/9:

- The Audit and Risk Committee meets quarterly with the Group's Chief Executive, Finance Director, Assistant Director of Internal Audit, and the external auditors. Other members of Executive Team attend when appropriate. The Audit and Risk Committee reviews management letters from the external auditors dealing with any significant control matters raised. The internal and external auditors both have direct access to the Audit and Risk Committee. The

Audit and Risk Committee performs a review of the effectiveness of the internal control environment which includes the following:

- A summary of the main policies which the Board has established and which are designed to provide effective internal control;
 - A summary of the process and key sources of evidence utilised by the Board in reviewing the effectiveness of the Group's system of internal controls; and
 - Confirmation that the Board has reviewed the fraud register, and has reflected the information contained within it in its review.
- The Group's internal audit function reports directly to the Audit and Risk Committee and provides a major source of assurance for the Board that the internal control and risk management practices are operating effectively. The internal audit function provides reports which detail status with regard to implementation of previous recommendations. The internal audit function also provides assurance to the Board that the Group has an anti fraud policy in place.
 - The Group has a risk management strategy which is reviewed on an annual basis and is reported to and approved by the Audit and Risk Committee. The Audit and Risk Committee receive reports on all high ranking risks on a rolling quarterly basis, in addition to reports concerning risks which have crystallised during the quarter.
 - The Group has an Officer Risk Panel comprising senior staff which meets quarterly to consider key risks and risk management reports. The minutes of these meetings and risk monitoring reports are submitted to Audit and Risk Committee for information.
 - The Group has a Project Approval Committee which meets monthly to approve all investment decisions involving capital programme expenditure and to review the ongoing management and control of capital projects.
 - A framework of control risk self assessment is in operation which is a key source of management assurance. Senior members of staff of all Group entities are required to provide written

representations on internal controls assurance, confirming compliance or identifying non-compliance regarding key aspects of the internal controls framework.

- Reviews of external audit reports following the interim and final audit visits together with the audit planning document, audit report on the annual financial statements, and the management letter help support the process of continual review of the internal control environment. Senior members of the Finance team meet with the external auditors on a regular basis to provide an update on any changes in the business and to discuss strategic and technical matters.
- The Group reports to the Tenant Services Authority (TSA) through a number of regulatory returns with the Executive Team ensuring that regulatory matters are dealt with promptly and efficiently. The Executive Team meets on a biannual basis with the TSA regulatory team. The Group's operations are also subject to independent inspection by the Audit Commission to ensure effectiveness, economy and efficiency of service delivery.
- Key performance indicators, covering housing management, maintenance, lettings, community initiatives, complaints handling, customer satisfaction, human resources and financial results, are reported to the Executive Team and Leadership Team on a monthly basis. Key performance indicators for CBHA are reported monthly to CBHA's management team and are reported to each meeting of the CBHA Trustees (which includes members of the Peabody Executive Team). KPIs for both Peabody and CBHA are reported quarterly to the Group's Board. The Group has a comprehensive system of financial reporting with the annual budgets and long term financial plans being reported to and approved by the respective Boards.

The Board, through the reports of the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control in existence in the Group for the year ended 31 March 2009 and until 16 July 2009. Although control weaknesses have been identified during the year these weaknesses have not resulted in material losses.

Independent Auditor's Report

We have audited the Group and Association financial statements of Peabody for the year ended 31 March 2009 which comprise the Peabody and consolidated income and expenditure accounts, the Peabody and consolidated statements of total recognised surpluses and deficits, the Peabody and consolidated balance sheets, the Peabody and consolidated cash flow statements, and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board, as a body, in accordance with Schedule 1 paragraphs 16 to 18 of the Housing Act 1996. Our audit work has been undertaken so that we might state to the Board Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Peabody and the Board, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

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

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 the relevant framework and are properly prepared in accordance with the Peabody Donation Fund Act 1948 as amended by the Charities (The Peabody Donation Fund Act) Order 1997, Schedule 1 to 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 Operating and Financial Review is not consistent with the financial statements, if the Group has not kept proper

accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board Members' and Directors' remuneration and transactions with Peabody and other members of the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. The other information comprises only the Operating and Financial Review and Board Statement on Internal Control. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of Peabody and the Group, 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's and Peabody's affairs as at 31 March 2009 and of the Group's and Peabody's surplus for the year then ended; and

- the financial statements have been properly prepared in accordance with the Peabody Donation Fund Act 1948 as amended by the Charities (The Peabody Donation Fund Act) Order 1997, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.



Grant Thornton UK LLP

Chartered Accountants and Registered Auditors
Hemel Hempstead
16 July 2009

Peabody Income and Expenditure Account

Year ended 31 March 2009

	Note	2009 £'000	Restated 2008 £'000
TURNOVER	2(a)	94,130	93,399
Operating costs	2(a)	(75,737)	(73,393)
OPERATING SURPLUS		18,393	20,006
Surplus on sale of fixed assets	28	32,914	66,263
Interest receivable and other income	7	3,590	4,050
Change in value of investments	13	(1,360)	-
Interest payable and similar charges	8	(19,296)	(21,777)
Cost of early redemption of loans	8	-	(37,031)
Total interest payable		(19,296)	(58,808)
Surplus on ordinary activities before and after taxation for the financial year	21	34,241	31,511

The notes on pages 22 to 55 form part of these financial statements.

These financial statements were approved by the Board on 16 July 2009 and signed on their behalf by:



Pam Alexander
Chair



Stephen Howlett
Chief Executive

Consolidated Income And Expenditure Account

Year ended 31 March 2009

	Note	2009 £'000	Restated 2008 £'000
TURNOVER	2(a)	101,228	102,893
Operating costs	2(a)	(80,902)	(80,691)
OPERATING SURPLUS		20,326	22,202
Surplus on sale of fixed assets	28	33,251	67,455
Interest receivable and other income	7	2,241	2,691
Change in value of investments	13	(1,360)	-
Interest payable and similar charges	8	(19,369)	(21,761)
Cost of early redemption of loans	8	-	(37,031)
Total interest payable		(19,369)	(58,792)
Surplus on ordinary activities before and after taxation for the financial year	21	35,089	33,556

The notes on pages 22 to 55 form part of these financial statements.

These financial statements were approved by the Board on 16 July 2009 and signed on their behalf by:



Pam Alexander
Chair



Stephen Howlett
Chief Executive

Statement of Total Recognised Surpluses and Deficits

Year ended 31 March 2009

	Note	Peabody 2009 £'000	Group 2009 £'000	Peabody Restated 2008 £'000	Group Restated 2008 £'000
Surplus for the financial year		34,241	35,089	31,511	33,556
Actuarial (loss)/gain relating to the pension scheme	6	(6,759)	(7,204)	5,740	6,220
Unrealised deficit on revaluation of investments		-	-	(1,114)	(1,114)
Total recognised surpluses and deficits relating to the year		27,482	27,885	36,137	38,662
Prior year adjustment	29	1,789	1,843		
Total recognised surpluses and deficits since the last report		29,271	29,728		

Reconciliation of Movement in Group's and Peabody's Funds

Year ended 31 March 2009

	Note	Peabody 2009 £'000	Group 2009 £'000	Peabody Restated 2008 £'000	Group Restated 2008 £'000
Opening funds as previously stated	21	175,506	195,149	140,865	157,806
Prior year adjustment	29	1,789	1,843	293	524
Opening total funds as restated		177,295	196,992	141,158	158,330
Total recognised surpluses and deficits relating to the year:		27,482	27,885	36,137	38,662
Closing total funds	21	204,777	224,877	177,295	196,992

Peabody Balance Sheet

At 31 March 2009

	Note	£'000	2009 £'000	£'000	Restated 2008 £'000
FIXED ASSETS					
Housing properties	11(a)		935,865		940,037
Social Housing Grant	11(a)		(346,635)		(363,477)
Other Public Grants	11(a)		(56,861)		(56,440)
			532,369		520,120
Other tangible fixed assets	12(a)		11,827		11,338
Fixed asset investments	13		11,459		12,432
			555,655		543,890
CURRENT ASSETS					
Properties for sale	14	1,328		2,306	
Debtor due in more than one year	15	26,438		28,438	
Debtors due in less than one year	15	12,652		11,786	
Cash held on deposit		28,000		-	
Cash at bank and in hand		10,247		24,993	
		78,665		67,523	
CREDITORS: Amounts falling due within one year	16	(29,596)		(29,491)	
NET CURRENT ASSETS			49,069		38,032
TOTAL ASSETS LESS CURRENT LIABILITIES			604,724		581,922
CREDITORS: Amounts falling due after more than one year	17		385,660		396,946
PENSION DEFICIT	6		14,287		7,681
RESERVES					
Revenue reserve	21	197,522		168,668	
Designated reserves	21	7,255		8,627	
			204,777		177,295
			604,724		581,922

The notes on pages 22 to 55 form part of these financial statements.

These financial statements were approved by the Board on 16 July 2009 and signed on their behalf by:



Pam Alexander
Chair



Stephen Howlett
Chief Executive

Peabody Cash Flow Statement

Year ended 31 March 2009

	Note	£'000	2009 £'000	£'000	Restated 2008 £'000
Net cash inflow from operating activities	24(a)		26,389		21,142
Net interest paid		(15,063)		(16,721)	
Cost of early redemption of loans		-		(45,039)	
Returns on investments and servicing of finance	24(b)		(15,063)		(61,760)
Capital expenditure and financial investment	24(b)		11,928		41,595
Net cash inflow before financing			23,254		977
Financing	24(b)		(10,000)		5,669
Increase in cash			13,254		6,646
Reconciliation of net cash inflow to movement in net debt		£'000	£'000	£'000	£'000
Increase in cash in the year	24(c)	13,254		6,646	
Cash outflow/(inflow) from financing	24(b)	10,000		(5,669)	
Change in net debt resulting from cash flows			23,254		977
Non cash transactions	24(c)		601		8,032
Movement in net debt in the year			23,855		9,009
Net debt at beginning of the year			(329,102)		(338,111)
Net debt at the end of the year	24(c)		(305,247)		(329,102)

Consolidated Balance Sheet

At 31 March 2009

	Note	£'000	2009 £'000	£'000	Restated 2008 £'000
FIXED ASSETS					
Housing properties	11(b)		995,921		999,266
Social Housing Grant	11(b)		(346,635)		(363,477)
Other Public Grants	11(b)		(74,724)		(74,342)
			574,562		561,447
Other tangible fixed assets	12(b)		12,434		11,852
Fixed asset investments: shares in quoted securities	13		6,459		7,432
			593,455		580,731
CURRENT ASSETS					
Properties for sale	14	1,328		2,306	
Debtors due in more than 1 year	15	-		60	
Debtors due in less than 1 year	15	10,569		10,678	
Cash held on deposit		28,000		-	
Cash at bank and in hand		23,323		38,923	
		63,220		51,967	
CREDITORS: Amounts falling due within one year	16	(30,530)		(30,313)	
NET CURRENT ASSETS			32,690		21,654
TOTAL ASSETS LESS CURRENT LIABILITIES			626,145		602,385
CREDITORS: Amounts falling due after more than one year	17		385,484		396,691
PENSION DEFICIT	6		15,784		8,702
RESERVES					
Revenue reserve	21	214,343		184,805	
Designated reserves	21	7,255		8,627	
Revaluation reserve	21	3,279		3,560	
			224,877		196,992
			626,145		602,385

The notes on pages 22 to 55 form part of these financial statements.

These financial statements were approved by the Board on 16 July 2009 and signed on their behalf by:



Pam Alexander
Chair



Stephen Howlett
Chief Executive

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Note	£'000	2009 £'000	£'000	Restated 2008 £'000
Net cash inflow from operating activities	25(a)		30,158		22,929
Net interest paid		(17,828)		(18,107)	
Cost of early redemption of loans		-		(45,039)	
Returns on investments and servicing of finance	25(b)		(17,828)		(63,146)
Capital expenditure and financial investment	25(b)		10,070		43,216
Net cash inflow before financing			22,400		2,999
Financing	25(b)		(10,000)		5,169
Increase in cash			12,400		8,168
Reconciliation of net cash inflow to movement in net debt		£'000	£'000	£'000	£'000
Increase in cash in the year	25(c)	12,400		8,168	
Cash (outflow)/inflow from financing	25(b)	10,000		(5,169)	
Change in net debt resulting from cash flows			22,400		2,999
Non cash transactions	25(c)		568		8,005
Movement in net debt in the year			22,968		11,004
Net debt at beginning of the year			(343,691)		(354,695)
Net debt at end of the year			(320,723)		(343,691)

Notes to the Accounts

Year ended 31 March 2009

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP), the Statement of Recommended Practice 'Accounting by Registered Social Landlords' issued in January 2008 (SORP 2008) and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006 and under the historical cost convention as modified by the £3,279,000 revaluation of properties purchased from a BES Company in 1999.

A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Group accounts consolidate the accounts of Peabody and all its subsidiaries (excluding Peabody Pension Trust) at 31 March using acquisition accounting.

Turnover

Turnover represents rental and service charge income receivable, income from shared ownership first tranche sales, fees and revenue grants from local authorities, the Homes and Communities Agency and other funding bodies, and income from the sale of housing properties built for sale.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Housing Properties and Stock for Sale

Housing properties developed for sale are stated at cost less any capital grant received. Stock and work in progress is stated at the lower of cost and net realisable value.

Housing Properties and Depreciation

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as Housing Properties on practical completion of construction.

Freehold land is not depreciated.

The Group depreciates freehold housing properties by component on a straight line basis over the estimated useful economic lives of component categories. Useful economic lives range from 15 to 100 years. Component categories include general structure, kitchens, bathrooms, windows, doors, roofs, lifts, boilers and electrical installations.

Works to properties for market rent are capitalised and depreciated over 5 years.

The Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Impairment reviews are carried out on an annual basis on assets whose useful economic lives are expected to exceed 50 years, in accordance with Financial Reporting Standard 11.

Capitalisation of Interest

Interest on borrowings is charged to housing properties under construction up to the date of completion of each scheme. The interest charged is on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

Capitalisation of Development Administration Costs

The cost of housing properties comprises their purchase price, together with directly attributable costs in bringing them into working condition for their intended use. Directly attributable costs, in accordance with FRS 15, include salary costs of own employees incurred directly in respect of the construction or acquisition of the property, and incremental costs that would have been avoided only if individual properties had not been constructed or acquired.

Overheads and other indirect costs are written off as incurred.

Sale of Housing Properties

Where properties built for sale are disposed of during the year, the disposal proceeds are included in turnover, and the attributable costs are included as costs of sales within operating costs.

The surplus or deficit on the disposal of housing properties held previously as fixed assets is shown on the face of the income and expenditure account.

Notes to the Accounts

Year ended 31 March 2009

Shared Ownership Housing Properties and Staircasing

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

Capital Grant

Where developments have been financed wholly or partly by Social Housing Grant (SHG) or other capital grants the amount of grant received and receivable in respect of housing properties is deducted from the cost of housing properties.

At the balance sheet date, if the capital grant received or receivable is greater than gross cost of the asset to which the grant relates, the difference is included within creditors falling due within one year and shown as grant received in advance.

SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Revenue Grant

Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Recycled Capital Grant Fund/Disposal Proceeds Fund

On disposal of relevant housing properties Peabody is allowed to retain any social housing grant applied to that property for eligible re-investment. This amount is disclosed separately within creditors. If unused within a three year period, it will be repayable to the Homes and Communities Agency with interest.

Other Fixed Assets and Depreciation

Other fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged on a straight line basis over the estimated useful economic lives of assets at the following annual rates:

Freehold offices	1.67%
Office and IT equipment	20%

Depreciation is charged on the above assets from the month of purchase until the month of disposal.

Operating Leases

Rentals paid under operating leases are charged to the income and expenditure account in equal amounts over the lease term.

Investments

Fixed asset investments are stated at their market value except for investments in subsidiary undertakings, which are carried at cost less any provision for impairment. Quoted investments are shown at market value. The movement in the difference between the cost and market value of these investments is shown as an unrealised gain or loss in the statement of total recognised surpluses and deficits when in excess of the original cost.

If the value of the investments are lower than cost the difference is recognised in the income & expenditure account.

Value Added Tax

Value added tax is accounted for on an accruals basis. The primary activities of the Group, social housing lettings, constitute exempt supplies, and accordingly no input tax borne is recoverable. For business supplies chargeable to tax, or where special dispensations have been agreed, input tax directly relating to goods and services that have enabled the supply, and relating to a fair proportion of the cost of central services in support of these, are recovered from HM Revenue & Customs.

Pension Costs

Local Government Defined Benefit Pension Scheme

The Group provides membership of the Local Government Pension Scheme, the London Pension Fund Authority, for all employees who elected to take up this option prior to 31 March 2008. This is a funded final salary pension scheme. The assets of the pension fund are managed by third-party investment managers and are held separately in trust.

Regular valuations are prepared by independent professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the fund and allow for the periodic increase of pensions in payment. Following the full adoption of FRS 17, the current service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is charged against the operating surplus in the year.

Notes to the Accounts

Year ended 31 March 2009

A credit representing the expected return on the assets of the pension fund during the year is included within other finance income. This is based on the market value of the assets of the fund at the start of the financial year.

A charge within other finance charges representing the expected increase in the liabilities of the pension fund during the year is included within net interest. This arises from the liabilities of the fund being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised surpluses and deficits in the year, together with differences arising from changes in assumptions.

Friends Provident Defined Contribution Pension Scheme

Employees of the Peabody Group are able to join the Peabody Group Pension Scheme which is a defined contribution scheme operated by Friends Provident. The assets of this scheme are held separately from those of the Group. Employer contributions in respect of this scheme are charged to the income and expenditure account as incurred.

Loans and Other Financial Instruments

Loans and other financial instruments are stated in the balance sheet at the amount of the net proceeds.

Where loans and other financial instruments are redeemed during the year, any redemption penalty is recognised in the income and expenditure account of the year in which redemption takes place.

Capitalisation of Loan Costs

The initial cost of raising finance is deducted from the loan proceeds and amortised over the period of the loan.

Designated Reserves

Peabody designates reserves for particular purposes with the expectation that amounts from these reserves will be transferred back to general reserves to match relevant expenditure in the income and expenditure account.

Revaluation Reserve

The revaluation reserve records any appreciation in value of fixed asset investments except where the revalued asset represents designated reserves, in which case the revaluation element is shown separately as part of the designated reserve. The revaluation reserve also records the revaluation of properties repurchased from the BES Company as noted above in 1999.

Homes Managed by Other Parties on Behalf of the Peabody

A number of Peabody's supported homes are managed by third parties on behalf of the Peabody. Where the risks and benefits of managing these homes have been transferred to the third party the transactions relating to such homes are excluded from Peabody's income and expenditure account.

Related Party Transactions

Peabody has taken advantage of the exemption permitted by FRS 8 – 'Related Party Disclosures', and does not disclose transactions with group undertakings that are eliminated on consolidation.

Taxation

The charge for taxation is based on the surplus for the year and takes into account taxation deferred.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Accounts

Year ended 31 March 2009

2(a) Turnover and Operating Surplus

PEABODY	2009			Restated 2008		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings						
General needs housing	78,516	(60,289)	18,227	75,145	(57,505)	17,640
Shared ownership	1,172	(1,107)	65	1,274	(1,107)	167
Key worker	2,787	(945)	1,842	2,721	(1,005)	1,716
	82,475	(62,341)	20,134	79,140	(59,617)	19,523
Other social housing activities						
Donations received	220	-	220	1,796	-	1,796
Development costs	87	(3,031)	(2,944)	347	(3,518)	(3,171)
Supporting People contract income	525	(525)	-	241	(234)	7
First tranche shared ownership sales	2,833	(2,853)	(20)	3,171	(2,536)	635
Non social-housing activities						
Market renting	3,047	(629)	2,418	2,804	(1,041)	1,763
Commercial lettings	2,282	(494)	1,788	2,393	(1,338)	1,055
Leasehold properties	844	(2,053)	(1,209)	1,098	(1,721)	(623)
Community regeneration	1,817	(3,811)	(1,994)	2,409	(3,388)	(979)
Total	94,130	(75,737)	18,393	93,399	(73,393)	20,006

Notes to the Accounts

Year ended 31 March 2009

2(a) Turnover and Operating Surplus

GROUP	2009			Restated 2008		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings						
General needs housing	85,308	(64,633)	20,675	81,498	(61,211)	20,287
Shared ownership	1,172	(1,107)	65	1,274	(1,108)	166
Key worker	2,787	(945)	1,842	2,721	(1,005)	1,716
	89,267	(66,685)	22,582	85,493	(63,324)	22,169
Other social housing lettings						
Donations received	10	-	10	35	-	35
Development costs	506	(3,572)	(3,066)	347	(3,535)	(3,188)
Other	37	-	37	922	(958)	(36)
Supporting People contract income	591	(628)	(37)	305	(313)	(8)
First tranche shared ownership sales	2,833	(2,853)	(20)	4,074	(3,616)	458
Non social housing activities						
Market renting	3,047	(629)	2,418	2,804	(1,042)	1,762
Commercial lettings	2,471	(551)	1,920	2,581	(1,375)	1,206
Leasehold properties	844	(2,053)	(1,209)	1,098	(1,721)	(623)
Community regeneration	1,817	(3,811)	(1,994)	2,519	(3,553)	(1,034)
Sale of sites and properties	-	-	-	2,715	(1,254)	1,461
Other	(195)	(120)	(315)	-	-	-
Total	101,228	(80,902)	20,326	102,893	(80,691)	22,202

Notes to the Accounts

Year ended 31 March 2009

2(b) Particulars of Income and Expenditure from Social Housing Lettings

PEABODY

	General Needs Housing 2009 £'000	Supported Housing and Housing for older people 2009 £'000	Shared Ownership 2009 £'000	Key Worker Housing 2009 £'000	Total 2009 £'000	Total Restated 2008 £'000
Income from lettings						
Rents receivable	65,007	5,882	897	2,711	74,497	70,344
Service charges receivable	4,901	969	157	72	6,099	6,080
Charges for support services	-	206	-	-	206	493
Other income	340	1,211	118	4	1,673	2,223
Total income from social housing	70,248	8,268	1,172	2,787	82,475	79,140
Expenditure on letting activities						
Services	(6,529)	(1,003)	(211)	(111)	(7,854)	(7,120)
Management	(13,288)	(4,938)	(490)	(390)	(19,106)	(22,780)
Routine maintenance	(12,850)	(340)	(131)	(217)	(13,538)	(9,160)
Cyclical maintenance	(12,369)	(274)	(12)	(27)	(12,682)	(10,901)
Rent losses from bad debts	(163)	(22)	(3)	(9)	(197)	(782)
Depreciation of housing properties	(8,012)	(502)	(258)	(192)	(8,964)	(8,874)
Operating costs on social housing	(53,211)	(7,079)	(1,105)	(946)	(62,341)	(59,617)
Operating surplus on social housing lettings	17,037	1,189	67	1,841	20,134	19,523
Rent losses from voids	(1,382)	(7)	-	(89)	(1,478)	(1,514)

Notes to the Accounts

Year ended 31 March 2009

2(b) Particulars of Income and Expenditure from Social Housing Lettings

GROUP

	General Needs Housing 2009 £'000	Supported Housing and Housing for older people 2009 £'000	Shared Ownership 2009 £'000	Key Worker Housing 2009 £'000	Total 2009 £'000	Total Restated 2008 £'000
Income from lettings						
Rents receivable	71,776	5,881	896	2,710	81,263	75,928
Service charges receivable	4,927	969	157	72	6,125	6,179
Charges for support services	-	206	-	-	206	494
Other income	340	1,211	118	4	1,673	2,892
Turnover from social housing	77,043	8,267	1,171	2,786	89,267	85,493
Expenditure on letting activities						
Services	(6,588)	(1,003)	(211)	(111)	(7,913)	(7,224)
Management	(15,766)	(4,939)	(490)	(390)	(21,585)	(24,799)
Routine maintenance	(14,084)	(340)	(131)	(217)	(14,772)	(10,243)
Cyclical maintenance	(12,737)	(274)	(12)	(27)	(13,050)	(11,224)
Rent losses from bad debts	(242)	(22)	(3)	(9)	(276)	(867)
Depreciation of housing properties	(8,137)	(502)	(258)	(192)	(9,089)	(8,967)
Operating costs on social housing	(57,554)	(7,080)	(1,105)	(946)	(66,685)	(63,324)
Operating surplus on social housing lettings	19,489	1,187	66	1,840	22,582	22,169
Rent losses from voids	(1,405)	(7)	-	(89)	(1,501)	(1,531)

Notes to the Accounts

Year ended 31 March 2009

3. Accommodation in Management

	2009 Units	Peabody 2008 Units	2009 Units	Group 2008 Units
Managed directly at 31 March				
Social Housing				
Housing accommodation	14,086	14,590	15,425	15,931
Shared ownership	453	432	485	463
Keyworker	337	326	337	326
Supported housing	532	540	587	595
	15,408	15,888	16,834	17,315
Managed by others at 31 March				
Social Housing				
Supported housing	348	347	348	347
Non – social housing				
Total non-social rented housing	378	348	378	348

4. Emoluments of Governors and Executive Officers

None of the Governors received any emoluments during the year (2008: £Nil).

Governors were reimbursed expenses totalling £1,396 (2008: £1,514).

The remuneration paid to the Group Chief Executive, Peabody Executive Officers (as listed on page 2) and the Chief Executive of CBHA, was as follows:

	2009 £	2008 £
Total emoluments (including pension contributions and benefits in kind)	942,674	853,269
Amounts paid in respect of interim directors	30,736	35,595
Emoluments (excluding pension contributions) paid to the Group Chief Executive	174,479	167,662

The Group Chief Executive is an ordinary member of the Peabody's pension scheme. Peabody paid £24,837 of employers contributions into the pension scheme on behalf of the Group Chief Executive in the year ended 31 March 2009 (2008: £24,018).

The Nominations and Remuneration Committee of the Governors meets twice a year and fixes the remuneration of the Group Chief Executive and the Peabody Executive Team.

Notes to the Accounts

Year ended 31 March 2009

5. Employee Information

The average number of persons employed during the year was:

	2009 No.	Peabody Restated 2008 No.	2009 No.	Group Restated 2008 No.
The average number of full-time equivalent employees				
Head office functions	126	129	132	135
Housing management	350	339	379	374
Maintenance	117	116	117	116
Community services	154	155	164	159
	747	739	792	784
	2009 2009 £'000	2008 2008 £'000	2009 2009 £'000	Restated 2008 £'000
Staff costs for the above persons:				
Wages and salaries	21,880	21,557	23,305	23,008
Social security costs	1,543	1,467	1,670	1,576
Other pension costs (note 6)	1,451	1,897	1,624	2,028
Other staff costs	789	441	813	462
	25,663	25,362	27,412	27,074

Notes to the Accounts

Year ended 31 March 2009

6. Pension Liabilities

The London Pensions Fund Authority – Peabody

Peabody participates in the London Pensions Fund Authority Scheme (LPFA) for those employees who elected to join prior to 31 March 2008. The scheme is now closed to new entrants.

The pension cost, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation made as at 31 March 2007 using the projected unit method. The most significant actuarial assumptions used in this valuation were:

Discount rate	- 6.3% per annum
Rate of general pay increases	- 4.7% per annum
Rate of increase in pensions in payment	- 3.2% per annum
Price inflation	- 3.2% per annum
Valuation of assets	- assets have been valued at a 12 month smoothed market value

The actuarial valuation at 31 March 2007 showed that the market value of the LPFA's assets represented 82% of the value of benefits that had accrued to the Fund's pensioners, deferred pensioners and members based on past service, allowing for assumed future pay and pension increases. The valuation has been updated to 31 March 2009.

Peabody's service cost under the LPFA was £1,508,000 (2008 - £1,897,000).

The Group's service cost under the LPFA was £1,674,000 (2008 - £2,028,000).

The major assumptions used by the actuary to value the liabilities of the scheme under FRS 17 are:

	At 31 March 2009 % per annum	At 31 March 2008 % per annum
Inflation / Pension increase rate	3.1	3.6
Rate of increase in salaries	4.6	5.1
Expected return on assets	6.4	7.0
Discount rate	6.9	6.9
Valuation method	Projected unit	Projected unit

Notes to the Accounts

Year ended 31 March 2009

6. Pension Liabilities (continued)

The London Pensions Fund Authority – Peabody

The assets in the Scheme and expected rates of return were:

	Expected long term rate of return	Value at 31 March 2009 £'000	Expected long term rate of return	Value at 31 March 2008 £'000
Equities	7.0%	18,997	7.5%	24,318
Target return funds/Bonds	5.5%	3,333	6.3%	7,857
Alternative assets/Property	6.0%	8,332	6.7%	7,316
Cash	4.0%	2,666	4.8%	1,221
Total fair value of assets		33,328		40,712
Present value of scheme liabilities		(47,565)		(48,342)
Net (under) funding in funded plans		(14,237)		(7,630)
Present value of unfunded liabilities		(50)		(51)
Net pension liability		(14,287)		(7,681)
Amounts charged to operating profit				
	2009 £'000	2009 (% of payroll)	2008 £'000	2008 (% of payroll)
Current service cost	1,212	11.4	1,897	17.0
Interest cost	3,367	31.6	2,951	26.4
Expected return on employer assets	(2,899)	(27.2)	(2,976)	(26.7)
Past service cost	296	2.8	-	-
Losses on curtailments and settlements	102	1.0	-	-
Total	2,078	19.6	1,872	16.7
Actual return on plan assets	(8,661)		(865)	
Reconciliation of defined benefit obligation			2009 £'000	2008 £'000
Opening defined benefit obligation			48,393	54,188
Current service cost			1,212	1,897
Interest cost			3,367	2,951
Contribution by members			705	659
Actuarial gains			(4,958)	(9,693)
Past service costs			296	-
Losses on curtailments			102	-
Estimated unfunded benefits paid			(5)	(5)
Estimated benefits paid			(1,497)	(1,604)
Closing defined benefit obligation			47,615	48,393

Notes to the Accounts

Year ended 31 March 2009

6. Pension Liabilities (continued)

The London Pensions Fund Authority – Peabody

	2009 £'000	2008 £'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	40,712	41,097
Expected return on employers assets	2,899	2,976
Contribution by members	705	659
Contribution by employer	2,226	1,537
Contribution in respect of unfunded benefits	5	5
Actuarial losses	(11,717)	(3,953)
Unfunded benefits paid	(5)	(5)
Benefits paid	(1,497)	(1,604)
Closing fair value of employer assets	33,328	40,712
Amounts for the current and previous accounting period	2009 £'000	2008 £'000
Fair Value of employer assets	33,328	40,712
Present value of defined benefit obligation	(47,615)	(48,393)
Deficit	(14,287)	(7,681)
Experience losses on assets	(11,717)	(3,953)
Experience (losses)/gains on liabilities	(2)	2,310
Analysis of amount recognisable in statement of total recognised surpluses and deficits (STRSD)	2009 £'000	2008 £'000
Actuarial gains/(losses)	(6,759)	5,740
Actuarial gains/(losses) recognisable in the STRSD	(6,759)	5,740
Cumulative actuarial gains and losses	3,753	10,512

Notes to the Accounts

Year ended 31 March 2009

6. Pension Liabilities (continued)

The London Pensions Fund Authority – CBHA

The following are the disclosures presented in the financial statements of the Peabody's wholly owned subsidiary CBHA in respect of the LPFA pension scheme.

The assets in the Scheme and expected rates of return were:

	Expected long term rate of return	Value at 31 March 2009 £'000	Expected long term rate of return	Value at 31 March 2008 £'000
Equities	7.0%	1,509	7.5%	1,884
Target return funds/Bonds	5.5%	265	6.3%	609
Alternative assets/Property	6.0%	662	6.7%	567
Cash	4.0%	212	4.8%	95
Total fair value of assets		2,648		3,155
Present value of scheme liabilities		(4,145)		(4,176)
Net (under) / over funding in funded plans		(1,497)		(1,021)
Present value of unfunded liabilities		-		-
Net pension liability		(1,497)		(1,021)
Amounts charged to operating profit				
	2009 £'000	2009 (% of payroll)	2008 £'000	2008 (% of payroll)
Current service cost	125	13.7	131	18.1
Interest cost	293	32.0	255	35.3
Expected return on employer assets	(227)	(24.8)	(232)	(32.1)
Past service cost	41	4.5	-	-
Losses / (gains) on curtailments and settlements	-	-	-	-
Total	232	25.4	154	21.3
Actual return on plan assets	(679)		(67)	
Reconciliation of defined benefit obligation			2009 £'000	2008 £'000
Opening defined benefit obligation			4,176	4,684
Current service cost			125	131
Interest cost			293	255
Contribution by members			61	43
Actuarial gains			(473)	(830)
Past service costs			41	-
Estimated benefits paid			(78)	(107)
Closing defined benefit obligation			4,145	4,176

Notes to the Accounts

Year ended 31 March 2009

6. Pension Liabilities (continued)

The London Pensions Fund Authority – CBHA

	2009 £'000	2008 £'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	3,155	3,184
Expected return on employers assets	227	232
Contribution by members	61	43
Contribution by employer	201	153
Contribution in respect of unfunded benefits	-	-
Actuarial losses	(918)	(350)
Unfunded benefits paid	-	-
Benefits paid	(78)	(107)
Closing fair value of employer assets	2,648	3,155
Amounts for the current and previous accounting period		
Fair Value of employer assets	2,648	3,155
Present value of defined benefit obligation	(4,145)	(4,176)
Deficit	(1,497)	(1,021)
Experience gains on assets	(918)	(350)
Experience losses on liabilities	-	106
Analysis of amount recognisable in statement of total recognised surpluses and deficits (STRSD)		
Actuarial (losses)/gains	(445)	480
Actuarial (losses)/gains recognisable in the STRSD	(445)	480
Cumulative actuarial gains and losses	25	470

Friends Provident Defined Contribution Pension Scheme

Employees of the Peabody Group from 1 April 2008 are able to join the Peabody Group Pension Scheme which is a defined contribution scheme operated by Friends Provident. The assets of this scheme are held separately from those of the Group. Employer contributions in respect of this scheme are charged to the income and expenditure account as incurred. During the year ended 31 March 2009 employer contributions totalling £36,158 (2008: £nil) were made into the scheme.

Peabody Pension Trust Limited (PPT)

Peabody Pension Trust acts as Trustee and administrator for the Governors of Peabody for the operation of a retirement benefits scheme for those Peabody employees who were eligible at 31 December 1977. Peabody has entered into commitments to pay the shortfall of pension payments over income for PPT for each year. The excess of liabilities over commitments is measured with respect to RPI in April of each year and in the year ended 31 March 2009 was £17,380 (2008: £16,601).

PPT is not a pension scheme under the terms of the Pension Scheme Disclosure Regulations.

Notes to the Accounts

Year ended 31 March 2009

7. Interest Receivable and Similar Income

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
Income from listed investments	388	289	388	289
Other interest receivable and similar income	1,262	1,669	1,853	2,377
Interest received from Group entities	1,940	2,067	-	-
Other finance income	-	25	-	25
	3,590	4,050	2,241	2,691

8. Interest Payable and Similar Charges

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
Interest payable	20,743	24,125	20,750	24,125
Amounts capitalised	(1,915)	(2,348)	(1,915)	(2,391)
Premium on repurchase of debt	-	37,031	-	37,031
Other finance costs – net interest cost on pension scheme (note 6)	468	-	534	27
	19,296	58,808	19,369	58,792
Capitalisation rate used to determine the finance costs capitalised during the period	5.1%	6.1%	5.1%	6.2%

9. Surplus on Operating Activities

	2009 £'000	Peabody Restated 2008 £'000	2009 £'000	Group Restated 2008 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation on tangible fixed assets	10,803	10,492	10,983	10,639
Auditors' remuneration:				
In their capacity as auditors :				
Group	-	-	63	85
Peabody	56	64	-	-
In respect of other services	15	23	15	23

Notes to the Accounts

Year ended 31 March 2009

10. Taxation Charge

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
The taxation charge comprises:				
Adjustment in respect of prior years	-	-	-	-
United Kingdom corporation tax at 28% (2008: 30%)	-	-	-	-
	-	-	-	-

The tax assessed for the period is lower than that resulting from applying the standard rate of 28% corporation tax in the UK. The differences are explained below:

	Group 2009 £'000	Group Restated 2008 £'000
Surplus on ordinary activities before taxation	35,089	33,556
Tax on profit on ordinary activities at standard rate of 28% (2008: 30%)	9,825	10,067
Factors affecting charge for the year:		
Charitable surplus exempt taxation	(9,825)	(10,067)
	-	-

A deferred tax asset has not been recognised in respect of the timing differences relating to trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £495,000 (2008: £495,000). The asset would be recovered if suitable taxable profits were to arise in the future against which the losses could be offset.

Notes to the Accounts

Year ended 31 March 2009

11 (a) Housing Properties – Peabody

	Housing properties £'000	Housing properties under construction £'000	Total £'000
Cost			
At 1 April 2008	962,543	22,258	984,801
Prior period adjustment	(752)	-	(752)
At 1 April 2008 (as restated – note 29)	961,791	22,258	984,049
Work completed	31,199	(31,199)	-
Additions	37,688	10,026	47,714
Disposals	(43,700)	-	(43,700)
At 31 March 2009	986,978	1,085	988,063
Depreciation			
At 1 April 2008	44,247	-	44,247
Prior period adjustment	(235)	-	(235)
At 1 April 2008 (as restated – note 29)	44,012	-	44,012
Charge for the year	9,778	-	9,778
Disposals	(1,592)	-	(1,592)
At 31 March 2009	52,198	-	52,198
Depreciated cost			
At 31 March 2009	934,780	1,085	935,865
At 31 March 2008 (as restated – note 29)	917,779	22,258	940,037
Social housing grant			
At 1 April 2008	353,607	9,870	363,477
Work completed	9,870	(9,870)	-
Received	7,525	261	7,786
Disposals	(24,628)	-	(24,628)
At 31 March 2009	346,374	261	346,635
Other public grants			
At 1 April 2008	56,097	343	56,440
Work completed	343	(343)	-
Received	421	-	421
At 31 March 2009	56,861	-	56,861
Net book value			
At 31 March 2009	531,545	824	532,369
Net book value			
At 31 March 2008 (as restated – note 29)	508,075	12,045	520,120

Notes to the Accounts

Year ended 31 March 2009

11 (a) Housing Properties – Peabody (continued)

Additions during the year comprise £37.7 million (2008: £49.3 million) of major repairs and refurbishment works, and £10.0 million (2008: £8.0 million) of expenditure on new-build properties.

Additions to housing properties in the course of construction during the year included capitalised interest (at an average rate during the year of 5.1%) of £1,915,000 (2008: £2,348,000 at an average rate of 6.2%).

Housing properties includes shared ownership properties that have a cost of £38,891,000 (2008: £37,031,000) and associated Social Housing Grant of £15,756,000 (2008: £15,397,000).

Housing properties includes £168 million of land which has not been depreciated.

	2009 £'000	2008 £'000
Housing properties comprise:		
Freeholds	891,822	882,211
Long leaseholds	96,241	101,838
	988,063	984,049

Notes to the Accounts

Year ended 31 March 2009

11 (b) Housing Properties – Group

	Housing properties £'000	Housing properties under construction £'000	Total £'000
Cost			
At 1 April 2008	1,021,694	22,375	1,044,069
Prior period adjustment	(686)	-	(686)
At 1 April 2008 (as restated – note 29)	1,021,008	22,375	1,043,383
Works completed	31,199	(31,199)	-
Additions	37,928	10,841	48,769
Disposals	(43,803)	-	(43,803)
At 31 March 2009	1,046,332	2,017	1,048,349
Depreciation			
At 1 April 2008	44,340	-	44,340
Prior period adjustment	(223)	-	(223)
At 1 April 2008 (as restated – note 29)	44,117	-	44,117
Charge for the year	9,903	-	9,903
Disposals	(1,592)	-	(1,592)
At 31 March 2009	52,428	-	52,428
Depreciated cost			
At 31 March 2009	993,904	2,017	995,921
At 31 March 2008 (as restated – note 29)	976,891	22,375	999,266
Social housing grant			
At 1 April 2008	353,607	9,870	363,477
Works completed	9,870	(9,870)	-
Received	7,525	261	7,786
Disposals	(24,628)	-	(24,628)
At 31 March 2009	346,374	261	346,635
Other public grants			
At 1 April 2008	73,997	345	74,342
Received	422	-	422
Disposals	(40)	-	(40)
At 31 March 2009	74,379	345	74,724
Net book value			
At 31 March 2009	573,151	1,411	574,562
Net book value			
At 31 March 2008 (as restated – note 29)	549,287	12,160	561,447

Notes to the Accounts

Year ended 31 March 2009

11 (b) Housing Properties – Group (continued)

Additions during the year comprise £37.9 million (2008: £49.4million) of major repairs and refurbishment works, and £10.8 million (2008: £9.2 million) of expenditure on new-build properties.

Additions to housing properties in the course of construction during the year included capitalised interest (at an average rate during the year of 5.1%) of £1,915,000 (2008: £2,391,000 at an average rate of 6.1%).

Housing properties include shared ownership properties that have a cost of £41,715,000 (2008: £39,899,000) and associated Social Housing Grant of £17,543,000 (£2008: £17,224,000).

Housing properties includes £180 million of land which has not been depreciated.

	2009 £'000	2008 £'000
Housing properties comprise:		
Freeholds	952,108	941,545
Long leaseholds	96,241	101,838
	1,048,349	1,043,383

11 (c) Social Housing Grant

The total Social Housing Grant receivable to date is £346,635,000 (2008: £363,477,000), as shown in note 11(a).

Notes to the Accounts

Year ended 31 March 2009

12 (a) Other Tangible Fixed Assets – Peabody

	Freehold offices £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2008	13,675	5,213	18,888
Additions	3	1,516	1,519
Disposals	(5)	-	(5)
At 31 March 2009	13,673	6,729	20,402
Depreciation			
At 1 April 2008	4,830	2,048	6,878
Charge for the year	524	501	1,025
At 31 March 2009	5,354	2,549	7,903
Other public grants			
At 1 April 2008	-	672	672
Received	-	-	-
At 31 March 2009	-	672	672
Net book value			
At 31 March 2009	8,319	3,508	11,827
Net book value			
At 31 March 2008	8,845	2,493	11,338

Notes to the Accounts

Year ended 31 March 2009

12 (a) Other Tangible Fixed Assets – Group

	Freehold offices £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2008	14,117	5,393	19,510
Additions	3	1,664	1,667
Disposals	(5)	(60)	(65)
At 31 March 2007	14,115	6,997	21,112
Depreciation			
At 1 April 2008	4,859	2,127	6,986
Charge for the year	532	548	1,080
Disposals	-	(60)	(60)
At 31 March 2009	5,391	2,615	8,006
Other public grants			
At 1 April 2008	-	672	672
Received	-	-	-
At 31 March 2009	-	672	672
Net book value			
At 31 March 2009	8,724	3,710	12,434
Net book value			
At 31 March 2008	9,258	2,594	11,852

Notes to the Accounts

Year ended 31 March 2009

13. Fixed Asset Investments

Peabody

	Shares in subsidiary undertakings £'000	Shares in quoted securities £'000	Total £'000
Market value			
At 1 April 2008	5,000	7,432	12,432
Additions	-	387	387
Change in market value of investments	-	(1,360)	(1,360)
At 31 March 2009	5,000	6,459	11,459

In addition to a £5 million investment in Peabody Enterprises Limited, Peabody fixed asset investments comprise shares in quoted securities and cash. The investment income generated from these shares is used to fund Community Services activities. The historic cost of this investment portfolio is £7,829,992 (2008: £7,442,171) and the market value as at 31 March 2009 was £6,459,409 (2008: £7,432,034).

Group

Group fixed assets investments comprise the shares in quoted securities and cash only.

14. Properties for Sale

	2009 £'000	Peabody 2008 Restated £'000	2009 £'000	Group 2008 Restated £'000
Shared ownership properties	1,328	2,306	1,328	2,306

Properties held for sale represents the first tranche proportion of shared ownership units.

As at 31 March 2008 Peabody's development at Cooper's Road was still under construction. Cooper's Road is a development of 80 units including 33 shared ownership properties. First tranches of the shared ownership properties were all sold during the year ended 31 March 2009.

During the year ended 31 March 2009 Peabody completed 20 shared ownership units at Milbourne Street, Hackney. Construction of these units was completed in March 2009 with the sale of these units anticipated to take place in the first half of the 2009/10 financial year. It is anticipated that the net realisable value of the units will exceed the value held in current assets at the year end.

Notes to the Accounts

Year ended 31 March 2009

15. Debtors

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
Amounts falling due within one year				
Rent and service charges in arrears	8,365	8,050	9,030	8,712
Less: provision for bad debts	(3,905)	(3,945)	(4,204)	(4,269)
	4,460	4,105	4,826	4,443
Operating lease payments in advance	-	1	-	1
Amounts owed by subsidiary undertakings	343	1,357	-	-
Amounts owed by subsidiary undertakings – loan	2,500	500	-	-
Loans to employees	61	57	61	57
Other debtors and prepayments	4,718	5,204	5,112	5,455
Loan to Charity Bank	570	562	570	562
Loan to SCORE	-	-	-	60
Blue Hut Escrow account	-	-	-	100
	12,652	11,786	10,569	10,678
Amounts falling due after one year				
Amounts owed by subsidiary undertakings – loan	26,438	28,438	-	-
Loan to SCORE	-	-	-	60
	26,438	28,438	-	60

At the balance sheet date, £28,938,000 (2008: £28,938,000) is on-lent to CBHA, a fixed interest rate of 6.79% is applicable to £24.5 million of the loan. The on-lending is disclosed above, split between amounts due within one year and after one year.

The loan to SCORE represents a secured loan of £120,000 made by CBHA during the year ended 31 March 2005 to Sporting Club Orient, a charitable organisation providing sports facilities in East London. A fixed rate of interest at 5.5% applies to the loan, which is repayable over five years with the first repayment due on the fourth anniversary of the granting of the loan in January 2009. Interest on the balance is paid quarterly.

SCORE failed to repay the first instalment of £60,000 in January 2009. Negotiations are underway to revise the loan terms and a provision against the full loan has been made in the financial statements.

Notes to the Accounts

Year ended 31 March 2009

16. Creditors: Amounts Falling Due Within One Year

	2009 £'000	Peabody Restated 2008 £'000	2009 £'000	Group Restated 2008 £'000
Bank and building society loans	-	500	-	500
Trade creditors	7,125	5,254	7,376	5,503
Rent and service charges received in advance	4,565	4,438	4,831	4,672
Social housing grant received in advance	225	-	225	-
Amounts owed to subsidiary undertakings	28	256	-	-
Loan from Peabody Pension Trust	33	31	33	31
Recycled capital grant fund	7,471	3,505	7,471	3,505
Other taxation and social security costs	683	610	700	688
Accruals and deferred income	9,466	14,897	9,894	15,414
	29,596	29,491	30,530	30,313

Social housing grants received in advance will be utilised against capital expenditure in the year ended 31 March 2010.

17. Creditors: Amounts Falling Due After More Than One Year

	2009 £'000	Peabody Restated 2008 £'000	2009 £'000	Group Restated 2008 £'000
Bank and building society loans	370,963	381,056	370,577	380,637
Guaranteed secured debenture stock	1,346	1,346	1,346	1,346
Guaranteed debenture stock premium	123	131	123	131
	372,432	382,533	372,046	382,114
Recycled capital grant fund	12,974	14,104	13,184	14,268
Disposal proceeds fund	254	309	254	309
	385,660	396,946	385,484	396,691

Notes to the Accounts

Year ended 31 March 2009

18. Recycled Capital Grant Fund

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
At 1 April 2008	17,609	8,177	17,773	8,177
Grant recycled	2,153	9,397	2,193	9,555
Interest accrued	683	741	689	747
Major repairs and works to existing stock	-	(547)	-	(547)
Purchase / development of properties	-	(159)	-	(159)
	20,445	17,609	20,655	17,773
Repayment of grant to HCA	-	-	-	-
Balance at 31 March 2009	20,445	17,609	20,655	17,773

19. Disposal Proceeds Fund

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
At 1 April 2008	309	609	309	609
Net sale proceeds recycled	2	158	2	158
Interest accrued	12	26	12	26
Major repairs and works to existing stock	(69)	(484)	(69)	(484)
Balance at 31 March 2009	254	309	254	309

Notes to the Accounts

Year ended 31 March 2009

20. Debt Analysis

	2009 £'000	Peabody 2008 £'000	2009 £'000	Group 2008 £'000
Bank and building society loans	370,963	381,556	370,577	381,137
Guaranteed secured debenture stock	1,346	1,346	1,346	1,346
Guaranteed secured debenture stock premium	123	131	123	131
	372,432	383,033	372,046	382,614
Within one year	-	500	-	500
Between two and five years	8,000	6,500	8,000	6,500
After five years	364,432	376,033	364,046	375,614
	372,432	383,033	372,046	382,614

Bank and building society loans

The Group's bank and building society loans are secured by specific charges over housing properties. The borrowings bear interest rates of between 1.2% and 10.25% and are repayable in instalments due as shown above.

Risks

The main risks associated with the Group's borrowings are interest rate risk and liquidity risk. The Finance Committee reviews and agrees policies for managing these risks and these are summarised below:

Interest rate risk

The Group regularly reviews its policy on the proportion of debt that should be held at fixed and floating interest rates. As at 31 March 2009, £295.3 million of the Group's borrowings are at fixed rates with the remainder at floating rates.

Liquidity risk

The Group's policy is to limit liquidity risks by ensuring that it has adequate short and long term borrowing facilities in place, to provide the required level of funding flexibility.

Notes to the Accounts

Year ended 31 March 2009

21. Reserves

	Revenue Reserve £'000	Revaluation Reserve £'000	Designated Reserves Subsidence Reserve £'000	Peabody Community Fund £'000	Total £'000
Peabody					
At 1 April 2008 – as previously stated	166,879	-	929	7,698	175,506
Prior period adjustment	1,789	-	-	-	1,789
At 1 April – as restated	168,668	-	929	7,698	177,295
Transfers	1,372	-	-	(1,372)	-
Surplus in the year	34,241	-	-	-	34,241
Other gains/(losses)	(6,759)	-	-	-	(6,759)
At 31 March 2009	197,522	-	929	6,326	204,777
Group					
At 1 April 2008	182,962	3,560	929	7,698	195,149
Prior period adjustment	1,843	-	-	-	1,843
At 1 April 2008 – as restated	184,805	3,560	929	7,698	196,992
Transfers	1,653	(281)	-	(1,372)	-
Surplus in the year	35,089	-	-	-	35,089
Other gains/(losses)	(7,204)	-	-	-	(7,204)
At 31 March 2009	214,343	3,279	929	6,326	224,877

At 31 March 2009 the General Reserves, being those which are not designated, were all used in financing investment in social housing or in the programme of community regeneration activities. Any surpluses are reinvested in the above activities thus ensuring that Peabody is able to continue to deliver its mission to make London a city of opportunity for all by ensuring as many people as possible have a good home, real sense of purpose and a strong feeling of belonging.

The designated subsidence reserve will be used to fund repairs to properties which had been the subject of known subsidence events prior to June 2007.

The Peabody Community Fund designated reserve reflects a write-down of £1,360,000 during the year in respect of a fall in value of the Peabody Community Fund investment portfolio.

22. Capital Commitments

Capital expenditure contracted for and not provided for in the accounts amounts to £15,246,000 (2008: £25,018,000).

All of this anticipated expenditure is covered by Social Housing Grant, reserves and private finance.

23. Contingent Liabilities

There are no known material contingent liabilities as at 31 March 2009 (2008: £Nil).

Notes to the Accounts

Year ended 31 March 2009

24. Notes to the Peabody Cash Flow Statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities

	2009 £'000	Restated 2008 £'000
Operating surplus	18,393	20,006
Depreciation	10,803	10,492
Decrease/(increase) in stock	978	(2,306)
Decrease in debtors	1,134	4,482
Decrease in creditors	(4,298)	(11,862)
Adjustment for pension funding	(621)	330
Net cash inflow from operating activities	26,389	21,142

(b) Analysis of cash flows for headings netted in the cash flow statement

	2009 £'000	2008 £'000	Restated 2008 £'000
Returns on investments and servicing of finance			
Interest received	3,202	3,761	
Dividends received	388	289	
Interest paid	(18,653)	(20,771)	
Cost of early redemption of loans	-	(45,039)	
Net cash outflow from returns on investments and servicing of finance	(15,063)		(61,760)
Capital expenditure and financial investment			
Cash paid for construction of, investment in, and purchase of housing properties	(44,541)	(53,044)	
Social Housing Grant received	8,138	5,627	
Other grants received	-	2	
Cash received on sale of property	51,490	91,207	
Cash paid for investments	(387)	(289)	
Cash paid for purchase of other tangible fixed assets	(1,514)	(807)	
Internal costs capitalised	(1,258)	(1,101)	
Net cash inflow from capital expenditure and financial investment	11,928		41,595
Financing			
New loans	20,000	85,000	
Repayment of loans made to subsidiary undertaking	-	500	
Repayment of loans	(30,000)	(79,831)	
Net cash (outflow)/inflow from financing	(10,000)		5,669

Notes to the Accounts

Year ended 31 March 2009

24. Notes to the Peabody Cash Flow Statement (continued)

(c) Analysis of net debt

	At 1 April 2008 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2009 £'000
Cash at bank and in hand (including funds on deposit)	24,993	13,254	-	38,247
Debt due after one year	(382,533)	10,000	101	(372,432)
Debt due within one year	(500)	-	500	-
Debtor due after more than one year	28,438	-	(2,000)	26,438
Debtor due within one year	500	-	2,000	2,500
	(329,102)	23,254	601	(305,247)

25. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities

	2009 £'000	Restated 2008 £'000
Operating surplus for the year	20,326	22,202
Depreciation	10,983	10,639
Decrease/(increase) in stocks	978	(1,120)
Decrease in debtors	169	2,336
Decrease in creditors	(1,642)	(11,458)
Adjustment for pension funding	(656)	330
Net cash inflow from operating activities	30,158	22,929

Notes to the Accounts

Year ended 31 March 2009

25. Notes to the Consolidated Cash Flow Statement (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement

	£'000	2009 £'000	£'000	Restated 2008 £'000
Returns on investments and servicing of finance				
Interest received	1,952		2,402	
Dividends received	289		289	
Interest paid	(20,069)		(20,798)	
Cost of early redemption of loans	-		(45,039)	
Net cash outflow from returns on investments and servicing of finance		(17,828)		(63,146)
Capital expenditure and financial investment				
Cash paid for construction of, investment in and purchase of housing properties	(45,596)		(54,132)	
Social Housing Grant received	8,139		5,845	
Other grants received	-		2	
Cash received on sale of property	50,839		93,717	
Cash paid for the purchase of other tangible fixed assets	(1,667)		(826)	
Cash paid for investments	(387)		(289)	
Internal costs capitalised	(1,258)		(1,101)	
Net cash inflow from capital expenditure and financial investment		10,070		43,216
Financing				
New loans	20,000		85,000	
Repayment of loans	(30,000)		(79,831)	
Net cash (outflow)/ inflow from financing		(10,000)		5,169

(c) Analysis of net debt

	At 1 April 2008 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2009 £'000
Cash at bank and in hand	38,923	12,400	-	51,323
Debt due after one year	(382,114)	10,000	68	(372,046)
Debt due within one year	(500)	-	500	-
	(343,691)	22,400	568	(320,723)

Notes to the Accounts

Year ended 31 March 2009

26. Legislative Provisions, Taxation, Subsidiary Undertakings and Joint Ventures

Peabody is a registered charity formed under an Act of Parliament, and a registered provider registered with the Tenant Services Authority (TSA). Peabody has the following wholly owned subsidiaries, all of which are incorporated in Great Britain and have been included in the Group results:

- CBHA (a charitable company, limited by guarantee and a registered social landlord)
- Peabody Enterprises Limited
- Peabody Land Limited
- Ladbroke Developments Limited
- Blue Hut Developments Limited
- Peabody Pension Trust

Peabody Land Limited, Peabody Enterprises Limited, Ladbroke Developments Limited and Blue Hut Developments Limited are trading subsidiaries involved in the development and sale of land and private residential property.

Peabody Pension Trust Limit has been excluded from consolidation on the grounds of materiality.

27. Transactions with Related Parties

At 31 March 2009 there were six members of the Board or other Committees who had tenancy agreements Peabody. There were 8 residents involved with the Governance of CBHA at 31 March 2009. The tenancy agreements have been granted on the same terms as for all other residents, and the housing management procedures, including those relating to management of arrears have been applied consistently to these residents.

28. Surplus on Sale of Fixed Assets

During the year Peabody sold its 529 properties in Croydon to London & Quadrant Housing Trust and 102 properties which were void and economically unviable, generating a total surplus of £30.8 million. In addition Peabody generated a surplus on the sale of properties under the preserved right to buy and from shared ownership staircasing transactions of £2.1 million.

CBHA sold 2 properties during the year under the preserved right to buy, and completed 1 shared ownership staircasing transaction, generating a surplus of £0.3 million.

29. Prior Year Adjustment

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

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

The effect of the change in accounting policy is an increase in the Group's turnover for the year ending 31 March 2008 of £4,074,000, an increase in the cost of sales of £3,592,000 and an increase in the surplus on sale of fixed assets of £837,000, with a consequent increase in surplus of £1,319,000. The cumulative effect on reserves is an increase of £1,843,000.

Notes to the Accounts

Year ended 31 March 2009

29. Prior Year Adjustment (continued)

	Cumulative prior year adjustment to 31 March 2007 £'000	Prior year adjustment for 2007/08 £'000	Cumulative prior year adjustment to 31 March 2008 £'000
Peabody			
Shared ownership sales			
Turnover – proceeds of first tranche sales	35,820	3,171	38,991
Cost of sales	(35,527)	(2,512)	(38,039)
Surplus on subsequent tranche shared ownership sales	-	837	837
Surplus	293	1,496	1,789
Revenue reserves			
Revenue reserves as at 31 March as previously stated	131,073		166,879
Add: surplus on first tranche shared ownership sales	293	1,496	1,789
Revenue reserves at 31 March as restated	131,366		168,668
Group			
Shared ownership sales			
Turnover – proceeds of first tranche sales	37,806	4,074	41,880
Cost of sales	(37,282)	(3,592)	(40,874)
Surplus on subsequent tranche shared ownership sales	-	837	837
Surplus	524	1,319	1,843
Revenue reserves			
Revenue reserves as at 31 March as previously stated	144,173		182,962
Add: surplus on first tranche shared ownership sales	524	1,319	1,843
Revenue reserves at 31 March as restated	144,697		184,805

Notes to the Accounts

Year ended 31 March 2009

29. Prior Year Adjustment (continued)

The prior year adjustment to current asset balances for the group and association for the year ended 31 March 2008 is an increase of £2,306,000, being the transfer of the shared ownership first tranche proportion from fixed assets to current assets.

The impact of the adjustment on completed shared ownership properties within housing property balances is shown below:

	Cumulative prior year adjustment to 31 March 2007 £'000	Prior year adjustment for 2007/08 £'000	Cumulative prior year adjustment to 31 March 2008 £'000
Peabody			
Tangible fixed assets – properties			
Cost			
At 31 March as previously stated	962,771		984,801
Add: accumulated first tranche surpluses from prior years	79	1,475	1,554
Less: First tranche amounts held as current assets	-	(2,306)	(2,306)
At 31 March as restated	962,850		984,049
Depreciation			
At 31 March as previously stated	35,122		44,247
Less: depreciation charge for restated housing properties	(214)	(21)	(235)
At 31 March as restated	34,908		44,012
Group			
Tangible fixed assets – properties			
Cost			
At 31 March as previously stated	1,022,049		1,044,069
Add: accumulated first tranche surpluses from prior years	310	1,310	1,620
Less: First tranche amounts held as current assets	(965)	(1,341)	(2,306)
At 31 March as restated	1,021,394		1,043,383
Depreciation			
At 31 March as previously stated	35,122		44,340
Less: depreciation charge for restated housing properties	(214)	(9)	(223)
At 31 March as restated	34,908		44,117

Translation service

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Peabody

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Peabody is constituted under the
Peabody Donation Fund Act 1948,
as amended by The Charities
(The Peabody Donation Fund)
Order 1997.