

NEW CHARTER HOUSING TRUST
LIMITED

(Company Number 3807262)

REPORT

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FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2002

NEW CHARTER HOUSING TRUST LIMITED

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NEW CHARTER HOUSING TRUST LIMITED

Board of Management

Chair	Gerald Cooney	
Vice Chair	Adrian Harrison	
Other Members	Elizabeth Coase	
	David Evans	
	Hamid Ghafoor	
	Julie Hardman	
	Jed Hassid	
	John Shenton	
	Rick Williams	
	Stephen Hall	(coopted from 31 st January 2000)
	Khalil Rehman	(coopted from 18 th July 2001)

Chief Executive Ian Munro

Executive Officers

Group Director of Finance & Deputy Chief Executive	Martin Frost
Group Company Secretary & Director of Legal Services	Danny McLoughlin

Registered Office Frederick House
Dukinfield Road
HYDE SK14 4PL

Auditors KPMG LLP
St James Square
MANCHESTER M2 6DS

Internal Auditors Deloitte & Touche
PO Box 500
201 Deansgate
MANCHESTER M60 2AT

Principal Bankers Cooperative Bank plc
PO Box 101
Balloon Street
MANCHESTER M60 4EP

Lead Funders Nationwide Building Society

Registered by the Housing Corporation (H4265)

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2002

The Directors present herewith the Financial Statements of the Company and Group for the period ended 31st March 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company and Group is the provision of rented housing within the district of Tameside. New Charter Housing Trust Limited is a Company limited by guarantee.

FUTURE DEVELOPMENT

The Company and Group were established for the purpose of receiving the transfer of part of the housing stock of Tameside Metropolitan Borough Council, and for the management, maintenance and improvement thereof.

REVIEW OF THE YEAR

New Charter Housing Trust Group's second full year of trading in 2001/2 saw the transition from Council Housing Department to Independent Social Landlord proceeding well. The Business Plan for 2001/2 acknowledged the size of the task which the Group faced. This past year has seen continuing consolidation of the Group's position, with an increasing understanding of the new operating environment.

The promises made to Tameside MBC tenants remain fundamental to the Group and provide the foundation of our business. These were:

- Rents
- Repairs
- Representation
- Rights

New Charter Mission and Values

New Charter was born out of the Local Authority housing service provision. As a Registered Social Landlord, its primary purpose is to provide homes for people in places where they want to live.

Our Mission is:

New Charter Housing Trust Group exists to build and support communities in the provision of safe, comfortable, secure and affordable homes through partnership with customers and others.

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2002

New Charter Aims

Our three-year strategy is built around six key aims. These help shape our objectives each year and deliver our mission for the Group.

1. Deliver the pledges to tenants promised as part of the transfer.
2. Ensure we perform the three key landlord tasks of repairs, relets and rents to excellent levels of satisfaction.
3. Develop the organisational culture so there is full integration across the Group with especial reference to the Building Company.
4. Perform as a sound, well managed group of companies with particular reference to ensuring people are:
 - properly rewarded and motivated for the business
 - developed as individuals and teams in a way which maximises their contribution to the success of the Company
5. Ensure that performance and customer service are at the heart of everything we do.
6. Look to growth through judicious development, merger, acquisition, or further transfer to secure the business future.

	Objectives 2001/2	Performance 2001/2
A	Reduce voids to 4.5% target within the financial year	Void levels reduced to 4.5% of total stock, from beginning of year high of 7.5%.
B	Maintain current excellent rent collection performance above 99%	Collection from April – March 2002 was 99%
C	Deliver an investment programme consistent with achieving the 10-year offer to tenants. For 2001/2 this will include 750 rewires, 450 new kitchens, 650 new bathrooms,	At end March 2002: 411 rewires 1224 kitchens 289 bathrooms

	900 heating installations, new doors and windows to 1600 properties, and 1400 homes painted.	763 heating installations 2255 homes with new windows/doors 1330 homes painted £6m transferred from original programme to meet demand for void repairs.
D	Clear the backlog of stored repairs (repairs inherited from TMBC) by October 2001	Stored repairs were almost entirely completed by end of March 2002. Slippage was due to early poor performance by contractors, subsequently rectified.
E	Improve day-to-day repair times to exceed the Housing Corporation performance targets by the end of 2001/2002	At end March 2002: 100% emergency) All within 100% urgent) Housing Corpn. 95.9% routine) time targets
F	Address and improve on areas of customer dissatisfaction identified in customer survey data	Major customer survey completed, and results incorporated into future plans
G	Preserve the rent guarantee to transferring tenants at RPI plus 1% until September 2005	Rent increase of RPI + 1% implemented 1 st October 2001
H	Reduce exposure to risk across New Charter and remain financially sound.	Risk register revised. Insurance officer appointed. Internal Audit work plan reflected risk assessment. Business Plan approved by funders. No serious problems identified by Housing Corporation at first year visit.
I	Increase the ways in which we involve tenants in our business	Consultation/information with local tenants on investment Increased communication arrangements and liaison with Federation including Communications sub-group, Tenants Fed representation at GEMT, regular mailings to Federation and tenants groups

J	Introduce a common housing register for the Tameside area	Tameside MBC abandoned idea in favour of a web based advertising site. New Charter fully contributed to development.
K	Limit growth of management costs	Growth of management costs during 2001/2 has been controlled within agreed development of the organisation.
L	Ensure the Building Company remains financially viable and becomes clearly competitive, delivering a profit	Viability considerably improved. Independent consultants recommendations met. Surplus delivered.
M	Retain existing Tameside contracts for Housing Aid, Homelessness and Housing Register	All contracts extended by TMBC whilst it considers its procurement. Best Value study co-operation.
N	Redress current causes of dissatisfaction among Company employees	Whole Company intervention carried out, resulting action plan implemented and communicated to staff via newsletter. Employee development review implemented. 2500 training days delivered. Main areas of dissatisfaction dealt with
O	Put in place an effective management development framework based on competencies.	Programme started April 2001 already leading to increased financial skills. 360° appraisal carried out. Supervisor programme commenced Feb 2002. GEMT development started
P	Maintain a clean, tidy and attractive environment on all estates.	Significant failure due to inadequacy of new grounds maintenance contractor – now corrected. Improved caretaking service launched January 2002 with 7-day coverage.
Q	Reduce crime and antisocial behaviour in partnership with the Police and other agencies.	Data Exchange Protocol implemented. Specific security measures including fencing, alleygating and repeat victim initiatives implemented. Direct involvement in local strategy

		development/problem solving and case intervention groups. Existing specialist team reviewed and resources increased.
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Generally this year has been marked by great progress made by the Company and considerable achievement in investment and service improvement. This has been accompanied by more detailed awareness of the remaining tasks and priorities and development of an organisation and strategy capable of delivering in the future. The work during the forthcoming year is to be centred around the following objectives:

Objectives 2002/3

These are the main objectives for the Group next year. Each of our operational plans relates to every proposed action to these objectives.

Ref	Objective	Links to Aims	Critical Success Factors
A	Voids to be reduced to 4% by mid year.	2, 4, 5	Monitor weekly and on a cumulative basis. Test impact on Business Plan and budgets monthly
B	Maintain current excellent rent collection performance above 99%	2, 4, 5	Monitor weekly and on a cumulative basis. Test impact on Business Plan and budgets monthly
C	Deliver an investment programme consistent with achieving the 10-year offer to tenants. For 2002/3 this will include 1030 rewires, 570 new kitchens, 920 new bathrooms, 1660 new central heating installations, new doors and windows to 2480 properties and 3200 homes painted.	1, 2, 4, 5	New monthly monitoring focussed on outputs as well as financials and inputs. Deliver outputs to tolerance of 15%.
D	Develop a procurement strategy which provides assurance that the improvement pledges are delivered	1, 2, 3	Investigation of partnering Review strategic position of Group's procurement skills
E	Maintain day to day repair response times which exceed Housing Corporation performance targets	1, 2, 5	Maximise achievement against current 4 hour, one week and one month timescales. Reduce abortive calls.
F	Address and improve on areas of customer dissatisfaction identified in customer survey	5	Remeasure with 2002 tenants survey. Test issues of property

	data		condition, environment and crime.
G	Preserve the rent guarantee to transferring tenants at RPI + 1% until September 2005, within the context of rent restructuring proposals.	1, 2, 4	Business Plan based on RPI + 1%. Evaluate impact of rent restructuring. Measure of performance is delivery of RPI + 1% increase wef October 2002.
H	Reduce exposure to risk across New Charter and remain financially sound	3, 4	Review of Internal Audit programme, cost effective insurance renewal, monitoring of BP sensitivities and identification of necessary corrective action
I	Increase the ways in which we involve tenants in our business	1, 5	Active tenant groups to be increased by 5 10 separate mailings/ info provided to Tenant Fed and groups 12 sets of policies reviewed by Tenants Federation sub group Information/ consultation with tenants on Investment Programme
J	Ensure the Building Company remains financially viable and becomes clearly competitive within a clear strategic plan.	3, 4, 5	Deliver surplus £386K Deliver external income £747K Procure new Client RSL Business Increase Productivity Gains 10%+ Target sickness to reduce by 2% Deliver appointment scheme to Client's requirements
K	Review existing Tameside contracts for Housing Aid, Homelessness, Housing Register and community alarm service	6	Housing Aid and Housing Register contract in place. Community Alarm Service Best Value report completed
L	Maintain a clean, tidy and attractive environment on all estates	5	Publish existing maintenance schedules. Photo current state. Record monthly activity. Develop photo log of target standards. Review for 2003/4 plans.
M	Reduce crime and anti-social	5, 6	Case intervention/ problem

	behaviour in partnership with the Police and other agencies		solving groups established. Contribution to crime reduction strategy. Training and increased awareness of crime reduction strategy for staff.
N	Apply continual improvement techniques across our business	2, 3, 4, 5, 6	Develop & implement CI strategy
O	Review and ensure policies and performance targets comply and reflect equality/ diversity and BME needs	3, 4, 5, 6	Produce and consult on equality/ diversity BME action plan. Implement Officer Working Group. Develop links with BME community groups and appropriate partner RSLs.
P	Achieve Investors in People accreditation	3, 4	Awarded
Q	Plan for and ensure a successful outcome for Housing Corporation Inspection Visit Oct/Dec	1, 2, 3, 4, 5	Receipt of a satisfactory Inspection Report
R	Complete the development of an integrated performance management system and extend to all employees	1,2,3,4,5,6	Appraisal scheme in place. Pay structure in place.

Financial Position

The Directors of the Company have responsibility for the financial position not only of New Charter Housing Trust Ltd but also for the New Charter Group as a whole. The financial statements relate therefore to both the Company and the Group.

Under the provisions of the constitution, and Memorandum and Articles, of the Company, net expenditure within the Company is allocated to the subsidiary companies within the Group. In controlling these charges the Directors have recognised the provisions of the Group Loan Facility which underpins the funding of the Registered Social Landlord element of the Group, (the Borrowing Group), and has been negotiated on the basis of a long-term Business Plan. The funding facility amounts to £213m, which is available to the Borrowing Group on the basis of an agreed profile for both drawdown and repayment, and reflects the fact that in the initial years of the Borrowing Group accrued deficits will be recorded, as the repairs, maintenance and improvement programme is undertaken. Thereafter, surpluses are projected which enable the repayment of all outstanding loans.

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2002

In controlling Board membership of the New Charter Building Company, the Directors recognise the integral nature of the Building Company within the overall Group. During the course of the period Directors have considered the means by which the Building Company can exercise an effective strategic role within the Group, whilst also maintaining financial viability. It has been recognised that in the medium term the Building Company will be substantially reliant on income from within the Group, but must at the same time demonstrate that the services provided represent best value, and must also develop a medium term strategic plan which recognises that there is a need to react to changing levels of income from within the Group as the improvement programme is completed over the next 8 years.

The financial statements demonstrate a net current liability position for the Group as a whole of £12.395m, (£2.758m for this Company), as at 31st March 2002. However, the availability of the long term funding provides for this position to be resourced by drawdown of the loan facility. Close monitoring of the business is exercised by funders, on a Groupwide basis, by the application of a series of Loan Covenant requirements on a quarterly basis. These relate to the basic drivers of the business, and include tests on income, expenditure, interest, the security valuation of the Group's housing assets, the extent of rental loss from void properties, and in summary reflect the fact that cashflow is the predominant issue. The Directors are pleased to report that during the period all tests applied by funders on a Groupwide basis were met in full.

Within the context of these comments the Group financial statements show that, during the period, a deficit of £8.553m was accrued. This should be considered in the context of the original Business Plan which was based upon additional drawings under the loan facility of £11.032m – actual drawings were £8.800m. The statements reflect the first two years of operations of the Group, and therefore include the costs of setting up the Group, including the information technology infrastructure. Equally, the prime purpose of the Company, in repairing, maintaining and improving its assets is reflected by revenue expenditure of £14.957m and capital expenditure of £11.381m. Rental streams, being the major source of the Group's income, have been strong, albeit that one of the main objectives for 2001/02 identified above is to significantly reduce the level of rent loss from void properties. The Group's cash flow has been improved substantially arising from increased levels of sales under the preserved Right to Buy provisions enjoyed by tenants who transferred from Tameside MBC, together with significant savings on interest charges consequent upon the terms of the Group Loan Facility Agreement, which was framed at lower interest rate levels than projected within the Business Plan. The savings accruing from this latter item will be available to the Group over the life of the Loan Facility.

DIRECTORS

The Directors of the Company who served during the period were:

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2002

		<u>Appointed</u>	<u>Resigned</u>
Gerald Cooney - Chair	(C)	2 nd August 1999	
Adrian Harrison – Vice Chair	(I)	18 th July 2001 (co-opted) 18 th December 2001	
Elizabeth Coase	(T)	18 th December 2001	
David Evans	(C)	2 nd August 1999	
Lily Ferrall	(T)	2 nd August 1999	18 th December 2001
Helen France	(I)	2 nd August 1999	18 th December 2001
Hamid Ghafoor	(I)	18 th July 2001 (co-opted) 18 th December 2001	
Julie Hardman	(T)	2 nd August 1999	
Jed Hassid	(I)	31 st January 2000 (co-opted) 18 th December 2001	
Stephen Jones	(T)	10 th October 2000	22 nd November 2001
Geoff Melling	(I)	2 nd August 1999	18 th December 2001
John Shenton	(C)	2 nd August 1999	
Stephen Hall (co-opted)	(I)	31 st January 2000	
Khalil Rehman (co-opted)	(I)	18 th July 2001	

T = Tenant Director; I = Independent Director; C = Council nominee Director

The Board wishes to record its appreciation of the work and commitment shown by Directors who retired during this trading year. Stephen Jones, a tenant Director, resigned on 22nd November 2001 and Lily Ferrall, also a tenant Director, resigned on 18th December 2001. Helen France and Geoff Melling, both independent Directors, resigned on 18th December 2001. All had served on the Board of the Trust from its inception.

Since the end of the period the following has served:

Rick Williams	(T)	13 th May 2002
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NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2002

AUDITORS

At the Board meeting of New Charter Housing Trust Ltd on 25th April 2000 the Directors appointed KPMG to act as Auditors for the Group and for each of the Companies therein. KPMG were reappointed at the Annual General Meeting of the Company held on 22nd November 2001. Following the conversion of KPMG into a limited liability partnership the Board of the Company, on 25th June 2002, accepted the resignation of KPMG and appointed KPMG LLP as Auditors.

The Auditors, KPMG LLP, are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company Law requires the Directors to prepare statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimated that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Internal Financial Controls

The Board acknowledge their ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments within

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2002

which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Company or for publication;
- The maintenance of proper accounting records
- The safeguarding of assets against unauthorized use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable assurance but not absolute assurance against material financial mis-statement or loss.

In undertaking this responsibility the Board should ensure that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorized use of the Company's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated, as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant Committees comprising Board members;
- The Audit Committee reviews reports from management, from the internal auditors and from the external auditors, to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Company. The Audit Committee makes regular reports to the Board;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of internal financial control in existence in the Company for the year ended 31st March 2002, and has approved the following statement.

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2002

“The Audit Committee of the New Charter Housing Trust Group has reviewed the effectiveness of New Charter’s system of internal control, and is satisfied that a sound system of internal control has been in place throughout the financial year and is ongoing. This has been demonstrated by:

- *Continuing appointment of internal and external auditors*
- *Establishment of a Group-wide Risk Management Policy and process*
- *Establishment of an Audit Committee with unfettered access to auditors and a comprehensive predetermined annual audit programme*
- *Establishment and monitoring of operational policies and procedures through senior management and operational management meetings and performance reviews*
- *Establishment of a fraud register and a whistle-blowing policy, including the reporting of any significant control failings to senior management*
- *Provision of management reports on operational and financial matters to all Boards and Committees, and*
- *Provision of information on and monitoring of Key Performance Indicators*

In addition over the coming year it is planned to enhance the control environment by:

- *Continuing to embed risk management as part of day to day operations*
- *Better ally risk management priorities with Internal Audit programme*
- *Developing culture of continual improvement across the whole organisation*

Any significant control weaknesses detected over the previous year are being addressed by:-

- *Ensuring weaknesses are addressed through regular management and Non-Executive review*

The review of the effectiveness of the system of internal control has taken account of the work of the internal auditors, who have provided assurance statements on individual systems and processes, and of the Executive Management Team within the organisation who have responsibility for the development and maintenance of the internal control framework within their areas of responsibility. Account has also been taken of comments

NEW CHARTER HOUSING TRUST LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2002

made by external auditors and other review bodies, including the Housing Corporation, in their reports.”

The report of the Board of Management was approved and signed on its behalf by the Chair of the Board, Gerald Cooney, and Julie Hardman, (Director), on 24th September 2002.

GP Cooney

J Hardman

Mr DO McLoughlin
Group Company Secretary
New Charter Housing Trust Limited
Frederick House
Dukinfield Road
HYDE SK14 4PL



St James' Square
Manchester
M2 6DS

Report of the independent auditors to the members of New Charter Housing Trust Limited

We have audited the financial statements on pages 17 - 42.

Respective responsibilities of the Board of Management and auditors

The Company's Board of Management is responsible for preparing the Board of Management's report and, as described on page 10, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board, the Housing Corporation, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Company 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 the directors' remuneration and transactions with the Company is not disclosed.

We review whether the Boards' statement on page 12 reflects the Company's compliance with the Housing Corporation Circular R2 - 18/96 'Internal financial control and financial reporting', and we report whether the Board has provided the disclosures required by the Circular and whether the statement is not inconsistent with information of which we are aware from our audit of the financial statements. We are not required to form an opinion on the effectiveness of the Association's system of internal financial controls.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. With respect to the Board of Management's statement on internal financial controls on pages 12 - 14, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

KPMG LLP
Chartered Accountants
Registered Auditors

NEW CHARTER HOUSING TRUST LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

		2002	2001
		£	£
Turnover	2	39,361,610	40,331,707
Operating costs	2	(39,586,096)	(36,372,267)
Operating (deficit)/surplus	2	(224,486)	3,959,440
Surplus on sale of properties	4	1,056,028	2,034,110
Surplus on ordinary activities before interest		831,542	5,993,550
Interest receivable and other income	5	30,488	94,656
Interest payable and similar charges	6	(9,227,549)	(8,852,724)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,365,519)	(2,764,518)
TAXATION			
Taxation on ordinary activities	10	(186,990)	(3,357)
DEFICIT FOR THE YEAR/PERIOD		(8,552,509)	(2,767,875)
TRANSFER FROM REVALUATION RESERVE		1,494,092	-
INCOME AND EXPENDITURE ACCOUNT BROUGHT FORWARD		(2,767,875)	-
INCOME AND EXPENDITURE ACCOUNT CARRIED FORWARD		(9,826,292)	(2,767,875)
 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE GROUP			
Deficit for the financial year		(9,826,292)	(2,767,875)
Unrealised (deficit)/surplus on the revaluation of properties		(18,036,132)	44,924,525
Total recognised gains and losses for the year/period		(27,862,424)	42,156,650
 NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE GROUP			
Deficit on ordinary activities before taxation		(8,365,519)	(2,764,518)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		874,821	-
Historical cost deficit on ordinary activities before taxation		(7,490,698)	(2,764,518)

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

NEW CHARTER HOUSING TRUST LTD
COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2002

		2002	2001
		£	(as restated) £
Turnover	2	10,847,858	9,571,592
Operating costs	2	(10,290,005)	(9,320,697)
Operating surplus	2	<u>557,853</u>	<u>250,895</u>
Interest receivable and other income	3	5,984	1,806
Interest payable and similar charges	4	(441,264)	(252,701)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>122,573</u>	<u>-</u>
TAXATION			
Taxation on ordinary activities	10	(122,573)	-
INCOME AND EXPENDITURE ACCOUNT CARRIED FORWARD		<u><u>-</u></u>	<u><u>-</u></u>

All of the above results derive from continuing operations.

There were no recognised gains or losses other than those shown in the Income and Expenditure account for the year.

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

NEW CHARTER HOUSING TRUST LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2002

		2002	2001
		£	£
FIXED ASSETS			
Tangible assets - housing properties	11	158,757,884	174,480,085
Less Social Housing Grant		(272,465)	-
Less depreciation		-	-
		<u>158,485,419</u>	<u>174,480,085</u>
Other tangible assets	12	<u>7,536,246</u>	<u>5,437,132</u>
		166,021,665	179,917,217
CURRENT ASSETS			
Stock	13	547,978	466,828
Debtors	14	3,644,062	3,421,075
Cash at bank and in hand		-	344,176
		<u>4,192,040</u>	<u>4,232,079</u>
CREDITORS			
Amounts falling due within one year	15	<u>(16,586,596)</u>	<u>(9,281,896)</u>
NET CURRENT LIABILITIES		(12,394,556)	(5,049,817)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>153,627,109</u>	<u>174,867,400</u>
CREDITORS			
Amounts falling due after more than one year	16	138,059,100	132,710,750
CAPITAL AND RESERVES			
Revaluation reserve	19	25,394,301	44,924,525
Revenue reserve	19	<u>(9,826,292)</u>	<u>(2,767,875)</u>
		15,568,009	42,156,650
		<u>153,627,109</u>	<u>174,867,400</u>

The financial statements on pages 17 to 42 were approved on behalf of the Board on the 24th September 2002 and were signed by :

GP Cooney	(Chair)
J Hardman	(Director)
D O McLoughlin	(Group Company Secretary)

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

NEW CHARTER HOUSING TRUST LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2002

		2002		2001
		£	£	£
FIXED ASSETS				
Tangible assets - housing properties	11	-		-
Other tangible assets	12	7,065,573		5,245,832
		<u>7,065,573</u>		<u>5,245,832</u>
CURRENT ASSETS				
Debtors	14	3,502,327		1,030,216
Cash at Bank		-		344,176
		<u>3,502,327</u>		<u>1,374,392</u>
CREDITORS				
Amounts falling due within one year	15	<u>(6,260,639)</u>		<u>(2,505,016)</u>
NET CURRENT LIABILITIES		(2,758,312)		(1,130,624)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>4,307,261</u></u>		<u><u>4,115,208</u></u>
CREDITORS				
Amounts falling due after more than one year	16	4,307,261		4,115,208
CAPITAL AND RESERVES				
Revenue reserve		-		-
		<u><u>4,307,261</u></u>		<u><u>4,115,208</u></u>

The financial statements on pages 17 to 42 were approved on behalf of the Board on the 24th September 2002 and were signed by :

GP Cooney	(Chair)
J Hardman	(Director)
D O McLoughlin	(Group Company Secretary)

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

NEW CHARTER HOUSING TRUST LIMITED
GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2002

		2002	2001
	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	8,594,679	11,363,938
RETURNS ON INVESTMENTS AND SERVICING FINANCE			
Interest received	110,569	73,492	
Interest paid	<u>(9,080,350)</u>	<u>(8,763,262)</u>	
		(8,969,781)	(8,689,770)
CAPITAL EXPENDITURE			
Developments, improvements and other capital works	(12,904,330)	(8,506,040)	
Other capital expenditure	<u>(403,426)</u>	<u>(129,127,229)</u>	
	(13,307,756)	(137,633,269)	
Social Housing Grant received	272,465	-	
Sale of housing properties	<u>3,997,062</u>	<u>4,003,277</u>	
		(9,038,229)	(133,629,992)
CASHFLOW BEFORE FINANCING		<u>(9,413,331)</u>	<u>(130,955,824)</u>
MANAGEMENT OF LIQUID RESOURCES		-	-
FINANCING			
Loans advances received	8,800,000	131,300,000	
Finance lease payments	<u>(771,592)</u>	<u>-</u>	
		8,028,408	131,300,000
(DECREASE)/INCREASE IN CASH		<u><u>(1,384,923)</u></u>	<u><u>344,176</u></u>

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

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords" issued in March 1999. A summary of the more important accounting policies which have been applied consistently is set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention as amended for the valuation of housing properties, and comply with the Companies Act 1985, Accounting Requirements for Registered Social Landlords' General Determination 2000 and the SORP, published in March 1999.

Recent Accounting Standards

The transitional requirements of Financial Reporting Standard 17 (FRS17) Accounting for Retirement Benefits have been adopted. Further details are set out in note 23.

Financial Reporting Standard 18 (FRS18) Accounting Policies has been adopted.

After careful review the directors are satisfied that the current Accounting Policies are the most appropriate and therefore no changes in Accounting Policies are required.

Basis of Consolidation

Profits or losses on any intra-group transactions have been eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation have been eliminated. The accounts of the following companies are included within the consolidation:

New Charter Housing Trust Limited
New Charter Housing (North) Limited
New Charter Housing (South) Limited
New Charter Building Company Limited

Turnover

Turnover represents rental and service charge income and sundry housing and non-housing services income

Housing Properties

The policy is to revalue housing properties on an annual basis. All properties are valued on the basis of an Existing Use Value (Social Housing) with the assumption that target rent is the maximum rent. Properties under construction are held at cost.

Major repairs to properties of a capital nature which will result in an increase in the net rental income over the life of the property are included in the cost of the properties when the expenditure is incurred.

Depreciation of Housing Properties

Housing Properties are depreciated over their expected useful economic lives on a straight line basis. The depreciation is calculated by deducting the land value from the revalued sum.

Housing Properties - Transferred/Acquired Stock	50 years	(2% per annum)
Housing Properties - New Developments	100 years	(1% per annum)

Impairment

In accordance with Financial Reporting Standard 11 (FRS11) Impairment of Fixed Assets and Goodwill, for assets with a remaining economic life greater than 50 years an impairment review is undertaken. For those assets with a lower economic life an impairment review is undertaken where there is an indication the assets may be impaired. If assets are found to be impaired the amount of impairment is disclosed in the note 3 analysis to the income and expenditure account.

Social Housing Grant and other capital grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where SHG is retained following the disposal property, it is shown under the disposal proceeds and recycling capital grant funds in 'Creditors: amounts falling due after more than one year'. These funds will be used for the provision of new social housing for rent and sale.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

Other Fixed Assets

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

Freehold premises	30 to 50 years	(between 2% and 3.33% per annum)
Plant & machinery	10 years	(10% per annum)
Office furniture & equipment	5 years	(20% per annum)
Computer equipment - infrastructure	5 years	(20% per annum)
Computer equipment - new acquisitions	5 years	(20% per annum)
Computer equipment - other	2 years	(50% per annum)
Leasehold premises	Over life of lease	

Pension Costs

The company operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 23. Contributions from the Group and participating employees are paid into an independently administered fund. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contributions.

Provisions

Provisions are made to the extent that the Company has no discretion to avoid the expenditure provided for.

Revaluation Reserve

The revaluation reserve represents the changes in valuation of housing properties.

VAT

New Charter Housing Trust Group is registered as a Group for VAT purposes. The Trust's main income stream, being rent, is exempt from VAT. The majority of expenditure is subject to VAT, which the Trust is unable to reclaim, this expenditure is therefore shown inclusive of VAT. VAT can be reclaimed under the partial exemption method for certain other activities and is credited to the Income and Expenditure Account. The Trust's Group status allows the Building Company to process inter-company transactions exclusive of VAT. The Building Company reclaims in full the VAT incurred on works relating to external contracts.

Leaseholder Service Charge Sinking Fund

The Group is required to set aside sums in respect of future maintenance on certain properties subject to leasehold arrangements. Amounts accumulated in the fund are included within, 'Creditors: amounts falling due within one year'.

Leased Assets

Assets obtained under Finance leases are capitalised as tangible fixed assets, and are depreciated over the shorter of the lease term and their economic useful lives. Obligations under finance leases are included in creditors net of the finance charge allocated to future periods. The finance element of the rental is charged to the income and expenditure account so as to produce a constant periodic rate of change on the net obligation outstanding in each period.

Operating leases

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Sales under Right to Buy Legislation

Surpluses or deficits arising from the disposal of properties under Right to Buy legislation are disclosed on the face of the Income and Expenditure Account. The surpluses or deficits disclosed are net of any sums payable to Tameside Metropolitan Borough Council under the terms of a clawback agreement ending 31st March 2005.

Bad and Doubtful Debts

The Company provides against rent arrears of current and former tenants and other miscellaneous debts to the extent that they are considered to be irrecoverable.

Stock

Stock is valued at the lower of cost and net realisable value

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2002

COMPANY

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2002 Operating costs	Operating surplus	2001 (as restated) Turnover	Operating costs	Operating surplus
	£	£	£	£	£	£
INCOME						
Intercompany recharges	10,345,795			9,152,780		
Other income	502,063			418,812		
	<u>10,847,858</u>			<u>9,571,592</u>		
EXPENDITURE						
Management overheads						
- Employee costs		5,503,750		3,473,666		
- Employee related expenses		254,026		127,462		
- Insurance costs		674,454		670,426		
- Premises costs		801,694		570,609		
- Transport costs		42,837		9,710		
- Supplies & services		1,300,845		2,936,247		
- Agency & contracted services		-		3,028		
- Central support charges		163,164		185,160		
- Intercompany recharges		41,374		152,765		
- Depreciation of assets		1,471,337		1,081,295		
- Operating lease charge		-		78,929		
- Bank charges		36,524		31,400		
Overheads		<u>10,290,005</u>		<u>9,320,697</u>		
Operating surplus			<u>557,853</u>			<u>250,895</u>

The current year turnover includes a two-year inter company rental charge (2001 & 2002) regarding the use of the Globe Lane Depot (£121,500 per annum).

The 2001 comparative figures have been restated to reflect the current year presentation. The effect of "grossing up" expenditure and consequently turnover is to give a better indication of activity between the different subsidiaries. There is no change to the net operating surplus/(deficit) position.

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

3	GROUP	2002			2001		
		General needs	Temporary social	Total	General needs	Temporary social	Total
	INCOME FROM SOCIAL HOUSING LETTINGS						
	Rent receivable net of service charges	38,503,735	228,898	38,732,633	38,976,096	170,173	39,146,269
	Service charges receivable	811,677	-	811,677	591,063	-	591,063
	Gross rents receivable	<u>39,315,412</u>	<u>228,898</u>	<u>39,544,310</u>	<u>39,567,159</u>	<u>170,173</u>	<u>39,737,332</u>
	Less: rent loss from voids	(2,467,718)	(36,600)	(2,504,318)	(2,864,538)	(37,285)	(2,901,823)
	Net rents receivable	<u>36,847,694</u>	<u>192,298</u>	<u>37,039,992</u>	<u>36,702,621</u>	<u>132,888</u>	<u>36,835,509</u>
	Other income	502,063	-	502,063	418,811	-	418,811
	Turnover from social housing lettings	<u>37,349,757</u>	<u>192,298</u>	<u>37,542,055</u>	<u>37,121,432</u>	<u>132,888</u>	<u>37,254,320</u>
	EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES						
	Management	15,992,006	52,242	16,044,248	15,548,464	52,905	15,601,368
	Services	705,799	-	705,799	458,832	-	458,832
	Routine maintenance	10,703,514	37,842	10,741,356	10,922,908	17,966	10,940,874
	Planned maintenance	960,066	1,000	961,066	752,983	8,017	761,000
	Major repairs expenditure	3,255,679	-	3,255,679	3,683,834	-	3,683,834
	Rent losses from bad debts	387,565	11,528	399,093	449,156	19,374	468,530
	Depreciation of housing properties	3,186,953	5,853	3,192,806	2,380,935	4,135	2,385,070
	Loss on investment programme disposals	3,617,688	-	3,617,688	-	-	-
	Impairment of housing properties	-	-	-	-	-	-
	Depreciation of other assets	80,386	-	80,386	40,300	-	40,300
	Operating costs on social housing lettings	<u>38,889,656</u>	<u>108,465</u>	<u>38,998,121</u>	<u>34,237,412</u>	<u>102,397</u>	<u>34,339,809</u>
	Operating (deficit)/surplus on social housing lettings	<u>(1,539,899)</u>	<u>83,833</u>	<u>(1,456,066)</u>	<u>2,884,020</u>	<u>30,491</u>	<u>2,914,511</u>

Service Charge income is fully eligible for Housing Benefit.

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

GROUP	2002	2001
	£	£
4 OTHER OPERATING INCOME		
Proceeds of sale	3,952,918	4,815,041
Cost of sales (including amount due to Tameside MBC)	(2,896,890)	(2,780,931)
Surplus on disposal of assets	<u>1,056,028</u>	<u>2,034,110</u>
GROUP	2002	2001
	£	£
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	24,504	92,850
Staff car loans interest receivable	5,984	1,806
	<u>30,488</u>	<u>94,656</u>
COMPANY	2002	2001
	£	£
INTEREST RECEIVABLE AND OTHER INCOME		
Staff car loans interest receivable	5,984	1,806
	<u>5,984</u>	<u>1,806</u>
GROUP	2002	2001
	£	£
6 INTEREST PAYABLE		
On bank loans, overdrafts and other loans	8,910,569	8,725,468
On finance leases	316,980	127,256
	<u>9,227,549</u>	<u>8,852,724</u>
COMPANY	2002	2001
	£	£
INTEREST PAYABLE		
On bank loans, overdrafts and other loans	124,284	125,445
On finance leases	316,980	127,256
	<u>441,264</u>	<u>252,701</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

GROUP	2002	2001
	£	£
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	4,873,282	3,528,066
Auditors remuneration (inc VAT)		
- in their capacity as auditors	57,399	46,806
Loss on disposal of items replaced as part of investment programme	3,617,688	-
Write down in value of fixed assets	9,143	-
Operating lease charges	<u>514,627</u>	<u>731,412</u>
COMPANY	2002	2001
	£	£
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	1,471,337	1,081,296
Auditors remuneration (inc VAT)		
- in their capacity as auditors	16,140	6,745
Operating lease charges	<u>-</u>	<u>78,929</u>

GROUP

8 DIRECTORS EMOLUMENTS

The Company is controlled by voluntary Boards of Management who receive no remuneration.

The remuneration paid to the Group Executive Management Team, (GEMT), was:

	2002	2001
Aggregate emoluments payable to GEMT (including pension contributions & benefits in kind)	<u>£467,915</u>	<u>£433,871</u>
Emoluments payable to the highest paid member of GEMT (excluding pension contributions but inc benefits in kind)	<u>£98,018</u>	<u>£96,158</u>
Ex-Gratia payment	<u>£32,388</u>	<u>£0</u>

The number of directors, including the highest paid director, who received emoluments (exc pension contributions) in the following ranges were as follows:

	Number	Number
£10,001 - £20,000	1	-
£40,001 - £50,000	-	1
£50,001 - £60,000	2	1
£60,001 - £70,000	3	3
£70,001 - £80,001	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>
	<u>7</u>	<u>6</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

8 DIRECTORS EMOLUMENTS (CONTINUED)

Aggregate amount of highest paid director's pension	<u>£8,415</u>	<u>£8,234</u>
The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates		
Expenses payable to members of the Board who were neither officers nor employees of the Company	<u>£7,075</u>	<u>£620</u>

COMPANY

DIRECTORS EMOLUMENTS

The Company is controlled by voluntary Boards of Management who receive no remuneration.

The remuneration paid to the Group Executive Management Team, (GEMT), was:

	2002	2001
Aggregate emoluments payable to GEMT (including pension contributions & benefits in kind)	<u>£251,612</u>	<u>£245,845</u>
Emoluments payable to the highest paid member of GEMT (excluding pension contributions but inc benefits in kind)	<u>£98,018</u>	<u>£96,158</u>

The number of directors, including the highest paid director, who received emoluments (exc pension contributions) in the following ranges were as follows:

	Number	Number
£40,001 - £50,000	-	1
£50,001 - £60,000	1	-
£60,001 - £70,000	1	1
£70,001 - £80,001	-	1
£90,001 - £100,000	1	-
	<u>3</u>	<u>3</u>

Aggregate amount of highest paid director's pension	<u>£8,415</u>	<u>£8,234</u>
The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates		
Expenses payable to members of the Board who were neither officers nor employees of the Company	<u>£3,753</u>	<u>£0</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

GROUP

9 EMPLOYEE INFORMATION

	2002	2001
The average number of persons employed during the year		
Management	218	187
Financial services	29	23
Strategic housing services	91	64
Corporate & administrative services	125	101
Manual	59	60
Direct labour	299	317
	<u>821</u>	<u>752</u>
Full time	746	727
Part time	75	25
	<u>821</u>	<u>752</u>

	2002	2001
	£	£
Staff costs for the above persons were:		
Wages and salaries	15,428,330	13,973,730
Social security costs	1,009,123	1,015,072
Other pension costs	1,578,366	1,513,090
	<u>18,015,819</u>	<u>16,501,892</u>

COMPANY

EMPLOYEE INFORMATION

	2002	2001
The average number of persons employed during the year		
Management	6	10
Financial services	29	23
Strategic housing services	91	64
Corporate & administrative services	92	59
Manual	28	0
	<u>246</u>	<u>156</u>
Full time	184	143
Part time	62	13
	<u>246</u>	<u>156</u>

	2002	2001
	£	£
Staff costs for the above persons were:		
Wages and salaries	4,370,774	2,818,177
Social security costs	295,018	197,976
Other pension costs	375,269	244,625
	<u>5,041,061</u>	<u>3,260,778</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

GROUP	2002	2001
	£	£
10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
a Analysis of tax charge in the year/period		
UK corporation tax		
Current tax on income for the year/period	95,504	4,095
Adjustments in respect of prior periods	<u>3,414</u>	<u>(738)</u>
	98,918	3,357
Deferred tax		
Origination /reversal of timing difference	70,349	-
Adjustments in respect of prior periods	<u>17,723</u>	<u>-</u>
	88,072	-
Total current tax (note 11b)	<u><u>186,990</u></u>	<u><u>3,357</u></u>

b Factors affecting tax charge for the year/period

The tax assessed is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below :

(Deficit)/surplus on ordinary activities before tax	(7,975,066)	20,475
Current tax at 30%	(2,392,520)	4,095
Effects of:		
Expenses not deductible for tax purposes	63,312	-
Adjustment to tax charge in respect of prior periods	3,414	(738)
Capital allowances for period in excess of depreciation	167	-
Deferred tax losses not recognised	2,424,545	-
Current tax charge (note 11a)	<u><u>98,918</u></u>	<u><u>3,357</u></u>

COMPANY	2002	2001
	£	£

TAXATION ON SURPLUS ON ORDINARY ACTIVITIES

a Analysis of tax charge in the year/period

UK corporation tax		
Current tax on income for the year/period	28,560	-
Adjustments in respect of prior periods	<u>5,493</u>	<u>-</u>
	34,053	-
Deferred tax		
Origination /reversal of timing difference	75,188	-
Adjustments in respect of prior periods	<u>13,332</u>	<u>-</u>
	88,520	-
Total current tax (note 11b)	<u><u>122,573</u></u>	<u><u>-</u></u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

TAXATION ON SURPLUS ON ORDINARY ACTIVITIES (CONTINUED)

b Factors affecting tax charge for the year/period

The tax assessed is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below :

Surplus on ordinary activities before tax	122,573
Current tax at 30%	24,515
Effects of:	
Expenses not deductible for tax purposes	5,434
Adjustment to tax charge in respect of prior periods	5,493
Capital allowances for period in excess of depreciation	(1,389)
Deferred tax losses not recognised	-
Current tax charge (note 11a)	<u><u>34,053</u></u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

GROUP

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £	Under Construction £	Total £
COST OR VALUATION			
As at 1st April 2001	174,455,310	24,775	174,480,085
Additions in year:			
Improvements	10,998,469	-	10,998,469
Under construction	-	383,345	383,345
Revaluation	(21,228,939)	-	(21,228,939)
Disposals	(5,875,076)	-	(5,875,076)
At 31st March 2002	<u>158,349,764</u>	<u>408,120</u>	<u>158,757,884</u>
LESS SOCIAL HOUSING GRANT			
At 1st April 2001	-	-	-
Received during the year	-	(272,465)	(272,465)
Disposals	-	-	-
At 31st March 2002	<u>-</u>	<u>(272,465)</u>	<u>(272,465)</u>
LESS DEPRECIATION			
At 1st April 2001	-	-	-
Charge for year	3,287,035	-	3,287,035
Disposals	(94,229)	-	(94,229)
Revaluation	(3,192,806)	-	(3,192,806)
At 31st March 2002	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE AT 31 MARCH 2002	<u>158,349,764</u>	<u>135,655</u>	<u>158,485,419</u>
NET BOOK VALUE AT 31 MARCH 2001	<u>174,455,310</u>	<u>24,775</u>	<u>174,480,085</u>

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

Historic cost	138,512,299	135,655	138,647,954
Depreciation	(5,556,835)	-	(5,556,835)
Revaluation reserve	25,394,301	-	25,394,301
	<u>158,349,765</u>	<u>135,655</u>	<u>158,485,420</u>

A valuation was performed in the year by DTZ Pida Consulting, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2002.

COMPANY

TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

Housing properties held for letting are owned by the New Charter Housing Group Companies RSL North and RSL South and, therefore, all costs relating to these assets can be found within the relevant financial statements of each Company.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

GROUP

12 **OTHER FIXED ASSETS**

	Freehold Premises £	Assets under Construction £	Leasehold Premises £	Plant & Machinery £	IT Equipment £	Furniture & equipment £	Other Assets £	Total £
COST								
As at 1st April 2001	1,685,000	-	-	120,000	4,274,629	71,000	429,499	6,580,128
Additions in year	-	559,262	400,993	2,433	2,731,816	-	-	3,694,504
Revaluations	-	-	-	(9,143)	-	-	-	(9,143)
Disposals	-	-	-	-	(36,000)	-	-	(36,000)
At 31st March 2002	<u>1,685,000</u>	<u>559,262</u>	<u>400,993</u>	<u>113,290</u>	<u>6,970,445</u>	<u>71,000</u>	<u>429,499</u>	<u>10,229,489</u>
DEPRECIATION								
As at 1st April 2001	24,617	-	-	12,000	894,200	14,200	197,979	1,142,996
Charge for year	24,617	-	41,210	24,000	1,424,340	14,200	57,880	1,586,247
Disposals	-	-	-	-	(36,000)	-	-	(36,000)
At 31st March 2002	<u>49,234</u>	<u>-</u>	<u>41,210</u>	<u>36,000</u>	<u>2,282,540</u>	<u>28,400</u>	<u>255,859</u>	<u>2,693,243</u>
NET BOOK VALUE								
At 31st March 2002	<u>1,635,766</u>	<u>559,262</u>	<u>359,783</u>	<u>77,290</u>	<u>4,687,905</u>	<u>42,600</u>	<u>173,640</u>	<u>7,536,246</u>
NET BOOK VALUE								
At 31st March 2001	<u>1,660,383</u>	<u>-</u>	<u>-</u>	<u>108,000</u>	<u>3,380,429</u>	<u>56,800</u>	<u>231,520</u>	<u>5,437,132</u>

Included within the Net book value of IT equipment is £3,343,761 (2001 - £2,555,025) relating to assets held under finance leases. The depreciation charge for the year on these assets is £979,824 (2001 - £642,835).

The revaluation of £9,143 relates to the write down of assets to their net realisable value. This amount has been taken directly to the Income and Expenditure account in the year.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

COMPANY

OTHER FIXED ASSETS

	Freehold premises £	Assets under construction £	IT equipment £	Furniture & equipment £	Other assets £	Total £
COST						
At 1st April 2001	1,685,000	-	4,191,629	21,000	429,499	6,327,128
Additions in year	-	559,262	2,731,816	-	-	3,291,078
Disposals	-	-	(36,000)	-	-	(36,000)
At 31st March 2002	<u>1,685,000</u>	<u>559,262</u>	<u>6,887,445</u>	<u>21,000</u>	<u>429,499</u>	<u>9,582,206</u>
DEPRECIATION						
At 1st April 2001	24,617	-	854,500	4,200	197,979	1,081,296
Charge for year	24,617	-	1,384,640	4,200	57,880	1,471,337
Disposals	-	-	(36,000)	-	-	(36,000)
At 31st March 2002	<u>49,234</u>	<u>-</u>	<u>2,203,140</u>	<u>8,400</u>	<u>255,859</u>	<u>2,516,633</u>
NET BOOK VALUE						
At 31st March 2002	<u>1,635,766</u>	<u>559,262</u>	<u>4,684,305</u>	<u>12,600</u>	<u>173,640</u>	<u>7,065,573</u>
NET BOOK VALUE						
At 31st March 2001	<u>1,660,383</u>	<u>-</u>	<u>3,337,129</u>	<u>16,800</u>	<u>231,520</u>	<u>5,245,832</u>

Included within the net book value of IT equipment is £3,343,761 (2001 - £2,555,025) relating to assets held under finance leases. The depreciation charge for the year on these assets is £979,824 (2001 - £642,335).

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

GROUP		
	2002	2001
	£	£
13 STOCK		
Raw materials and consumables	474,378	425,503
Work in progress	73,600	-
Finished goods & goods for resale	-	41,325
	<u>547,978</u>	<u>466,828</u>

GROUP		
	2002	2001
	£	£
14 DEBTORS		
Arrears of rent and service charges	1,983,087	1,631,669
less Provision for bad and doubtful debts	<u>(849,135)</u>	<u>(468,530)</u>
	1,133,952	1,163,139
Housing benefit overpayments	154,352	85,700
less Provision for bad and doubtful debts	<u>(77,176)</u>	<u>28,598</u>
	77,176	114,298
Rechargeable repairs	97,750	33,888
less Provision for bad and doubtful debts	<u>(48,875)</u>	<u>(7,076)</u>
	48,875	26,812
Staff Car Loans	114,972	90,828
Prepayments and accrued income	566,414	418,263
Other debtors	1,702,673	1,607,735
	<u>3,644,062</u>	<u>3,421,075</u>

Rent and service charge arrears, net of provision for bad and doubtful debts represents 2.87% (2001 - 2.93%) of the annual rent and service charge receivable.

COMPANY

	2002	2001
	£	£
DEBTORS		
Amount due from subsidiary undertakings	2,987,077	90,828
Staff Car Loans	114,972	575,930
Prepayments and accrued income	394,836	206,243
Other debtors	5,442	157,215
	<u>3,502,327</u>	<u>1,030,216</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

GROUP	2002	2001
	£	£
15 CREDITORS - Amounts falling due within one year		
Housing and development loans	6,000,000	2,289,462
Bank overdraft	1,040,747	-
Obligations under finance leases	950,507	623,547
Trade creditors	4,203,972	3,277,632
Other taxation and social security	646,680	628,958
Accruals and deferred income	3,059,867	2,119,990
Rent and service charges paid in advance	684,823	342,307
	<u>16,586,596</u>	<u>9,281,896</u>

The average number of days between date of invoice and payment was 36 (2001 : 51)

COMPANY

	2002	2001
	£	£
CREDITORS - Amounts falling due within one year		
Bank overdraft	1,040,747	-
Obligations under finance leases	950,507	623,547
Trade creditors	745,671	805,067
Other taxation and social security	646,680	515,495
Accruals and deferred income	307,895	331,699
Amounts due to subsidiary undertakings	2,569,139	229,208
	<u>6,260,639</u>	<u>2,505,016</u>

The average number of days between date of invoice and payment was 37 (2001 : 54)

GROUP	2002	2001
	£	£
16 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	134,100,000	129,100,000
RTB clawback	1,533,938	777,641
Deferred expenditure	-	600,000
Obligations under finance leases	2,425,162	2,233,109
	<u>138,059,100</u>	<u>132,710,750</u>

COMPANY

	2002	2001
	£	£
CREDITORS - Amounts falling due after more than one year		
Housing and development loans	1,882,099	1,882,099
Obligations under finance leases	2,425,162	2,233,109
	<u>4,307,261</u>	<u>4,115,208</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

GROUP

17 LOANS

Housing loans included in creditors due within one year and due after more than one year are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest. The long term loans are at a fixed rate of 6.6% and are repayable within 30 years. The remaining short term loans bear interest at variable rates based on LIBOR with an average of 6.56% for the year. All loans are sourced through the Group Loan Facility, with funders being Nationwide BS, Britannia BS, Royal Bank of Scotland, KBC Bank, Leeds & Holbeck BS and Cheshire BS.

	2002	2001
	£	£
	Housing Loans	Housing Loans
	by instalments	by instalments
Within one year or on demand	6,000,000	2,200,000
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	134,100,000	129,100,000
	<u>140,100,000</u>	<u>131,300,000</u>

Borrowing facilities

Undrawn committed borrowing facilities at 31st March 2002 were £72,900,000.

COMPANY

LOANS

	2002	2001
	£	£
	Housing Loans	Housing Loans
	by instalments	by instalments
In more than five years	1,882,099	1,882,099
	<u>1,882,099</u>	<u>1,882,099</u>

The amount due to the subsidiaries relates to loans made to New Charter Housing Trust Ltd £1,882,099 (2001 - £1,882,099) from RSL North and South. The loans are at a fixed interest rate of 6.6% and are repayable within 30 years.

GROUP

18 ANALYSIS OF FINANCE LEASES

Obligations under finance leases are repayable as follows:

	2002	2001
	£	£
Within one year or on demand	950,507	623,547
Between two and five years	2,425,162	2,233,109
	<u>3,375,669</u>	<u>2,856,656</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

COMPANY	2002	2001
	£	£
18 ANALYSIS OF FINANCE LEASES (CONTINUED)		
Obligations under finance leases are repayable as follows:		
Within one year or on demand	950,507	623,547
Between two and five years	2,425,162	2,233,109
	<u>3,375,669</u>	<u>2,856,656</u>

GROUP

19 RESERVES	Revenue	Revaluation	Total
	£	£	£
As at 1st April 2001	(2,767,874)	44,924,525	42,156,651
(Deficit) for the year	(8,552,510)	-	(8,552,510)
Revaluation	-	(18,036,132)	(18,036,132)
(Deficit) arising on revaluation	1,494,092	(1,494,092)	-
At 31st March 2002	<u>(9,826,292)</u>	<u>25,394,301</u>	<u>15,568,009</u>

20 NOTES TO THE CASHFLOW STATEMENT

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

	2002	2001
	£	£
Operating surplus	831,542	5,990,193
Depreciation charges	4,882,425	3,528,066
(Increase) in debtors	(2,681,372)	(3,416,667)
(Increase) in stock	92,278	(640,256)
Increase in creditors	3,456,278	7,936,712
Profit on sale of tangible fixed assets	(1,056,028)	(2,034,110)
Loss on disposal on improvements to housing properties	3,617,685	-
Operating lease adjustment	(548,129)	-
	<u>8,594,679</u>	<u>11,363,938</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

	2002	2001
	£	£
20 NOTES TO THE CASHFLOW STATEMENT (CONTINUED)		
b Reconciliation of net cash inflow to movement in net debt		
(Reduction)/increase in cash in year	(1,384,923)	344,176
Change in net debt resulting from cash flows	(9,229,542)	(131,389,462)
Change in net debt	<u>(10,614,465)</u>	<u>(131,045,286)</u>
New finance leases	-	-
Net debt at beginning of year	(131,045,286)	-
Net debt at end of year	<u><u>(141,659,751)</u></u>	<u><u>(131,045,286)</u></u>

c Analysis of changes in net debt

	At 31 March 2002	Cash Flows	At 31 March 2001
Cash & investments	(1,040,747)	(1,384,923)	344,176
	<u>(1,040,747)</u>	<u>(1,384,923)</u>	<u>344,176</u>
Debt due within one year	(6,326,951)	(4,037,489)	(2,289,462)
Debt due after one year	(134,292,053)	(5,192,053)	(129,100,000)
	<u>(140,619,004)</u>	<u>(9,229,542)</u>	<u>(131,389,462)</u>
	<u><u>(141,659,751)</u></u>	<u><u>(10,614,465)</u></u>	<u><u>(131,045,286)</u></u>

21 CAPITAL COMMITMENTS

	2002	2001
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>£3,334,030</u>	<u>£3,117,675</u>
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>£15,898,702</u>	<u>£6,709,953</u>

The amount contracted for at 31st March 2002 will be funded from grants and loans approved by local authorities and the Housing Corporation or will be financed from private finance loans. The Board expect the expenditure they have authorised to be fully financed by the local authorities, the Housing Corporation or from private finance loans.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

22 OPERATING LEASE COMMITMENTS		2002	2001
		£	£
At 31st March 2002 annual commitments under non-cancellable operating leases were as follows:			
Within one year or on demand		527,000	808,431

23 PENSIONS

The Trust participates as a contributing member of the Greater Manchester Pension Fund, (administered by Tameside MBC in accordance with the Local Government Pension Fund Regulations). The scheme is a defined benefit scheme providing benefits on final pensionable pay.

The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected unit method of valuation. Assets and liabilities have been identified on a group basis but the split between each individual Company is not available.

The results and assumptions for the Group as at 31st March 2002 are as follows :

Valuation date	31st March 2002
Valuation Method	Projected unit
Value of assets	£33.006 million
Investment Return per annum	6.62%
Salary scale increases per annum	4.30%
Pension increases per annum	2.80%

The Pension contributions made by the Trust in the year to 31st March 2002 totalled £1.219m covering 715 employees (2001 - £1.120 million covering 697 employees). The employers contribution rate was 9.5% of pensionable salary.

From 1st April 2002 the level of employer's contribution will increase to 10.2% of pensionable salary.

Under the transitional requirements of FRS 17, the Trust is required to disclose further information on the assets and liabilities of the scheme on a market value basis as at the 31st March 2002.

This information is set out below :

Actuarial assumptions :

Discount Rate	5.90%
Salary increase rate	4.30%
Pension increase rate	2.80%
Rate of inflation	2.80%

Scheme assets and expected returns for Greater Manchester Pension Fund :

	Value £'000	Expected rate of return
Equities	3,793,633	7.50%
Bonds	1,555,446	5.50%
Property	499,976	6.00%
Cash	494,878	4.00%
Total	6,343,933	6.62%

Value of pension assets and liabilities relating to New Charter Housing Trust Group :

Value of pension liabilities	34,562
Value of pension assets	33,006
Related deferred tax liability	-
Deficit in scheme	1,556

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

24 LEGISLATIVE PROVISIONS

The Trust is registered with the Housing Corporation under the Housing Act 1996 .
Registration LH4265

25 CONTINGENT LIABILITIES

The Fairfield estate in Droylsden was constructed in the 1980's. Tameside MBC is currently pursuing legal action against the sub-contractor who built the estate alleging that sub-standard building materials and techniques were employed. As at 31st March 2002 a number of residents on the estate had initiated legal proceedings against New Charter Housing (North) Ltd claiming poor quality housing. Were New Charter Housing (North) Ltd to be found liable, consideration would be given to the invoking of the indemnity clause within the Transfer Agreement, as a means of recouping some, or all, of any liability.

26 HOUSING STOCK	2002	2001
Dwellings owned and in management:		
General needs	7,082	15,366
Supported housing	444	708
Temporary social housing	8,398	30
	<u>15,924</u>	<u>16,104</u>

27 RELATED PARTY TRANSACTIONS

Tenant Board members are subject to normal commercial terms in their tenancy agreements and gain no advantage from their position on the Board. Council Board members also receive no advantage from their position.

The independent Board members have links with a number of organisations, including North British Housing Association, 'Johnnie' Johnson Housing Trust, Portico Housing Association and Ashton Pioner Homes. Again no advantage is gained from these links.

28 IMPAIRMENT

Under Financial Reporting Standard 11 (FRS 11), the Company is required to perform impairment tests on its housing stock, so that properties are not shown at an amount exceeding their recoverable amount. The impairment review was carried out on income generating units made up of 'Towns' within the New Charter Group and it was considered that no impairment write-off was necessary.