



PEABODY

Report and Financial Statements

31 March 2010

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Report and Financial Statements

31 March 2010

Operating and Financial Review

Board, Executive Officers and Advisors

MEMBERS OF THE BOARD OF GOVERNORS

	Finance Committee	Audit and Risk Committee	Nominations and Remuneration Committee	Property Committee	Resident and Community Committee	Audit and Risk Committee	Nominations and Remuneration Committee	Finance and Investment Committee
	To 19th May 2010					From 19th May 2010		
Pam Alexander – Chair of the Board until 31/12/09			to 31/12/09					
Christopher Strickland – Chair of the Board from 1/1/10			From 1/1/10	Chair to 31/12/09			✓	
Millie Banerjee					✓	✓		
Marisa Cassoni	✓	✓		✓				✓
Peter Doyle – resigned 9/5/10	✓	Chair						
Ngairé Drake – resigned 30/06/10				✓				
Dudley Fishburn	Chair	✓	Chair				✓	✓
Claudette Forbes				✓	✓	✓		
Tim How	✓	✓	✓		Chair		Chair	✓
Karl King				✓		✓		
Malcolm Levi – appointed 20/5/09					✓	Chair	✓	
Hattie Llewelyn-Davies – resigned 19/5/09					✓			
Liz Peace – appointed 1/1/10			From 1/10/10	Chair from 1/10/10			✓	Chair
June Welcome					✓			✓

As a result of Committee restructuring from 19 May 2010 the Finance Committee, Property Committee and Resident and Community Committee were replaced by the Finance and Investment Committee.

Operating and Financial Review

Board, Executive Officers and Advisors

CO-OPTED COMMITTEE MEMBERS

Danny McLoughlin	Finance Committee (to 19 May 2010)
Neil Gardiner	Property Committee (to 19 May 2010), Finance and Investment Committee (from 19 May 2010)
Ian Nash	Property Committee (to 19 May 2010)
Liz Peace	Property Committee (to 31 December 2009)
Ian Parkes	Resident & Community Committee (to June 2009)
Kirk Mitchell	Resident & Community Committee (to 19 May 2010)
Anne Dillette	Resident & Community Committee (to 19 May 2010)
Edwina Fraser	Resident & Community Committee (to 19 May 2010)

EXECUTIVE OFFICERS

Stephen Howlett	Group Chief Executive
Catriona Simons	Group Finance Director – resigned 23 November 2009
Susan Hickey	Executive Director – Finance – appointed 1 February 2010
Philip Day	Interim Group Finance Director – appointed 24 November 2009, resigned 31 January 2010
David Lavarack	Executive Director – Corporate Services
Keith Carter	Interim Property Director – resigned 31 May 2010
Stephen Burns	Executive Director – New Business
Sandra Skeete	Executive Director – Customer Services

Auditors

Grant Thornton UK LLP
Chartered Accountants
& Registered Auditors
Grant Thornton House
202 Silbury Boulevard
MK9 1LW

Company Secretary

Susan Hickey

Bankers

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London WC2R 0QS

Registered Office

45 Westminster Bridge Road
London SE1 7JB

Solicitors

Lewis Silkin
5 Chancery Lane
Clifford's Inn
London EC4A 1BL

Rollits Solicitors
Rowntree Wharf
Navigation Road
York YO1 9WE

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London EC2N 4DX

Registration Details

Tenant Services Authority Registration – L0014
Charity Commission Registration – 206061

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 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, and there are 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 wants to be known 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.

THE CONTEXT IN WHICH WE OPERATE

The housing market has been severely impacted by the economic downturn. New build programmes have slowed. Funds have become scarcer and more expensive. The social housing model, reliant upon cross-subsidy and s106 arrangements, has not withstood these pressures. Whilst there are signs of stabilisation, this has jeopardised the government’s house-building ambitions and raised questions about how new homes should be funded and delivered into the future.

With rising unemployment and fluctuations in rents (through Retail Price Index volatility), economic conditions create an uncertain environment for our residents and customers throughout the period of our latest business plan.

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

Operating and Financial Review

The Tenant Services Authority has launched its new regulatory framework for the sector, based around a system of 'co-regulation'. As well as adhering to national standards in certain areas, this requires providers to set local offers that reflect the priorities of local communities by April 2011. Peabody has established a working group to ensure that performance against national standards is monitored and can be scrutinised by residents and that local offers are developed and agreed with residents by March 2011.

National and local elections have taken place in the first half of 2010 and this will impact on Peabody policy and stakeholder landscape. The London housing agenda will continue to be led by Mayor Boris Johnson, and his housing strategy was published in 2010. This sets a challenging target of delivering at least 50,000 affordable homes, including 30,000 social rented between 2008 and 2012. Greater prominence and power is given to local authorities, with a move towards a model of 'delegated delivery' for housing investment from April 2011. This would involve voluntary agreements with boroughs to give them more responsibility for local delivery, in return for agreement on key aims with the Mayor and the Homes and Communities Agency.

This places increased importance on Peabody's strategic and operational relationships. London faces a changing demographic profile. Its population will stretch between growing numbers of younger and older people, communities will become more diverse and the number of single person households will increase.

With ambitious targets for reducing carbon emissions, the desire for greener homes through environmental improvements or retrofitting, will continue to feature strongly in national and regional policy.

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 Committee and the Board of Governors.

The 2010/13 plan builds on the 2009/12 plan. It also responds to the recommendations received in the Audit Commission Short Notice Inspection in December 2009. Peabody's four core business objectives are:

- provide great services and quality homes;
- build thriving communities;
- achieve influential growth; and
- achieve business excellence.

Measures of success in delivering these objectives are set throughout the plan a summary of which is provided below.

PROVIDE GREAT SERVICES AND QUALITY HOMES

Customers want us to be great at the basics, and that's what we want too. One of the ways we are going to this is to improve our responsive maintenance service in 2010/11. Work also began in 2009/10 to provide an effective and integrated approach to neighbourhood management. What is now different is we have redefined the role of the neighbourhood manager to focus on: identifying and agreeing local priorities with customers; improving access through the establishment of three regional hubs; and strengthening our approach to dealing with anti-social behaviour. This strategy continues to be at the centre of our approach to improving services for customers. All of this is underpinned by an efficient and effective customer contact centre and improved communication.

We are committed to providing tailored services shaped around customers' needs and refining our use of customer profiling and intelligence data.

Our Decent Homes Standard obligations will be met by December 2010. A fully integrated asset management strategy and long term investment programmes will ensure we continue to meet or exceed this standard. We remain committed to addressing the challenges presented by climate and environmental changes.

Operating and Financial Review

GOAL 1

Be great at the basics and deliver excellent customer service

Customers are telling us their experience of Peabody service is getting better. Nevertheless, we know there is more to do before we can confidently say that all our customers are very satisfied. Our vision is for an accessible Peabody that gives, through a Customer Excellence framework, confidence and optimism about the services provided.

Our Delivery Plans	Target Date	Measures of Success
Implement and bed in the new responsive repairs contract	31/03/11	<ul style="list-style-type: none"> - 80% resident satisfaction with the last repair - 80% of repairs fixed first time - 95% repairs appointments kept
Build on Investors in People and Customer First to develop a customer excellence framework that achieves external accreditation for the quality of our customer service	31/03/12	<ul style="list-style-type: none"> - 76% resident satisfaction with the overall service - 91% of all complaints resolved at Stage 1 - 80% resident satisfaction with Peabody Direct service

GOAL 2

Involve customers in designing, tailoring, monitoring and evaluating services

What customers have to say about the quality and breadth of our services is important to us. During 2008/9 we refreshed our Customer Involvement Strategy. This enabled over 1,900 customers from diverse groups to influence and shape services during 2009. Working from a position of strength, we are committed to having effective communication with our customers and having a greater understanding of our customers' experience of the service we provide. This will enable us to shape services and develop local standards and management models to meet their needs and aspirations.

Our Delivery Plans	Target Date	Measures of Success
Develop and strengthen the contribution and skills of involved customers so they provide an effective challenge to Peabody at both a corporate and local level	31/03/13	- 75% of customers satisfied that Peabody takes their views into account
Pilot the Tenant Management Model	31/03/11	- Extent of resident support for the model

GOAL 3

Provide great homes that are sustainable, safe and green

We know we have a huge responsibility to take care of iconic buildings, many of which have been part of the London skyline for nearly 150 years. These are also places where people make their homes and live their lives. Our duty is to seek ways to improve the quality of life for customers, by providing comfortable homes and attractive communal spaces where people want to live. These provide the foundations to support successful communities and neighbourhoods.

Our Delivery Plans	Target Date	Measures of Success
Provide appropriate homes of a good standard	31/12/10	- 100% of qualifying homes meet Decent Homes Standard (excluding planned redevelopment)
Tackle overcrowding and under occupation	31/03/13	- 10% reduction in the number of overcrowded homes
Deliver green, sustainable, environmentally friendly and safe homes	31/03/13	<ul style="list-style-type: none"> - average SAP rating of 65.5% for all general needs stock - 100% of properties with a valid gas safety certificate

Operating and Financial Review

BUILD THRIVING COMMUNITIES

Through direct delivery and working extensively with partner organisations, we continue to develop innovative approaches to creating thriving communities. Our areas of work include youth provision, employment and training initiatives, supported housing (and other support for vulnerable people) and community development activities. We will link our approach to worklessness to local, economic development strategies.

Establishing close links with local schools and education establishments is key to our commitment to improving access to training and employment opportunities.

During 2009/10 our community development and neighbourhood services functions successfully worked together on joint projects to improve local access to services and activities through the opening of three regional hubs. We will build on this success during the life of our business plan.

GOAL 1

Provide opportunities for people in London to get the most from life

During 2009/10 we successfully launched a range of involvement, healthy living and employment, and training opportunities for customers at different stages of their lives. 'Activate London' helped nearly 10,000 people achieve a healthier lifestyle, we developed 'Linkage Plus' as our outreach service for older people and helped nearly 1,000 people into jobs and training. During the coming business planning period we will link our worklessness activities to local economic development strategies, supporting the development of local enterprise and entrepreneurship.

We also work within some of the most disadvantaged communities in London where young people need real help to become successful and active citizens. We are focussing our resources on a number of key central London boroughs. To address the needs of excluded learners, we are seeking to build our relations with local education establishments to provide outreach work. It is recognised that in the current environment these targets are aspirational and as such will be reviewed regularly.

Our Delivery Plans	Target Date	Measures of Success
Assist residents and other customers into employment and training opportunities	31/03/11	- 250 people accessing training opportunities - 250 people into jobs
Expand the Linkage programme as a model for support to older people	31/03/11	- 1,800 new beneficiaries from the Linkage outreach service - 90% residents in older persons homes satisfied with overall service provided
Deliver 'Healthy Living' opportunities through Activate London	31/03/11	- 15,636 new beneficiaries from Activate London
Expand youth work provision	31/03/11	- 500 young people participating in youth activities

GOAL 2

Create desirable neighbourhoods where people want to live

We are committed to increasing people's capacity to shape, influence and achieve sustained improvements both in their quality of life at home and the surrounding environment that affects the way they live. This will include supporting people to design their own compact to set out how they want to contribute to the long term improvement of their communities.

Our Delivery Plans	Target Date	Measures of Success
Create and implement the next generation of estate action plans/ neighbourhood charters	31/03/13	- 80% of residents satisfied with their neighbourhood as a place to live by 2013
Establish a resident compact, designed by residents for residents	31/03/12	
Introduce a pilot a reward scheme for residents taking on additional responsibilities	31/03/11	

Operating and Financial Review

ACHIEVE INFLUENTIAL GROWTH

Our ambition is to be a key organisation in shaping the future of London. We occupy a unique position in London's history and are one of the best known housing associations in the sector.

The 21st Century Peabody research, our approaching 150th anniversary and the Olympics present excellent opportunities to increase public awareness of our work. This, combined with the national and local elections at the start of the plan period, means that we are in an excellent position to influence the agenda and bring about change.

We are committed to growth in a measured and responsible way that meets the needs of our customers, stakeholders and our own business. This will be done in a manner that increases the Peabody portfolio of homes and services, and adds value to communities.

'21st Century Peabody' sets out our vision for exemplary Peabody communities into the future. London is a city made up of villages. We have created the concept of a Peabody Village to bring together these principles and form the basis of the next stage in our work.

Our seven core principles define an exemplary 21st century community as being a place where:

- people feel they belong
- people have homes that meet their needs and are suitable for the changing circumstances of life
- the landlord's service is tailored to the individual
- there is no child living in poverty
- all residents are supported in their daily lives and their long term aspirations
- the community feels part of the wider, local area
- the community has a sustainable environment

This will be the cornerstone for the development of sustainable Peabody communities over the next 25 years.

GOAL 1

Build and manage more homes

We will use our financial capacity and strength to take advantage of growth opportunities. This will include having a solid, long term business model and a clear strategy for investment in our stock. Having a sound delivery mechanism to achieve effective strategic partnerships and growth opportunities is vital.

Throughout the life of the business plan we will adopt a rational approach to growth i.e. seeking new business opportunities that fit well with the needs of our business and customers. We believe this approach will underpin our commitment to the highest of service standards to our current customers and grow Peabody for the benefit of future generations.

Our Delivery Plans	Target Date	Measures of Success
Identify opportunities to provide new homes and facilities within existing Peabody communities	31/03/13	- A net increase of homes rising to 300 per year by 31/03/13
Identify and secure new business opportunities with key local partners	31/03/13	- Number and scope of new opportunities secured

GOAL 2

Shape and influence the national and local agenda

Peabody is a voice for London and we want that voice to be an influential and enabling power, delivering a real and positive change in people's lives. We will use the findings of our 21st Century Peabody research project to influence and shape policy debates around affordable housing, sustainable communities and the role of housing associations.

Our Delivery Plans	Target Date	Measures of Success
Implement a stakeholder engagement programme to influence policy debates and increase	31/03/13	An improvement in stakeholder engagement measured by external surveys

Operating and Financial Review

ACHIEVE BUSINESS EXCELLENCE

We are committed to achieving business excellence by delivering Peabody's key aims efficiently and effectively.

We will provide an employment experience that our people value and enjoy. We place great value on talented and committed people who care for our customers and are passionate about our mission. We are committed to providing a 21st Century workplace which will ensure our people have the right working environment and the right tools to do the job.

At Peabody, our first class organisation will:

- have the best people with shared values and a clear sense of direction
- conduct its business efficiently and manage its finances and exposure to risk
- have the capacity and capability to take advantage of opportunities and to grow
- facilitate collaborative working to achieve coherent outcomes
- engage effectively with all its stakeholders
- provide a healthy, safe and environmentally friendly working environment

GOAL 1

Recruit and retain capable people with the right skills and attitudes to achieve our objectives

We will be an employer of opportunity, providing a good job, a real sense of purpose and a strong feeling of belonging. We will build on our successful Customer First training programme and ensure we have high quality IT systems which support the delivery of joined up and easily accessible services for our customers.

Our Delivery Plans	Target Date	Measures of Success
Provide opportunities for all staff to learn and grow, so they can do their jobs effectively	31/03/13	- 80% employee engagement score
Provide a good quality support environment that enables staff to deliver an excellent service	31/03/13	- 99.5% IT systems availability
Deliver a healthy, safe, high quality working environment which supports teamwork and retention	31/03/13	- 96.5% staff attendance levels - 92% posts held by permanent staff

GOAL 2

Ensure we have the financial strength to achieve our objectives

Pivotal to our success is sound financial management, having flair and imagination to take advantage of financial markets and having this underpinned by effective control and scrutiny. Our plans include strengthening our approach to achieving value for money, so there is a clear insight into the links between cost, performance and resident satisfaction, setting clear targets for this.

Our Delivery Plans	Target Date	Measures of Success
Deliver a consolidated of plan to maximise income from all available resources	31/03/13	- 100.3% of rent collected as a % of all rent due - 5.2% current rent arrears as a % of annual rent roll - 26 days to re-let a social housing dwelling
Strengthen our approach to delivering value for money	31/03/11	- 19% operating margin - £1,193 management cost per property

Operating and Financial Review

HOW WE MANAGE OUR BUSINESS

Employees

Peabody considers that employee involvement is essential for its success and uses a variety of methods to inform, consult and involve its employees, which includes a Staff Consultation Group and a Joint Negotiating Committee. Unite the Union is the recognised trade union.

Peabody has a comprehensive staff learning and development policy and has Investors in People accreditation. We recruit and retain employees who are professional, competent and passionate about customer service. The Peabody behaviours set the standard for working with colleagues and customers:

- Customer focussed – we deliver excellent service
- Results focussed – we get things done
- Collaborative – we work effectively with others
- Can Do – we are positive and helpful
- Principled – we are trustworthy and fair
- Continuously improving – we are always looking to get better

For those responsible for the direction and development of others, we have designed a set of Management Expectations which sets out clearly what is expected of leaders at Peabody. These form part of the performance assessment of managers.

Customer Involvement and Diversity

Peabody has developed policies for customer involvement and diversity.

Customers

Peabody has a Resident Involvement Strategy that promotes the involvement of all sections of the community. Peabody has a formal structure for resident involvement at strategic and operational levels. A revised structure has been put in place based on 3 core involvement functions – policy review, scrutiny and performance and local standards monitoring. The strategy provides a menu of involvement options for residents. Peabody has a direct relationship with over 50 Resident Associations and other community groups. It also has a Sheltered Housing Forum and a Youth Council. Peabody also has a Customer Panel to provide a range of opportunities for individuals to be involved, which is composed of 200 residents.

As a result of our strategy, Peabody now has an active ongoing dialogue with over 1,900 residents through both formal and informal involvement routes.

Diversity

Peabody values diversity and is committed to achieving equality of opportunity. Peabody has established a Diversity Forum to:

- review proposed policies and the impact these may have on diverse groups
- champion our valuing diversity programme
- act as a sounding board to plan future improvements

During the life of our Business Plan, we plan to refresh our approach to diversity so we can be confident this is systematic and consistently meets best practice.

VALUE FOR MONEY

Peabody is committed to providing Value for Money and obtaining optimal benefit from available resources by ensuring all functions are performed efficiently, effectively and economically.

How Value for Money is delivered

The Value for Money strategy sets out how resources are deployed to provide efficient and high quality services to residents and surrounding communities in support of the Business Plan.

Levels of performance in key business areas for the past 3 years are shown on page 12. Trends demonstrate the delivery of Value for Money, with an improved operating margin and improved customer satisfaction, together with improvements in many areas of service delivery.

Peabody is strongly committed to providing value through its community services to residents and the wider community. Over £2m has been invested in these activities during 2009/10. Enhanced by a significant base of volunteers this delivers a unique programme of health and wellbeing, training, employment, youth and older people activities to a wide range of people in London.

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Plans to improve

Performance in certain areas was identified for improvement during the year. The responsive repairs service is a key example, where new delivery arrangements have been introduced in May 2010 that realise economies whilst improving response times, out of hours service and appointment choices. Contract performance and levels of resident satisfaction are closely monitored, with the involvement of a diverse range of residents.

During 2010/11 the asset management strategy will be reviewed to improve financial planning and allow improved decision making and standard setting with tenants. Further procurement efficiencies are targeted.

GOVERNANCE AND REGULATION

Peabody is regulated by the Tenant Services Authority (TSA), the Homes and Communities Agency (HCA) and Charity Commission with whom it is registered and is therefore required to comply with the TSA's Standards and other requirements, together with those of the HCA and Charity Commission. The TSA assesses Peabody's performance by a range of means and in its most recent assessment of financial viability it gave Peabody the strongest possible rating.

The Audit Commission conducted a short notice inspection of Peabody's responsive repairs, resident involvement and gas services in December 2009. In their report, inspectors made a range of recommendations and we are now working with residents to implement our action plan to address these.

The Board is the incorporated body of trustees of the charity and as such is the ultimate governing body of Peabody. There are 12 Board Members, including two resident Members who use their experience to bring a resident's perspective to discussions and decisions. The Board is supported by an Audit and Risk Committee, a Finance and Investment Committee and a Nominations and Remuneration Committee.

Peabody is managed by an Executive Committee led by the Chief Executive and supported by directors of Customer Services, New Business, Finance and Corporate Services.

Subsidiary Entities' Boards

The Board of Trustees of CBHA (a company registered as a charity and a housing association) consists of 12 members, seven of whom (including the Chair) are residents, three are independent members and two are nominated by Peabody.

RISK MANAGEMENT

Peabody's Risk and Risk Management Strategy identifies the key risks facing Peabody and develops strategies for monitoring and mitigating them.

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

Key Risk Identified	Risk Mitigation Activities
Changes in national and local government result in an unfavourable operating environment	<ul style="list-style-type: none"> - Maintain relationships and effective communication with key political stakeholders to influence and gain insight into policy direction. - Collective influence through Chair of G15 and other sector bodies. - Robust and flexible business planning process to respond to changes in the external environment.
Failure to improve service delivery, leading to poor customer satisfaction ratings	<ul style="list-style-type: none"> - Customer involvement in policy development and service reviews with corporate performance scrutinised by the Resident Review Committee. - Effective contract management of the new maintenance contract. - Formulation and maintenance of estate action plans and neighbourhood plans. - A customer excellence framework will be developed as part of the 2010/11 business plan.
Business continuity threat such as IT service disruption or major disaster on an estate	<ul style="list-style-type: none"> - Comprehensive business continuity and disaster recovery plans in place with the plans regularly tested with all staff fully trained in their operation. - Adequate insurance cover in place. - Arrangements in place with third party provider to provide out of hours support.

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

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Internal Audit

The Internal Audit function plays a critical role in providing assurance to the Board of Governors, particularly through regular reporting to the Audit and Risk Committee, on the integrity of Peabody's internal control environment.

Business Continuity

Peabody's risk management strategy includes Business Continuity and Emergency Management plans, which detail contingency measures for continuing to provide services to staff and customers in the event of a major incident.

Health and Safety

Peabody is continuing to refine and improve its health and safety strategy and management systems to provide healthy and safe working and living environments for staff, contractors, customers and visitors. Internal and external audits take place to measure Peabody's health and safety performance and ensure compliance with all legal and regulatory obligations.

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	2010 (Actual)	2010 (Target)	2009	2008
Excellent Customer Service				
Overall Satisfaction (per STATUS survey) *	67.9%	67.9%	66.5%	56.0%
Resident Satisfaction with views taken into account (per STATUS survey)	53.1%	53.1%	53.1%	34.0%
Percentage of repair appointments kept by PMP	88.2%	95.0%	85.4%	87.2%
Percentage of calls answered by Peabody Direct contact centre	92.4%	90.0%	93.0%	89.9%
Complaints resolved at Stage 1	85.9%	90.0%	77.7%	79.0%
Thriving Communities				
Number of people into jobs	182	350	340	269
Number of people accessing training opportunities	1,191	900	1,588	965
Number of Activate London beneficiaries	14,018	13,543	8,397	N/A
Desirable Homes				
Percentage of properties compliant with the DECENT standard	89.4%	95.0%	90.6%	85.1%
Average days to re-let a general needs dwelling	29	40	40	34
Percentage of emergency repairs completed within target	91.3%	98.0%	86.1%	93.4%
Percentage of urgent repairs completed within target	91.8%	95.5%	94.4%	93.7%
Percentage of routine repairs completed within target	86.1%	92.0%	88.9%	90.5%
Percentage of properties with a valid gas safety certificate	99.4%	100%	99.1%	98.2%
First Class Organisation				
Gross current tenant arrears as % of rent and service charges receivable	5.87%	5.80%	6.1%	6.8%
Operating margin	22.0%	20.0%	19.5%	21.4%
Voluntary staff turnover	11.7%	14.0%	11.3%	14.1%
Staff attendance level	96.1%	96.5%	97.2%	96.4%

* Survey conducted in May 2010 using STATUS methodology indicates overall satisfaction at 73.4%

Operating and Financial Review

SUMMARY OF OPERATIONAL PERFORMANCE

Excellent Customer Service

Following a 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. This trend has continued with a recent survey showing overall satisfaction at 73.4%. Key to the continuing improvement in customer satisfaction levels will be the changes to the maintenance service which were introduced in May 2010.

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 solid during the year with the introduction of a workforce management system hoped to improve performance further.

Following significant organisational focus on improving complaints handling performance the percentage of complaints resolved at stage 1 has improved significantly during the year. Performance remains behind target with further performance improvements expected during 2010/11.

Thriving Communities

This year has been another successful year for our Community Initiatives department with the number of people benefiting from our training opportunities, the number of older people benefitting from Linkage Plus and the number of Activate London beneficiaries exceeding the targets set for the year.

The challenging economic environment has impacted upon the number of people helped into jobs during the year with the annual target not met. A total of 182 people have, however, been helped into employment during the year.

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 nearly 90% of the stock now meets the standard with an additional 1,300 homes brought up to standard during the year. Contracts are in place to ensure that all homes are compliant by 31 December 2010.

The average time taken to re-let a general needs unit has met target with levels of rent lost through dwellings being vacant and available to let throughout the year falling to 0.5% of rental income.

Performance of Peabody's repairs service is critical to the service received by our customers and the quality of our homes. The strategic review of Peabody's maintenance service has been completed with new arrangements commencing on 17 May 2010, it is anticipated that the new arrangements will provide an improved service to residents together with greater cost certainty for Peabody.

First Class Organisation

Peabody achieved better performance across many key indicators in this area than was targeted. Current tenant rent arrears as a percentage of annual rent roll fell during the year and whilst not quite meeting target was positive in a challenging environment for our residents. Peabody met its budget for the year achieving an operating margin of 22%, an improvement for the second consecutive year.

FINANCIAL PERFORMANCE

The financial position and results for the year are set out on pages 19 to 57 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 after tax of £22.1 million for the year (2009: £34.2 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 £23.4 million (2009: £35.1 million). An operating margin of 23% has been achieved by the Group with an operating surplus after financing costs (but before property sales) of £9.9 million achieved. The benefit of refinancing the 2018 and 2023 fixed priced bonds in recent years together with the impact of falling interest rates has led to a year-on-year fall in annual interest costs of £3.3 million.

During the year Peabody redeemed the final £1.3 million of the Guaranteed Secured Debenture Stock incurring a premium of £0.7 million.

The rise in the value of the stock market during the year has resulted in Peabody's equity portfolio recovering in value. The £1.4 million rise in value of the portfolio to equal historic cost is reflected in the income and expenditure account for the year.

During the year Peabody sold 74 properties which were void and economically unviable, generating a total surplus of £13 million.

Operating and Financial Review

CBHA sold 2 properties which were void and economically unviable, 1 property under the preserved right to buy, and completed 2 shared ownership staircasing transaction, generating a surplus of £0.5 million.

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

During 2009/10 £39.5 million was invested in existing homes with an additional £11.5 million invested in the delivery of new homes. At the end of the year 90% of Peabody's stock met the Decent Homes Standard with an additional 1,300 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 2010 the Group complied with all financial covenants in place.

Financing

At the 31 March 2010 the Group had total available facilities of £530 million of which £373 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 2010 77.4% of the Group's debt was at fixed rates.

As at 31 March 2010 the Group's weighted average cost of capital was 4.12%.

Liquidity

The Group has sufficient committed facilities available to meet known requirements until 31 March 2011 and for the foreseeable future.

At the year end the Group held cash balances totalling £44.8 million of which £19.3 million was held on term deposits of up to 3 months at average rates of 0.55%.

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 2010 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	2010	2009	Restated 2008	2007	2006
	£m	£m	£m	£m	£m
Group income and expenditure account					
Total turnover	106.0	101.2	102.9	98.7	98.5
Income from social housing lettings	93.4	89.3	85.5	82.0	78.4
Depreciation & amortisation of housing properties	8.8	9.9	9.6	9.8	7.6
Interest payable	16.0	19.4	21.8	25.3	34.4
Redemption penalties	0.7	-	37.0	52.3	5.2
Operating surplus	24.7	20.3	22.2	25.0	25.7
Surplus before tax (excluding redemption penalties)	24.2	35.1	70.6	43.7	32.7
Surplus/(deficit) after interest and tax	23.4	35.1	33.6	(8.6)	27.6
Group balance sheet					
Tangible fixed assets, at depreciated cost	1,032.5	995.9	999.3	986.9	964.4
Social Housing Grant	(429.5)	(421.3)	(437.8)	(449.8)	(445.0)
Net current assets	27.2	32.7	21.7	6.9	38.2
Indebtedness	370.6	372.0	382.6	375.1	364.5
Total reserves	228.8	224.9	197.0	157.8	161.8
Key financial performance information					
	%	%	%	%	%
Group Operating Surplus as a % of turnover	23	20	22	25	26
Total loans as % of capital grants plus reserves (Gearing)	56	58	60	63	66
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) as a % of interest payable excluding loan redemption penalties and property sales	230	183	150	143	125

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 and made no political donations (2009: £Nil).

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 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 22 July 2010 and signed on their behalf by:



Chris Strickland
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 2009/10:

- 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 has received reports on all high ranking risks on a 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. It is planned to extend both the scope and number of staff required to complete the control risk self assessment during 2010/11.
- 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 external auditor attends all meetings of the Audit and Risk Committee.
- 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. The Audit Commission conducted a short notice inspection in December 2009 with an action plan now in place to deliver the required improvements.
- 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 other senior management 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. 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 2010 and until 22 July 2010. Although control weaknesses have been identified during the year these weaknesses have not resulted in material losses.

Independent Auditors Report

We have audited the Group and Association financial statements of Peabody for the year ended 31 March 2010 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 28. 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

The Board's 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 2010 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

Milton Keynes

22 July 2010

Peabody Income and Expenditure Account

Year ended 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
TURNOVER	2(a)		98,259		94,130
Operating costs	2(a)		(76,088)		(75,737)
OPERATING SURPLUS			22,171		18,393
Surplus on sale of fixed assets	28		13,036		32,914
Interest receivable and other income	7		2,145		3,590
Change in value of investments	13		1,393		(1,360)
Interest payable and similar charges	8	(15,907)		(19,296)	
Cost of early redemption of loans	8	(732)		-	
Total interest payable			(16,639)		(19,296)
Surplus on ordinary activities before and after taxation for the financial year	21		22,106		34,241

The notes on pages 29 to 58 form part of these financial statements.

These financial statements were approved by the Board on 22 July 2010 and signed on their behalf by:



Chris Strickland
Chair



Stephen Howlett
Chief Executive

Consolidated Income and Expenditure Account

Year ended 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
TURNOVER	2(a)		105,966		101,228
Operating costs	2(a)		(81,228)		(80,902)
OPERATING SURPLUS			24,738		20,326
Surplus on sale of fixed assets	28		13,545		33,251
Interest receivable and other income	7		498		2,241
Change in value of investments	13		1,393		(1,360)
Interest payable and similar charges	8	(16,020)		(19,369)	
Cost of early redemption of loans	8	(732)		-	
Total interest payable			(16,752)		(19,369)
Surplus on ordinary activities before and after taxation for the financial year	21		23,422		35,089

The notes on pages 29 to 58 form part of these financial statements.

These financial statements were approved by the Board on 22 July 2010 and signed on their behalf by:



Chris Strickland
Chair



Stephen Howlett
Chief Executive

Statement of Total Recognised Surpluses and Deficits

Year ended 31 March 2010

	Note	Peabody 2010 £'000	Group 2010 £'000	Peabody 2009 £'000	Group 2009 £'000
Surplus for the financial year		22,106	23,422	34,241	35,089
Actuarial (loss)/gain relating to the pension scheme	6	(17,481)	(19,495)	(6,759)	(7,204)
Total recognised surpluses and deficits relating to the year		4,625	3,927	27,482	27,885
Prior year adjustment		-	-	1,789	1,843
Total recognised surpluses and deficits since the last report		4,625	3,927	29,271	29,728

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

Year ended 31 March 2010

	Note	Peabody 2010 £'000	Group 2010 £'000	Peabody 2009 £'000	Group 2009 £'000
Opening total funds	21	204,777	224,877	177,295	196,992
Total recognised surpluses and deficits relating to the year.		4,625	3,927	27,482	27,885
Closing total funds	21	209,402	228,804	204,777	224,877

Peabody Balance Sheet

At 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Housing properties	11(a)		969,797		935,865
Social Housing Grant	11(a)		(351,024)		(346,635)
Other Public Grants	11(a)		(57,511)		(56,861)
			561,262		532,369
Other tangible fixed assets	12(a)		11,821		11,827
Fixed asset investments	13		5,000		11,459
			578,083		555,655
CURRENT ASSETS					
Properties for sale	14	1,847		1,328	
Debtor due in more than one year	15	28,438		26,438	
Debtors due in less than one year	15	13,461		12,652	
Investments	13	8,104		-	
Cash held on deposit		8,248		28,000	
Cash at bank and in hand		19,254		10,247	
		79,352		78,665	
CREDITORS: Amounts falling due within one year	16	(38,908)		(29,596)	
NET CURRENT ASSETS			40,444		49,069
TOTAL ASSETS LESS CURRENT LIABILITIES			618,527		604,724
CREDITORS: Amounts falling due after more than one year	17		377,147		385,660
PENSION DEFICIT	6		31,978		14,287
RESERVES					
Revenue reserve	21	200,831		197,522	
Designated reserves	21	8,571		7,255	
			209,402		204,777
			618,527		604,724

The notes on pages 29 to 58 form part of these financial statements.

These financial statements were approved by the Board on 22 July 2010 and signed on their behalf by:



Chris Strickland
Chair



Stephen Howlett
Chief Executive

Peabody Cash Flow Statement

Year ended 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash inflow from operating activities	24(a)		39,283		26,389
Net interest paid		(15,255)		(15,063)	
Cost of early redemption of loans		(732)		-	
Returns on investments and servicing of finance	24(b)		(15,987)		(15,063)
Capital expenditure and financial investment	24(b)		(33,195)		11,928
Net cash (outflow)/inflow before financing			(9,899)		23,254
Financing	24(b)		(846)		(10,000)
(Decrease)/increase in cash			(10,745)		13,254
Reconciliation of net cash inflow to movement in net debt		£'000	£'000	£'000	£'000
(Decrease)/increase in cash in the year	24(c)	(10,745)		13,254	
Cash outflow/(inflow) from financing	24(b)	846		10,000	
Change in net debt resulting from cash flows			(9,899)		23,254
Non cash transactions	24(c)		151		601
Movement in net debt in the year			(9,748)		23,855
Net debt at beginning of the year			(305,247)		(329,102)
Net debt at the end of the year	24(c)		(314,995)		(305,247)

Consolidated Balance Sheet

At 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
FIXED ASSETS					
Housing properties	11(b)		1,032,485		995,921
Social Housing Grant	11(b)		(354,169)		(346,635)
Other Public Grants	11(b)		(75,374)		(74,724)
			602,942		574,562
Other tangible fixed assets	12(b)		12,431		12,434
Fixed asset investments: shares in quoted securities	13		-		6,459
			615,373		593,455
CURRENT ASSETS					
Properties for sale	14	1,847		1,328	
Debtors due in less than 1 year	15	14,125		10,569	
Investments	13	8,104		-	
Cash held on deposit		19,254		28,000	
Cash at bank and in hand		25,571		23,323	
		68,901		63,220	
CREDITORS: Amounts falling due within one year	16	(41,681)		(30,530)	
NET CURRENT ASSETS			27,220		32,690
TOTAL ASSETS LESS CURRENT LIABILITIES			642,593		626,145
CREDITORS: Amounts falling due after more than one year	17		378,283		385,484
PENSION DEFICIT	6		35,506		15,784
RESERVES					
Revenue reserve	21	217,235		214,343	
Designated reserves	21	8,571		7,255	
Revaluation reserve	21	2,998		3,279	
			228,804		224,877
			642,593		626,145

The notes on pages 29 to 58 form part of these financial statements.

These financial statements were approved by the Board on 22 July 2010 and signed on their behalf by:



Chris Strickland
Chair



Stephen Howlett
Chief Executive

Consolidated Cash Flow Statement

Year ended 31 March 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash inflow from operating activities	25(a)		43,353		30,158
Net interest paid		16,871		(17,828)	
Cost of early redemption of loans		(732)		-	
Returns on investments and servicing of finance	25(b)		(17,603)		(17,828)
Capital expenditure and financial investment	25(b)		(30,902)		10,070
Net cash inflow before financing			(5,152)		22,400
Financing	25(b)		(1,346)		(10,000)
(Decrease)/increase in cash			(6,498)		12,400
Reconciliation of net cash inflow to movement in net debt		£'000	£'000	£'000	£'000
(Decrease)/increase in cash in the year	25(c)	(6,498)		12,400	
Cash outflow from financing	25(b)	1,346		10,000	
Change in net debt resulting from cash flows			5,152		22,400
Non cash transactions	25(c)		119		568
Movement in net debt in the year			(5,033)		22,968
Net debt at beginning of the year			(320,723)		(343,691)
Net debt at end of the year			(325,756)		(320,723)

Notes to the Accounts

Year ended 31 March 2010

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 for Sale

Housing properties developed for sale are stated at cost less any capital grant received. Stock 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. Component categories include general structure, kitchens, bathrooms, windows, doors, roofs, lifts, boilers and electrical installations with useful economic lives ranging from 15 to 100 years.

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.

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.

Notes to the Accounts

Year ended 31 March 2010

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% (60 years)
Office and IT equipment	20% (5 years)

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.

Current Asset Investments

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

Fixed Asset Investments

Investments in subsidiary undertakings are shown at cost less any provision for impairment.

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.

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.

Notes to the Accounts

Year ended 31 March 2010

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 2010

2(a) Turnover and Operating Surplus

PEABODY	2010			2009		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings						
General needs housing	81,766	(60,501)	21,265	78,516	(60,289)	18,227
Shared ownership	1,512	(1,243)	269	1,172	(1,107)	65
Key worker	2,974	(1,039)	1,935	2,787	(945)	1,842
	86,252	(62,783)	23,469	82,475	(62,341)	20,134
Other social housing activities						
Donations received	31	-	31	220	-	220
Development costs	81	(3,630)	(3,549)	87	(3,031)	(2,944)
Supporting People contract income	654	(654)	-	525	(525)	-
First tranche shared ownership sales	1,296	(1,382)	(86)	2,833	(2,853)	(20)
Non social-housing activities						
Market renting	3,547	(1,025)	2,522	3,047	(629)	2,418
Commercial lettings	2,755	(531)	2,224	2,282	(494)	1,788
Leasehold properties	1,011	(1,653)	(642)	844	(2,053)	(1,209)
Community regeneration	2,632	(4,430)	(1,798)	1,817	(3,811)	(1,994)
Total	98,259	(76,088)	22,171	94,130	(75,737)	18,393

Notes to the Accounts

Year ended 31 March 2010

2(a) Turnover and Operating Surplus

GROUP	2010			2009		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings						
General needs housing	88,870	(64,852)	24,018	85,308	(64,633)	20,675
Shared ownership	1,512	(1,243)	269	1,172	(1,107)	65
Key worker	2,974	(1,039)	1,935	2,787	(945)	1,842
	93,356	(67,134)	26,222	89,267	(66,685)	22,582
Other social housing lettings						
Donations received	-	-	-	10	-	10
Development costs	81	(3,630)	(3,549)	506	(3,572)	(3,066)
Other	4	(10)	(6)	37	-	37
Supporting People contract income	721	(778)	(57)	591	(628)	(37)
First tranche shared ownership sales	1,296	(1,382)	(86)	2,833	(2,853)	(20)
Non social housing activities						
Market renting	3,547	(1,021)	2,526	3,047	(629)	2,418
Commercial lettings	2,941	(586)	2,355	2,471	(551)	1,920
Leasehold properties	1,011	(1,653)	(642)	844	(2,053)	(1,209)
Community regeneration	3,009	(5,034)	(2,025)	1,817	(3,811)	(1,994)
Other	-	-	-	(195)	(120)	(315)
Total	105,966	(81,228)	24,738	101,228	(80,902)	20,326

Notes to the Accounts

Year ended 31 March 2010

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

PEABODY

	General Needs Housing 2010 £'000	Supported Housing and Housing for older people 2010 £'000	Shared Ownership 2010 £'000	Key Worker Housing 2010 £'000	Total 2010 £'000	Total 2009 £'000
Income from lettings						
Rents receivable	69,731	3,345	1,003	2,896	76,975	74,497
Service charges receivable	5,296	854	418	69	6,637	6,099
Charges for support services	-	124	-	-	124	206
Other income	261	2,155	91	9	2,516	1,673
Total income from social housing	75,288	6,478	1,512	2,974	86,252	82,475
Expenditure on letting activities						
Services	(6,898)	(892)	(260)	(107)	(8,157)	(7,854)
Management	(13,768)	(4,655)	(593)	(390)	(19,406)	(19,106)
Routine maintenance	(14,841)	(619)	(56)	(364)	(15,880)	(13,538)
Cyclical maintenance	(10,247)	(339)	(116)	(11)	(10,713)	(12,682)
Rent losses from bad debts	(400)	(42)	-	(3)	(445)	(197)
Depreciation of housing properties	(7,353)	(447)	(218)	(164)	(8,182)	(8,964)
Operating costs on social housing	(53,507)	(6,994)	(1,243)	(1,039)	(62,783)	(62,341)
Operating surplus on social housing lettings	21,781	(516)	269	1,935	23,469	20,134
Rent losses from voids	(1,227)	(108)	(5)	(56)	(1,396)	(1,478)

Notes to the Accounts

Year ended 31 March 2010

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

GROUP

	General Needs Housing 2010 £'000	Supported Housing and Housing for older people 2010 £'000	Shared Ownership 2010 £'000	Key Worker Housing 2010 £'000	Total 2010 £'000	Total 2009 £'000
Income from lettings						
Rents receivable	76,771	3,345	1,003	2,896	84,015	81,263
Service charges receivable	5,360	854	418	69	6,701	6,125
Charges for support services	-	124	-	-	124	206
Other income	261	2,155	91	9	2,516	1,673
Total income from social housing	82,392	6,478	1,512	2,974	93,356	89,267
Expenditure on letting activities						
Services	(6,962)	(892)	(260)	(107)	(8,221)	(7,913)
Management	(15,981)	(4,655)	(593)	(390)	(21,619)	(21,585)
Routine maintenance	(16,255)	(619)	(56)	(364)	(17,294)	(14,772)
Cyclical maintenance	(10,469)	(339)	(116)	(11)	(10,935)	(13,050)
Rent losses from bad debts	(523)	(42)	-	(3)	(568)	(276)
Depreciation of housing properties	(7,523)	(447)	(218)	(164)	(8,352)	(9,089)
Impairment of housing properties	(145)	-	-	-	(145)	-
Operating costs on social housing	(57,858)	(6,994)	(1,243)	(1,039)	(67,134)	(66,685)
Operating surplus on social housing lettings	24,534	(516)	269	1,935	26,222	22,582
Rent losses from voids	(1,251)	(108)	(5)	(56)	(1,420)	(1,501)

Notes to the Accounts

Year ended 31 March 2010

3. Accommodation in Management

	2010 Units	Peabody 2009 Units	2010 Units	Group 2009 Units
Managed directly at 31 March				
Social Housing				
General needs housing	14,064	14,086	15,409	15,425
Shared ownership	467	453	497	485
Keyworker	353	337	353	337
Supported housing	536	532	591	587
	15,420	15,408	16,850	16,834
Managed by others at 31 March				
Social Housing				
Supported housing	342	348	342	348
Non – social housing				
Total non-social rented housing	420	378	420	378

4. Emoluments of Governors and Executive Officers

None of the Governors received any emoluments during the year (2009: £Nil).

Governors were reimbursed expenses totalling £1,052 (2009: £1,396).

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:

	2010 £	2009 £
Total emoluments (including pension contributions and benefits in kind)	855,259	942,674
Amounts paid in respect of interim directors	169,895	30,736
Emoluments (excluding pension contributions) paid to the Group Chief Executive	178,581	174,479

The Group Chief Executive is an ordinary member of the Peabody's pension scheme. Peabody paid £25,277 of employers contributions into the pension scheme on behalf of the Group Chief Executive in the year ended 31 March 2010 (2009: £24,837).

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 2010

5. Employee Information

The average number of persons employed during the year was:

	2010 No.	Peabody 2009 No.	2010 No.	Group 2009 No.
The average number of full-time equivalent employees				
Head office functions	124	126	130	132
Housing management	300	350	331	379
Maintenance	153	117	153	117
Community services	147	154	161	164
	724	747	775	792
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Staff costs for the above persons:				
Wages and salaries	22,864	21,880	24,476	23,305
Social security costs	1,792	1,543	1,938	1,670
Other pension costs (note 6)	1,116	1,451	1,229	1,624
Other staff costs	377	789	402	813
	26,149	25,663	28,045	27,412

Notes to the Accounts

Year ended 31 March 2010

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 2010.

Peabody's service cost under the LPFA was £878,000 (2009 - £1,508,000).

The Group's service cost under the LPFA was £974,000 (2009 - £1,674,000).

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

	At 31 March 2010 % per annum	At 31 March 2009 % per annum
Inflation / Pension increase rate	3.9	3.1
Rate of increase in salaries	5.4	4.6
Expected return on assets	6.7	6.4
Discount rate	5.5	6.9
Valuation method	Projected unit	Projected unit

Notes to the Accounts

Year ended 31 March 2010

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 2010 £'000	Expected long term rate of return	Value at 31 March 2009 £'000
Equities	7.4%	30,762	7.0%	18,997
Target return portfolio	4.5%	4,395	5.5%	3,333
Alternative assets	6.4%	6,152	6.0%	8,332
Cash	3.0%	2,197	4.0%	2,666
Corporate bonds	5.5%	439	-	-
Total fair value of assets		43,945		33,328
Present value of scheme liabilities		(75,863)		(47,565)
Net (under) funding in funded plans		(31,918)		(14,237)
Present value of unfunded liabilities		(60)		(50)
Net pension liability		(31,978)		(14,287)
Amounts charged to operating profit				
	2010 £'000	2010 (% of payroll)	2009 £'000	2009 (% of payroll)
Current service cost	878	9.2	1,212	11.4
Interest cost	3,279	34.4	3,367	31.6
Expected return on employer assets	(2,158)	(22.6)	(2,899)	(27.2)
Past service cost	-	-	296	2.8
Losses on curtailments and settlements	64	0.7	102	1.0
Total	2,063	21.7	2,078	19.6
Actual return on plan assets	(9,839)		(8,661)	
Reconciliation of defined benefit obligation			2010 £'000	2009 £'000
Opening defined benefit obligation			47,615	48,393
Current service cost			878	1,212
Interest cost			3,279	3,367
Contribution by members			631	705
Actuarial loss / (gains)			25,162	(4,958)
Past service costs			-	296
Losses on curtailments			64	102
Estimated unfunded benefits paid			(5)	(5)
Estimated benefits paid			(1,701)	(1,497)
Closing defined benefit obligation			75,923	47,615

Notes to the Accounts

Year ended 31 March 2010

6. Pension Liabilities (continued)

The London Pensions Fund Authority – Peabody

	2010 £'000	2009 £'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	33,328	40,712
Expected return on employers assets	2,158	2,899
Contribution by members	631	705
Contribution by employer	1,848	2,226
Contribution in respect of unfunded benefits	5	5
Actuarial gain / (losses)	7,681	(11,717)
Unfunded benefits paid	(5)	(5)
Benefits paid	(1,701)	(1,497)
Closing fair value of employer assets	43,945	33,328
Amounts for the current and previous accounting period		
	2010 £'000	2009 £'000
Fair Value of employer assets	43,945	33,328
Present value of defined benefit obligation	(75,923)	(47,615)
Deficit	(31,978)	(14,287)
Experience (losses) / gains on assets	7,681	(11,717)
Experience (losses) / gains on liabilities	(2)	(2)
Analysis of amount recognisable in statement of total recognised surpluses and deficits (STRSD)		
	2010 £'000	2009 £'000
Actuarial gains / (losses)	(17,481)	(6,759)
Actuarial gains/(losses) recognisable in the STRSD	(17,481)	(6,759)
Cumulative actuarial gains and losses	(13,728)	3,753

Notes to the Accounts

Year ended 31 March 2010

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 2010 £'000	Expected long term rate of return	Value at 31 March 2009 £'000
Equities	7.5%	2,547	7.0%	1,509
Target return portfolio	4.5%	364	5.5%	265
Alternative assets	6.5%	509	6.0%	662
Cash	3.0%	182	4.0%	212
Corporate bonds	5.5%	36	-	-
Total fair value of assets		3,638		2,648
Present value of scheme liabilities		(7,166)		(4,145)
Net (under) / over funding in funded plans		(3,528)		(1,497)
Present value of unfunded liabilities		-		-
Net pension liability		(3,528)		(1,497)
Amounts charged to operating profit				
	2010 £'000	2010 (% of payroll)	2009 £'000	2009 (% of payroll)
Current service cost	96	11.5	125	13.7
Interest cost	289	34.6	293	32.0
Expected return on employer assets	(176)	(21.1)	(227)	(24.8)
Past service cost	-	-	41	4.5
Total	(209)	25.0	232	25.4
Actual return on plan assets	799		(679)	
Reconciliation of defined benefit obligation			2010 £'000	2009 £'000
Opening defined benefit obligation			4,145	4,176
Current service cost			96	125
Interest cost			289	293
Contribution by members			56	61
Actuarial loss / (gains)			2,637	(473)
Past service costs			-	41
Estimated benefits paid			(57)	(78)
Closing defined benefit obligation			7,166	4,145

Notes to the Accounts

Year ended 31 March 2010

6. Pension Liabilities (continued)

The London Pensions Fund Authority – CBHA

	2010 £'000	2009 £'000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	2,648	3,155
Expected return on employers assets	176	227
Contribution by members	56	61
Contribution by employer	192	201
Actuarial losses	623	(918)
Benefits paid	(57)	(78)
Closing fair value of employer assets	3,638	2,648
Amounts for the current and previous accounting period		
Fair Value of employer assets	3,638	2,648
Present value of defined benefit obligation	(7,166)	(4,145)
Deficit	(3,528)	(1,497)
Experience gains on assets	623	(918)
Analysis of amount recognisable in statement of total recognised surpluses and deficits (STRSD)		
Actuarial (losses) / gains	(2,014)	(445)
Actuarial (losses)/gains recognisable in the STRSD	(2,014)	(445)
Cumulative actuarial gains and losses	(1,989)	25

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 2010 employer contributions totalling £167,693 (2009: £36,158) 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 2010 was £17,135 (2009: £17,380).

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

Notes to the Accounts

Year ended 31 March 2010

7. Interest Receivable and Similar Income

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Income from listed investments	252	388	252	388
Other interest receivable and similar income	156	1,262	246	1,853
Interest received from Group entities	1,737	1,940	-	-
	2,145	3,590	498	2,241

8. Interest Payable and Similar Charges

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Interest payable	15,703	20,743	15,703	20,750
Amounts capitalised	(917)	(1,915)	(917)	(1,915)
Premium on repurchase of debt	732	-	732	-
Other finance costs – net interest cost on pension scheme (note 6)	1,121	468	1,234	534
	16,639	19,296	16,752	19,369
Capitalisation rate used to determine the finance costs capitalised during the period	4.12%	5.1%	4.12%	5.1%

9. Surplus on Operating Activities

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Surplus on ordinary activities before taxation is stated after charging:				
Depreciation on tangible fixed assets	10,119	10,803	10,293	10,983
Auditors' remuneration:				
In their capacity as auditors :				
Group	-	-	64	63
Peabody	53	56	-	-
In respect of other services	15	15	15	15

Notes to the Accounts

Year ended 31 March 2010

10. Taxation Charge

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
The taxation charge comprises:				
Adjustment in respect of prior years	-	-	-	-
United Kingdom corporation tax at 28% (2009: 28%)	-	-	-	-
	-	-	-	-

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 2010 £'000	Group 2009 £'000
Surplus on ordinary activities before taxation	23,422	35,089
Tax on profit on ordinary activities at standard rate of 28% (2009: 28%)	6,558	9,825
Factors affecting charge for the year:		
Charitable surplus exempt taxation	(6,558)	(9,825)
	-	-

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 (2009: £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 2010

11 (a) Housing Properties – Peabody

	Housing properties £'000	Housing properties under construction £'000	Total £'000
Cost			
At 1 April 2009	986,978	1,085	988,063
Additions	38,546	9,329	47,875
Disposals	(5,548)	-	(5,548)
At 31 March 2010	1,019,976	10,414	1,030,390
Depreciation			
At 1 April 2009	52,198	-	52,198
Charge for the year	8,715	-	8,715
Disposals	(320)	-	(320)
At 31 March 2010	60,593	-	60,593
Depreciated cost			
At 31 March 2010	959,383	10,414	969,797
At 31 March 2009	934,780	1,085	935,865
Social housing grant			
At 1 April 2009	346,373	261	346,634
Received	155	5,993	6,148
Disposals	(1,758)	-	(1,758)
At 31 March 2010	344,770	6,254	351,024
Other public grants			
At 1 April 2009	56,861	-	56,861
Received	650	-	650
At 31 March 2010	57,511	-	57,511
Net book value			
At 31 March 2010	557,102	4,160	561,262
Net book value			
At 31 March 2009	531,545	824	532,369

Notes to the Accounts

Year ended 31 March 2010

11 (a) Housing Properties – Peabody (continued)

Additions during the year comprise £38.5million (2009: £37.7million) of major repairs and refurbishment works, and £9.3 million (2009: £10.0 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 4.12%) of £917,000 (2009 – £1,915,000 at an average rate of 5.1%).

Housing properties includes shared ownership properties that have a cost of £36,801,451 (2009: £38,891,000) and associated Social Housing Grant of £15,425,467 (2009: £15,756,000).

Housing properties includes £658 million of land which has not been depreciated.

	2010 £'000	2009 £'000
Housing properties comprise:		
Freeholds	930,061	891,822
Long leaseholds	100,329	96,241
	1,030,390	988,063

Notes to the Accounts

Year ended 31 March 2010

11 (b) Housing Properties – Group

	Housing properties £'000	Housing properties under construction £'000	Total £'000
Cost			
At 1 April 2009	1,046,332	2,017	1,048,349
Works completed	117	(117)	-
Additions	39,452	11,522	50,974
Disposals	(5,769)	-	(5,769)
At 31 March 2010	1,080,132	13,422	1,093,554
Depreciation			
At 1 April 2009	52,428	-	52,428
Charge for the year	8,821	-	8,821
Disposals	(325)	-	(325)
Impairment	145	-	145
At 31 March 2010	61,069	-	61,069
Depreciated cost			
At 31 March 2010	1,019,063	13,422	1,032,485
At 31 March 2009	993,904	2,017	995,921
Social housing grant			
At 1 April 2009	346,374	261	346,635
Works completed	-	-	-
Received	365	9,001	9,366
Disposals	(1,832)	-	(1,832)
At 31 March 2010	344,907	9,262	354,169
Other public grants			
At 1 April 2009	74,379	345	74,724
Received	650	-	650
At 31 March 2010	75,029	345	75,374
Net book value			
At 31 March 2010	599,127	3,815	602,942
At 31 March 2009	573,151	1,411	574,562

Notes to the Accounts

Year ended 31 March 2010

11 (b) Housing Properties – Group (continued)

Additions during the year comprise £39.5 million (2009: £37.9 million) of major repairs and refurbishment works, and £11.5 million (2009: £10.8 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 4.12%) of £917,000 (2009 – £1,915,000 at an average rate of 5.1%).

Housing properties include shared ownership properties that have a cost of £39,525,451 (2009: £41,715,000) and associated Social Housing Grant of £17,112,467 (£2009: £17,543,000).

Housing properties includes £711 million of land which has not been depreciated.

	2009 £'000	2008 £'000
Housing properties comprise:		
Freeholds	993,225	952,108
Long leaseholds	100,329	96,241
	1,093,554	1,048,349

11 (c) Social Housing Grant

The total Social Housing Grant receivable to date is £354,169,000 (2009: £346,635,000), as shown in note 11(b).

Notes to the Accounts

Year ended 31 March 2010

12 (a) Other Tangible Fixed Assets – Peabody

	Freehold offices £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2009	13,673	6,729	20,402
Additions	91	2,599	2,690
Amounts written off	-	(3,571)	(3,571)
At 31 March 2010	13,764	5,757	19,521
Other public grants			
At 1 April 2009	-	672	672
Received	-	246	246
Amounts written off	-	(918)	(918)
At 31 March 2010	-	-	-
Accumulated depreciation			
At 1 April 2009	5,354	2,549	7,903
Charge for the year	580	824	1,404
Amounts written off	-	(1,607)	(1,607)
At 31 March 2010	5,934	1,766	7,700
Net book value			
At 31 March 2010	7,830	3,991	11,821
Net book value			
At 31 March 2009	8,319	3,508	11,827

Notes to the Accounts

Year ended 31 March 2010

12 (a) Other Tangible Fixed Assets – Group

	Freehold offices £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2009	14,115	6,997	21,112
Additions	111	2,645	2,756
Amounts written off	-	(3,573)	(3,573)
At 31 March 2010	14,226	6,069	20,295
Other public grants			
At 1 April 2009	-	672	672
Received	-	246	246
Amounts written off	-	(918)	(918)
At 31 March 2010	-	-	-
Accumulated depreciation			
At 1 April 2009	5,391	2,615	8,006
Charge for the year	587	885	1,472
Amounts written off	-	(1,614)	(1,614)
At 31 March 2010	5,978	1,886	7,864
Net book value			
At 31 March 2010	8,248	4,183	12,431
Net book value			
At 31 March 2009	8,724	3,710	12,434

Notes to the Accounts

Year ended 31 March 2010

13. Fixed Asset Investments

Peabody

	Shares in subsidiary undertakings £'000	Shares in quoted securities £'000	Total £'000
Market value			
At 1 April 2009	5,000	6,459	11,459
Additions	-	252	252
Transfer to current asset investments	-	(8,104)	(8,104)
Change in market value of investments	-	1,393	1,393
At 31 March 2010	5,000	-	5,000

In addition to a £5 million investment in Peabody Enterprises Limited, Peabody fixed asset investments at the start of the year included shares in quoted securities and cash. This portfolio has now been transferred to current assets as it is intended to liquidate this investment within the next 12 months. The investment income generated from these shares is currently used to fund Community Services activities. The historic cost of this investment portfolio is £8,081,971 (2009: £7,829,992) and the market value as at 31 March 2010 was £8,103,989 (2009: £6,459,409).

Group

There are no Group Fixed Asset Investments as at 31 March 2010 as the investment portfolio is now shown as a current asset investment with a value of £8,103,989.

14. Properties for Sale

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Shared ownership properties	1,847	1,328	1,847	1,328

Properties held for sale represents the estimated costs of outright sales units and first tranche proportion of shared ownership units of development schemes currently under construction. 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 2010

15. Debtors

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Amounts falling due within one year				
Rent and service charges in arrears	9,445	8,365	10,278	9,030
Less: provision for bad debts	(3,842)	(3,905)	(4,236)	(4,204)
	5,603	4,460	6,042	4,826
Amounts owed by subsidiary undertakings	38	343	-	-
Amounts owed by subsidiary undertakings – loan	-	2,500	-	-
Loans to employees	73	61	73	61
Other debtors and prepayments	7,747	4,718	8,010	5,112
Loan to Charity Bank	-	570	-	570
	13,461	12,652	14,125	10,569
Amounts falling due after one year				
Amounts owed by subsidiary undertakings – loan	28,438	26,438	-	-
	28,438	26,438	-	-

At the balance sheet date, £28,438,000 (2009: £28,938,000) is on-lent to CBHA, a fixed interest rate of 7.7% is applicable to £24 million of the loan. The on-lending is disclosed above, split between amounts due within one year and after one year.

Notes to the Accounts

Year ended 31 March 2010

16. Creditors: Amounts Falling Due Within One Year

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Trade creditors	8,351	7,125	8,866	7,376
Rent and service charges received in advance	5,814	4,565	6,169	4,831
Social housing grant received in advance	-	225	1,240	225
Amounts owed to subsidiary undertakings	175	28	-	-
Loan from Peabody Pension Trust	16	33	16	33
Recycled capital grant fund	9,473	7,471	9,473	7,471
Other taxation and social security costs	840	683	918	700
Accruals and deferred income	14,239	9,466	14,999	9,894
	38,908	29,596	41,681	30,530

Social housing grants received in advance will be utilised against capital expenditure in the year ended 31 March 2011.

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

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Bank and building society loans	370,935	370,963	370,581	370,577
Guaranteed secured debenture stock	-	1,346	-	1,346
Guaranteed debenture stock premium	-	123	-	123
	370,935	372,432	370,581	372,046
Recycled capital grant fund	4,647	12,974	6,137	13,184
Disposal proceeds fund	1,565	254	1,565	254
	377,147	385,660	378,283	385,484

Notes to the Accounts

Year ended 31 March 2010

18. Recycled Capital Grant Fund

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
At 1 April 2009	20,445	17,609	20,655	17,773
Grant recycled	1,715	2,153	1,787	2,193
Interest accrued	97	683	98	689
Transfer to subsidiary undertaking	(5,665)	-	-	-
Withdrawals	(2,472)	-	(6,930)	-
	14,120	20,445	15,610	20,655
Repayment of grant to HCA	-	-	-	-
Balance at 31 March 2010	14,120	20,445	15,610	20,655

19. Disposal Proceeds Fund

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
At 1 April 2009	254	309	254	309
Net sale proceeds recycled	1,307	2	1,307	2
Interest accrued	4	12	4	12
Major repairs and works to existing stock	-	(69)	-	(69)
Balance at 31 March 2010	1,565	254	1,565	254

Notes to the Accounts

Year ended 31 March 2010

20. Debt Analysis

	2010 £'000	Peabody 2009 £'000	2010 £'000	Group 2009 £'000
Bank and building society loans	370,935	370,963	370,581	370,577
Guaranteed secured debenture stock	-	1,346	-	1,346
Guaranteed secured debenture stock premium	-	123	-	123
	370,935	372,432	370,581	372,046
Within one year	-	-	-	-
Between two and five years	2,275	8,000	2,275	8,000
After five years	368,660	364,432	368,306	364,046
	370,935	372,432	370,581	372,046

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 0.73% and 7.07% and are repayable in instalments due as shown above.

At 31 March 2010 there existed unamortised loan fees totalling £2.6 million within the Group (Peabody £2.2 million).

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 2010, £287 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 2010

21. Reserves

	Revenue Reserve £'000	Revaluation Reserve £'000	Designated Reserves Subsidence Reserve £'000	Peabody Community Fund £'000	Total £'000
Peabody					
At 1 April 2009	197,522	-	929	6,326	204,777
Transfers	(1,316)	-	(77)	1,393	-
Surplus in the year	22,106	-	-	-	22,106
Other gains/(losses)	(17,481)	-	-	-	(17,481)
At 31 March 2010	200,831	-	852	7,719	209,402
Group					
At 1 April 2009	214,343	3,279	929	6,326	224,877
Transfers	(1,035)	(281)	(77)	1,393	-
Surplus in the year	23,422	-	-	-	23,422
Other gains/(losses)	(19,495)	-	-	-	(19,495)
At 31 March 2009	217,235	2,998	852	7,719	228,804

At 31 March 2010 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.

22. Capital Commitments

Capital expenditure contracted for and not provided for in Peabody's accounts amounts to £22,315,000 (2009: £15,246,000).

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 2010 (2009: £Nil).

Notes to the Accounts

Year ended 31 March 2010

24. Notes to the Peabody Cash Flow Statement

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

	2010 £'000	2009 £'000
Operating surplus	22,171	18,393
Depreciation	10,119	10,803
Decrease/(increase) in stock	-	978
(Increase)/Decrease in debtors	(2,344)	1,134
Increase/(Decrease) in creditors	10,248	(4,298)
Adjustment for pension funding	(911)	(621)
Net cash inflow from operating activities	39,283	26,389

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

	£'000	2010 £'000	£'000	2009 £'000
Returns on investments and servicing of finance				
Interest received	1,893		3,202	
Dividends received	252		388	
Interest paid	(17,400)		(18,653)	
Cost of early redemption of loans	(732)		-	
Net cash outflow from returns on investments and servicing of finance		(15,987)		(15,063)
Capital expenditure and financial investment				
Cash paid for construction of, investment in, and purchase of housing properties	(46,618)		(44,541)	
Social Housing Grant received	4,695		8,138	
Other grants received	896		-	
Transfer of grant to subsidiary undertaking	(5,664)			
Cash received on sale of property	18,265		51,490	
Cash paid for investments	(252)		(387)	
Cash paid for purchase of other tangible fixed assets	(2,690)		(1,514)	
Internal costs capitalised	(1,827)		(1,258)	
Net cash (outflow)/inflow from capital expenditure and financial investment		(33,195)		11,928
Financing				
New loans	-		20,000	
Repayment of loans made to subsidiary undertaking	500		-	
Repayment of loans	(1,346)		(30,000)	
Net cash (outflow) from financing		(846)		(10,000)

Notes to the Accounts

Year ended 31 March 2010

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

(c) Analysis of net debt

	At 1 April 2009 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2010 £'000
Cash at bank and in hand (including funds on deposit)	38,247	(10,745)	-	27,502
Debt due after one year	(372,432)	1,346	151	(370,935)
Debt due within one year	-	-	-	
Debtor due after more than one year	26,438	-	2,000	28,438
Debtor due within one year	2,500	(500)	(2,000)	-
	(305,247)	(9,899)	151	(314,995)

25. Notes to the Consolidated Cash Flow Statement

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

	2010 £'000	2009 £'000
Operating surplus for the year	24,738	20,326
Depreciation	10,293	10,983
Decrease/(increase) in stocks	-	978
(Increase)/Decrease in debtors	(2,588)	169
Increase/(Decrease) in creditors	11,917	(1,642)
Adjustment for pension funding	(1,007)	(656)
Net cash inflow from operating activities	43,353	30,158

Notes to the Accounts

Year ended 31 March 2010

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

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

	2010 £'000	2009 £'000
Returns on investments and servicing of finance		
Interest received	246	1,952
Dividends received	252	289
Interest paid	(17,369)	(20,069)
Cost of early redemption of loans	(732)	-
Net cash outflow from returns on investments and servicing of finance	(17,603)	(17,828)
Capital expenditure and financial investment		
Cash paid for construction of, investment in and purchase of housing properties	(49,717)	(45,596)
Social Housing Grant received	5,531	8,139
Other grants received	896	-
Cash received on sale of property	17,157	50,839
Cash paid for the purchase of other tangible fixed assets	(2,690)	(1,667)
Cash paid for investments	(252)	(387)
Internal costs capitalised	(1,827)	(1,258)
Net cash inflow from capital expenditure and financial investment	(30,902)	10,070
Financing		
New loans	-	20,000
Repayment of loans	(1,346)	(30,000)
Net cash (outflow)/ inflow from financing	(1,346)	(10,000)

(c) Analysis of net debt

	At 1 April 2009 £'000	Cash Flow £'000	Other non-cash changes £'000	At 31 March 2010 £'000
Cash at bank and in hand	51,323	(6,498)	-	44,825
Debt due after one year	(372,046)	1,346	119	(370,581)
Debt due within one year	-	-	-	-
	(320,723)	(5,152)	119	(325,756)

Notes to the Accounts

Year ended 31 March 2010

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 2010 there were seven members of the Board or other Committees who had tenancy agreements with Peabody. There were 8 residents involved with the Governance of CBHA at 31 March 2010. 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 74 properties which were void and economically unviable, generating a total surplus of £13 million.

CBHA sold 2 properties which were void and economically unviable, 1 property under the preserved right to buy, and completed 2 shared ownership staircasing transaction, generating a surplus of £0.5 million.

Translation service

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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.

Registered Charity No 206061
Housing Corporation No L0014