



*Part of the New Charter Housing Trust Group*

**NEW CHARTER HOUSING TRUST LIMITED**

**(Company Number 3807262)**

**REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

## **NEW CHARTER HOUSING TRUST LIMITED**

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## **NEW CHARTER HOUSING TRUST LIMITED**

### **MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS**

#### **Board of Management**

Chair	Gerald Cooney
Vice-Chair	Hamid Ghafoor
Other Directors	Philip Smith ( <i>Tenant</i> ) Jed Hassid ( <i>Co-opted</i> ) Jimmy Burns ( <i>Independent</i> ) Ann Whittam ( <i>Independent</i> ) Aslam Khan ( <i>Independent</i> ) Adam Jacobs ( <i>Independent</i> ) Ian Munro ( <i>Executive</i> ) Joan Ryan ( <i>Independent</i> ) Malcolm Burbridge ( <i>Tenant</i> ) Maria Bailey ( <i>Council</i> )

**Group Chief Executive** Ian Munro

#### **Executive Officers**

Deputy Chief Executive &  
Group Director of Finance Martin Frost

Group Company Secretary &  
Director of Legal Services Danny McLoughlin

**Registered Office** Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
OL6 7AT

**Registered by** **The Tenant Services Authority (LH4265)**

**Auditor** **Baker Tilly UK Audit LLP**  
3 Hardman Street  
Manchester  
M3 3HF

**Internal Auditor**

**Beever & Struthers**  
St Georges House  
215-219 Chester Road  
Manchester  
M15 4JE

**Principal Bankers**

**Cooperative Bank plc**  
PO Box 101  
Balloon Street  
Manchester  
M60 4EP

**Funding Facilities**

**Nationwide Building Society**  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

**Lloyds TSB**  
Faryners House  
25 Monument Street  
London  
EC3R 8BQ

**Royal Bank of Scotland**  
7<sup>th</sup> Floor  
135 Bishopsgate  
London  
EC2M 3UR

**Dexia Public Finance Bank**  
Shackleton House  
4 Battle Bridge Lane  
London  
SE1 2RB

## **REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

The Directors present the financial statements of the Company and Group for the year ended 31<sup>st</sup> March 2009.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company and Group is to provide rented housing. The Group, through its subsidiaries, directly offers a range of housing and related services and significant construction related activity is undertaken by New Charter Building Company. New Charter Housing Trust Limited is a company limited by guarantee.

### **FUTURE DEVELOPMENT**

The Company and Group were established, to receive the transfer of housing stock from Tameside Metropolitan Borough Council and for its management, maintenance and improvement. The Group has since expanded and has 18,603 units, which includes Aksa Housing Association, a BME association based in Oldham and in November 2008 there was a transfer of 3,359 properties from Gedling Council to Gedling Homes, based in Nottinghamshire, which increased the number of social housing units in the Group.

As a consequence of the increase in operational and geographical range of the Group, significant changes were made to the structure and constitutional arrangements. Notably, on 1<sup>st</sup> October 2008, the assets and liabilities of New Charter South were transferred to New Charter North, which subsequently changed its name to New Charter Homes.

The Group has a growth strategy in place which aims to achieve 30,000 homes in management by 2015, by investing in additional new development and identifying future acquisition opportunities. During the year the Group were listed in the Sunday Times top 100 best companies as 52<sup>nd</sup> and would like to improve on this position in the future.

### **REVIEW OF THE YEAR**

In this report we have analysed the strategic objectives and operational plans for each part of the Group and evaluated the impact on the overall objectives and performance targets for the current year. In addition to planned work, we have also taken account of issues emerging around sustaining the growth of the Group. This informs the business planning process and identifies actions required for the corporate plan.

Major issues impacting on the Organisation for the year will remain, managing the delivery of the environmental improvements, the investment programme, continued growth of the Group, (especially with the Gedling stock transfer), partnership developments in terms of procurement, further growth, selling our professional services, work on regeneration initiatives and the ongoing work with New Charter Academy.

During the year the Group reviewed its governance structure, which involved a review of board membership and regulatory reporting requirements. As a result of the review, New Charter South transferred into New Charter North, to create New Charter Homes.

## **(Report of the Board of Management continued)**

The two companies had always operated in the same way as one, so it made sense to account for this as a merger, with all assets and liabilities at book value, therefore operating more effectively.

Our dedication to continuous improvement is being felt by staff and tenants alike. Our annual survey of tenants' perception in January 2009 again showed significant improvement over the previous year. The excellent results helped us to maintain our position at the top of the league for satisfaction levels in large housing associations. Short notice inspections are currently being piloted in a number of Registered Providers (the replacement name for Registered Social Landlords). We continue to review progress against issues raised in our mock inspection (September 2007) for the purpose of continuous improvement and in preparation of any future Audit Commission inspection.

We have received an overall good Tenant Services Authority Assessment (TSA) and we continue to have an excellent relationship with our Lead Regulation Manager. The self assessment against the regulatory code was submitted for 2007/8 in line with our statutory deadlines and we have received satisfactory feedback regarding the layout and content. All relevant Regulatory Statutory Returns have been submitted within statutory timescales and board members will be considering the self assessment for 2008/9 prior to submission.

We continue to manage the impact of the credit crunch and recession, the potential impact on rent increases and the effects of future assumptions in the business plan. Pre tenancy support has been put in place to assist tenants with their financial planning and additional debt and welfare support services have been introduced. We have strict monitoring and control mechanisms in place to manage expenditure and although we are not immune to the current financial climate, we believe our risk is limited. We have not developed any shared ownership properties or properties for sale, interest rates are mainly fixed, so future costs are known and we have a high demand for our rented housing properties.

## **Review of 2008/9 objectives**

The whole Group is now working towards the new Group Mission Statement

**Great Homes,  
Great Neighbourhoods,  
Great People**

Our values have been updated to follow our vision and to reflect our '*From Good to Great*' ethos. These reflect the cultural issues that we seek to foster in the hearts and minds of our employees.

<b>Genuine:</b>	We care that we are being genuine and honest with people.
<b>Respect:</b>	We value people's differences and are considerate to their needs.
<b>Excellence:</b>	We enjoy being the best and encourage innovation to always improve.
<b>Achievement:</b>	We are proud to be a learning organisation and celebrate the personal development of our people.
<b>Together:</b>	We work collectively to achieve the best results.

## **(Report of the Board of Management continued)**

All key strategic objectives have been included in our risk map, in line with our risk management policy. Each area has specific control measures which are regularly monitored by the Group Management Team and the Audit Committee, as well as twice yearly by the Trust Board.

### **Strategic Objectives**

Broad objectives and progress against objectives for the year 2008/09 were as follows:

- We secured the successful transfer of Gedling Borough Council's housing stock to Gedling Homes on 3rd November 2008. The transfer received a positive vote in March 2008 and we received a successful pre-registration visit by the Housing Corporation in June 2008. We secured the most cost effective method of funding for the transfer.
- Opened New Charter Academy in September 2008 with a fully engaged workforce and foundations laid for improved academic performance on existing sites of the predecessor schools.
- We received positive feedback from Ofsted from their pre-registration inspection of the Academy's policies and procedures in July 2008. The Academy opened as scheduled and students and staff are working hard to improve standards. We have now finalised the new building designs and work has already started on the Broadoak site for the new Academy's construction.
- We adopt a detailed development strategy which provides for growth for the Group with specific targeted numbers of newly built/acquired property. The Group's development strategy has been adopted to increase stock levels to 30,000 by 2015. Recent acquisitions include Cavendish Mill and other projects are in progress. We have already achieved 267 new units of accommodation at a cost of £18m with a further 83 units currently being developed at a cost of £12.4m. We have been successful in obtaining grants to the value of £6.3m against these schemes, which has meant a net cost to New Charter of approximately £24m.
- We aim to deliver the existing investment programme by 2010. Progress on the year's investment plan was around 101% for New Charter Homes and around 112% for Gedling Homes (the window and door programme has accelerated and will be closely monitored against the business plan). Most elements are still on target or within tolerance limits.
- We also plan to deliver a strategy for post-2010 investment. Research has been completed to assess priorities for further development work required and consultation has been and will continue to take place to optimise the impact of the funding allowed for in the forward looking business plan. Proposals for the longer term investment plan are being built into long term business plan options. The current level of properties which achieve decent homes is 94%, with the objective to achieve 100% in 2010/11.

## **(Report of the Board of Management continued)**

- The Group reviewed its governance structure during the year and put in place the new structure in September 2008 following the merger of New Charter North and South.
- The Group Deputy Chief Executive and Director of Finance has continued to explore options to access additional resources for existing activities and new development. A number of options have been considered from potential funders and resources are in place to fund existing development commitments. Financial covenants, in line with the funding agreement, for the year have been met and these will be closely monitored to ensure they are adhered to. Whilst there are severe penalties if the financial covenants of the funding agreement are breached, in the current economic climate the impact could be far worse.
- A comprehensive review of the Neighbourhood function was carried out during the year and a revised improved, comprehensive customer focused service will now be delivered. The focus of the Neighbourhood function has been re-defined and a new focused service is being implemented.
- The concept of 'Board Champions' for health and safety and customer service were further developed and in addition to those for homelessness and equality and diversity, have clear roles and responsibilities. The role of our two 'Homeless Champions' has been well developed and they have been actively involved in our overall Homelessness Strategy.
- Our Equality and Diversity Strategy is being reviewed. Our 'Board Champion' has been provided with copies of our strategy and action plan. We continue to develop and seek out best practice in this area and monitor the impact of our interventions.
- The revised vision and values document, relating to work carried out as a consequence of the "Good to Great" sessions and Investors in People feedback, with its related performance management framework, has now been fully implemented.
- Further work continues with groups of managers looking at the different aspects of the "Best Companies" assessment of "One to watch" last year. We have received confirmation that we have been awarded 2 stars which means that they have assessed us as "outstanding". This award is a real demonstration of the way in which all of us working together have succeeded. It shows that not only does New Charter deliver a GREAT service, but that we do it in a way which engages staff positively. This was also recently reinforced by our recognition within the Sunday Times top 100 Best Companies list where we achieved 52<sup>nd</sup> position.
- We have continued to develop and implement an environmental strategy, which includes knowledge of the existing carbon footprint and strategies to reduce it.
- GMT have considered and approved our Environmental Sustainability Strategy, which summarises a policy statement, outlines the wide ranging carbon reduction, fuel poverty reduction and energy efficiency initiatives, "green" product selection, waste management and recycling activities undertaken within the Group, together with future initiatives.



## **(Report of the Board of Management continued)**

- We have continued to review the results of the mock inspection process and implement appropriate responses. All relevant recommendations have been responded to and actions are now in place. This has been validated by the internal auditors, who assessed implementation of the recommendations, in various internal audits of services this year. Key Lines of Enquiry groups have been set up, who are working on cross cutting themes such as value for money, equality and diversity, access and customer care, amongst other areas which are key to the current Audit Commission inspection regime.

## **OPERATIONAL PERFORMANCE**

Improvements to the void process have consistently delivered results, with the total number of void properties steadily reducing. At the end of March 2009, void numbers were at a level of 195 for Homes, 5 for Akxa and 111 for Gedling. Void turnaround times have seen a substantial reduction since April last year. New Charter Homes turnaround times have reduced by 35%. Overall relet times are around 39 days, Gedling is currently at 28.7 days and Akxa 25 days.

The rolling rent collection rate for New Charter Homes has, at 99.49%, exceeded the business plan target of 99.3%, but not quite met the revised internal target of 99.8%. This is excellent performance in the current economic climate. Akxa sits at 100.08% and Gedling currently has a collection rate of 98.48%. At transfer, Gedling Homes inherited from the Council, a system where tenants pay on a fortnightly cycle. Rents are billed weekly. There is, therefore, a permanent level of underlying arrears which is difficult to evaluate. This does not aid recovery and collection performance. We are exploring, through the tenant consultation process, the scope for placing collection on a weekly basis, in line with Group procedures and policies.

The average time taken to complete 'all repairs' is now at 5.53 days in comparison with 5.44 days for the previous year. We are still working on some wider issues including changing the information on works orders to give a more accurate description and target time, which may take a few months to resolve. There has been a significant increase in repair requests this year which is causing some concern as it has had an adverse effect on spend and has affected our overall performance figures with an unusually high demand for routine repairs. This is being monitored very closely by the Property Services team.

Figures for gas servicing, show that 27 properties are 'out of time' with 99.84% of all Trust properties having a valid gas certificate. New Charter Homes has only 11 properties out of date at the end of March, Akxa had no properties out of date and Gedling had 16 properties out of date. This is the lowest figure ever encountered by us. At the end March 2008 New Charter Homes alone had 155 properties out of date.

Every property has had at least 2 visits, in order to discharge our legal responsibilities effectively. Power of entry notices are being served on other properties as appropriate and the Property Services and Legal teams meet regularly to discuss access issues and the need to seek possession, where appropriate.

New Charter Building Company external income targets are on track. Contracts are in place with Bowlee, English Churches (Riverside), Sanctuary Projects, City South, Southway, Greenvale Homes Procurement, TMBC Polling Stations, Manchester Direct Working and Vokera amongst others. They have completed external contracts worth over £11 million against a £4.1 million target, which is the highest ever achievement to date. They have made donations to a number of

## **(Report of the Board of Management continued)**

local charities because of the additional profits generated and have also been successful in terms of building a diversity of clients to support growth such as:

- Hotels – renovation works
- Insurance – flood and fire damage etc.
- Consultancy – in a number of areas
- Suppliers – of materials
- Procurement sales
- Leasing vehicles in addition to base fleet

They also continue to share good practice with organisations across the country.

There has been a significant amount of work carried out in line with the outcomes of the Housing Corporation's (now TSA) response to the Cave review in terms of resident led self regulation. We have supported our tenants and held a number of local "conversations" in line with The TSA's National Conversation. New Charter Homes has now established a Tenant Management Team with clear roles and responsibilities, supporting frameworks and clear reporting structures. This will complement the TSA's themes of "Champion", "Challenge" and "Choice".

## **PERFORMANCE SUMMARY**

We are performing favourably in many important areas to tenants. We continue to focus on improving void turnaround time this coming year and also make further improvements to our repairs processes, to reduce overall response times.

We are currently working on repairs processes with Gedling to improve the flow of information to and from contractors to enable us to accurately report and understand performance.

Other issues worthy of note relating to what we have experienced this year:

- We let 1538 properties compared with 1500 new voids this year in comparison with 1421 lettings compared with 1388 new voids last year.
- We carried out around 2000 more repairs than last year with an increased average cost of around £4 per repair (5.7%).
- We answered 2900 more calls in the repairs centre with reduced staffing levels and still maintained the target of over 90% of calls answered, with tenants on average waiting less time for the call to be answered.
- We have reduced staffing levels by around 2% and results show that tenant satisfaction has still increased.
- We continue to invest in staff training and development and during the year the take up increased by 30%.
- Attendance remains fairly static at 96.3%.
- The number of enquiries dealt with at the New Charter shops, have increased by 5%.
- We received 29% less complaints than last year.
- We take around an additional 20% of telephone calls in comparison with last year. This means that we take over 600,000 telephone calls at core business times per annum.
- We have only 25 disrepair claims pending compared to a previous quarter end, where we had nearly 374 live claims (June 2003).

**(Report of the Board of Management continued)**  
**EMPLOYMENT PRACTICES**

The Group Equality and Diversity Policy has ensured that every reasonable effort is made to ensure that there is no harassment or unjustified discrimination on the grounds of colour, nationality, race, ethnic or national origin, religion, belief, disability, age, gender, gender reassignment, sexual orientation or marital status in the way it treats its employees, contractors, job applicants and visitors.

The Group remains committed to creating a working environment that offers equality of treatment and opportunity for all employees and to provide them with the opportunity to develop their skills and abilities. This applies to all aspects of the Group's working practices and includes the recruitment and selection of employees, terms and conditions of employment, training, salary, work allocation, promotion and disciplinary procedures.

All employees are required to adhere to the Equality and Diversity policy and it is a mandatory requirement that they undergo training and development activities to ensure that they carry out their duties and responsibilities in terms of promoting, developing, implementing and reviewing the policy in the course of their work.

To encourage all sections of the community to seek employment, facilities necessary to offer a welcoming environment and flexible working patterns have been offered, provided that they do not conflict with service delivery. All vacancies are advertised widely and appropriately.

The Group has regularly informed employees of issues relevant to their employment through meetings with Trade Union representatives, the Employee Consultation Forum and through direct means of communication. During the year's trading, the Group has continued to apply its policy on Trade Union recognition and has provided time off for staff to attend Trade Union facilities.

We are committed to ensuring the health, safety and welfare of all employees and others who may be affected by our acts or omissions so far as is reasonably practicable. Works carried out by us, will so far as is reasonably practicable, comply with the requirements of the Health and Safety at Work Act 1974 and other legislation.

**GROUP FINANCIAL REVIEW**

The financial position and results for the year are set out on pages **22** to **51** of these statements.

**Results for the year**

New Charter Group's deficit for the year, before movements in reserves, was **£20.584m** which was within the approved plan. This compares with a deficit of **£15.798m** in the previous year.

The main reasons for the increased deficit were:

- The addition of Gedling Homes to the Group in November 2008.

## **(Report of the Board of Management continued)**

- Additional expenditure on the investment programme expensed through the Income and Expenditure Account.
- Additional expenditure on repairs, maintenance and improvements.

## **Surplus/reserves**

Total reserves as at 31st March 2009 were **£100.590m** (2008 - £87.535m).

These reserves represent accounting surpluses/deficits from previous years, and movements on the valuation of our housing properties. This amount also includes an amount of **£4.321m** negative goodwill due to the acquisition of Aksa Housing Association on 8<sup>th</sup> November 2005. This negative goodwill will be amortised over 50 years, matching the period of future benefits from goodwill.

## **Summary Balance Sheet**

New Charter's Consolidated Balance Sheet as at 31st March 2009 is summarised on page **24** of these financial statements. The key factor affecting the Balance Sheet is the inclusion of our housing stock at valuation (rather than at cost less depreciation). In our view, the valuation approach provides a more relevant and meaningful representation of our financial position. The valuation was carried out by Savills (L&P) Limited, an independent and professionally qualified surveying firm.

New Charter Group is primarily a debt funded organisation and has a facility of £340m to be repaid over 30 years. Funds are drawn down in accordance with the Group business plan which is updated and approved annually. This is made up of facilities for New Charter Homes of £290m, Gedling Homes of £35m and a facility of £14.6m for Aksa.

The financial statements demonstrate a net current asset position of **£76.420m** as at 31<sup>st</sup> March 2009 (2008 – net current liability £746k). This is mainly due to the Development agreement/VAT Shelter relating to Gedling Homes.

The Group has also fully implemented FRS17 which means that the total pension liability of £15.735m (2008 - £8.916m) for New Charter and £129k (2008 – Nil) for Gedling Homes is shown on the face of the Balance Sheet. Aksa is part of a multi employer scheme and the deficit cannot be identified.

## **Cash flows**

New Charter's consolidated cash flows are summarised on page **26**. The principal sources of cash inflows in the year were:

- rental and other income of **£70.707m** (2008 - £59.218m),
- the sale of housing properties under RTB of **£1.040m** (2008 - £2.735m) and
- total drawdown from the Group Loan Facility of **£24.836m** (2008 - £22.600m).

The principal cash outflows were:

- operating costs of **£76.235m** (2008 - £60.337m),
- investment in assets, particularly housing stock, of **£17.261m** (2008 - £15.8m) and
- servicing of debt of **£15.2m** (2008 - £15.8m).

## **(Report of the Board of Management continued)**

The New Charter Group ended the year with cash balances of **£2.171m** (2008 - £1.033m).

### **Capital structure and treasury policy**

The Group's financial strategy is underpinned by a business plan, which has been used to secure long term funding, over a thirty year period, from a syndicate of lenders, with the Nationwide Building Society being the lead lender and facility agent.

The funding profile (amounting in total to a facility for the transfer element of the Group of **£340m**), reflects the fact that in the initial years of the Group, accrued deficits will be recorded, as the repairs, maintenance and improvement programme is undertaken. Thereafter, surpluses are projected thereby enabling the repayment of all outstanding loans.

Long-term borrowings for New Charter for the year-end totalled **£262.681m** (2008 - £239.149m), for Aksa £10.399m (2008 - £9.818m) and Gedling Homes £3.615m.

Close monitoring of the business is exercised by funders, on a Group wide 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 Company's assets and in summary reflects 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 Group wide basis were fully met.

New Charter continues to maintain a risk-averse approach towards the management of its loan portfolio and at the year-end had **91.5%** of its debt on a fixed rate basis, leaving it relatively well protected against potential adverse movements in interest rates.

The Finance Committee agreed a set of treasury policies at the time of the stock transfer. These policies have been reviewed by the Committee during the course of the financial year.

**(Report of the Board of Management continued)**  
**DIRECTORS**

The directors of the Company who served during the year were:

		<u>Appointed</u>	<u>Resigned</u>
Gerald Cooney - Chair	(C)	2 <sup>nd</sup> August 1999	
Julie Hardman	(T)	2 <sup>nd</sup> August 1999	1 <sup>st</sup> October 2008
Jed Hassid	(I)	18 <sup>th</sup> December 2001	1 <sup>st</sup> October 2008
Hamid Ghafoor – Vice-Chair	(I)	18 <sup>th</sup> December 2001	
James Burns	(I)	10 <sup>th</sup> December 2002	
Philip Smith	(T)	8 <sup>th</sup> December 2003	
Desmond Jeffery	(T)	16 <sup>th</sup> December 2003	1 <sup>st</sup> October 2008
Gordon Tow	(C)	8 <sup>th</sup> November 2004	1 <sup>st</sup> October 2008
Martin Wareing	(C)	2 <sup>nd</sup> June 2004	1 <sup>st</sup> October 2008
Ann Whittam	(I)	15 <sup>th</sup> November 2005	
Aslam Khan	(A)	15 <sup>th</sup> November 2005	
Abdul Quayum	(A)	15 <sup>th</sup> November 2005	1 <sup>st</sup> October 2008
Vincent Ricci	(I)	15 <sup>th</sup> August 2006	1 <sup>st</sup> October 2008
Adam Jacobs	(I)	1 <sup>st</sup> October 2008	
Ian Munro	(E)	1 <sup>st</sup> October 2008	
Joan Ryan	(I)	1 <sup>st</sup> October 2008	
Malcolm Burbridge	(T)	1 <sup>st</sup> October 2008	
Maria Bailey	(C)	1 <sup>st</sup> October 2008	

(T = Tenant Director; I = Independent Director; C = Council nominee Director, A = Aksa nominee  
E = Executive)

**AUDITOR**

Baker Tilly UK Audit LLP has indicated its willingness to continue in office. A resolution to reappoint Baker Tilly UK Audit LLP as the Group's auditor will be proposed at the AGM.

## **(Report of the Board of Management continued)**

### **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the surplus or deficit for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company/Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company/Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditor**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**(Report of the Board of Management continued)**  
**Internal Controls**

The Tenant Services Authority (TSA), formerly the Housing Corporation, amended the requirements with regard to the Trust Board's overall responsibilities with regard to matters relating to internal control. The Trust Board, through the Audit committee must be satisfied that measures are in place, which cover such matters as;

- An understanding of internal control
- Prevention of fraud
- Effectiveness of internal control processes and systems
- Understanding of risk and minimisation of exposure without compromising broader objectives
- A regular review of risks facing the Group
- A summary of main policies designed to manage risk
- A summary of the key sources of evidence
- Confirmation that the fraud register has been reviewed
- Confirmation action taken in respect of any significant matters identified and any supervisory action required by the Housing Corporation

To assist in this work the TSA indicates that it would be appropriate for the Board to provide assurance in respect of these matters. This report is designed to provide the foundation for the statement which will need to be included in the Annual Report and accounts.

The Trust Board acts for the whole Group on these matters including New Charter Building Company.

**Group Chief Executive's Statement of Internal Control 2008/9**

No system of internal control can possibly seek to eliminate all risks. The system adopted at New Charter is designed to manage risk insofar as possible given the present understanding of the internal and external risks faced by the Group.

The system is based around a thorough understanding of New Charter's business and operational environment and management of the risk which arises. It includes areas of work which cut across the whole Group structure, including New Charter Homes, Aksa Housing and Gedling Homes. Similar processes for internal controls have been developed for Gedling Homes as they joined the Group structure in November 2008.

There have been no significant changes in levels of risk without concomitant management measures during the course of the year nor have there been any significant failings during the period. There has been no evidence of substantial fraudulent activity.



### **(Report of the Board of Management continued)**

The Group carried out significant constitutional changes during the year and as a consequence has aligned risk and its management much more clearly with overall governance arrangements. Subsidiaries, particularly New Charter Homes, are now more focussed and clearly responsible for their operational areas.

Board members have been actively engaged in understanding and prioritising risk.

### **Mechanisms to provide effective internal control**

I have reviewed the systems and policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2008/9. They can be summarised as follows: -

- The Group has a well-designed and robust business planning process, which clearly sets out business aims and objectives and has outcomes against which progress can be demonstrated. Non-Executive staff and tenants are closely involved in the formulation and approval of the business plan. This has been scrutinised and given a level of full assurance by our internal auditors, Beever and Struthers.
- Boards and Committees have a clear understanding of risk and risk management and have demonstrated a desire to ensure risk management features in all deliberations. We have also reviewed the risk management strategy and relevant risk registers to embed risk management into the day to day management of the business.
- The loan facilities for New Charter Trust, New Charter Homes, Aksa Housing and for Gedling Homes require formal annual approval by funders of the relevant business plans. These approvals were given unconditionally in 2008/9.
- Monitoring of control systems by Audit Committee, Internal Audit and GMT.
- All board reports are required to show a risk evaluation in terms of financial and legal/governance implications.
- Management information and performance control systems are in place to regularly report financial results and other performance indicators to the Group Management Team and to boards. This process has been scrutinised by our internal auditors and has been given a level of full assurance.
- Contract Standing Orders, Financial Regulations and Scheme of Delegations are in place and were reviewed during 2008/9.
- The fraud-register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee meeting. All policies and procedures are programmed for regular review including health and safety and Information Technology Disaster Recovery which now includes business continuity planning.

### **(Report of the Board of Management continued)**

- There is on-going development of a continual improvement culture across the Group.
- Culture of risk awareness developed through individual key work objectives, with performance managed through a regular review process.

### **Process for assessing and managing risk during 2008/9**

- The Audit Committee has continued to meet on a regular basis to consider reports from officers and auditors.
- Membership of the Audit Committee is drawn from across the boards of the Group, including co-opted members and is chaired by an independent director of the Trust Board.
- Internal and External Auditors have unfettered access to Audit Committee members.
- In line with best practice, Audit Committee members hold an annual meeting with Internal and External Auditors in the absence of officers.
- Audit Committee have agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All internal audit reports are presented to Audit Committee who take responsibility for ensuring recommendations are implemented. Internal audit also undertake follow up assignments to ensure compliance, as appropriate.
- Audit Committee are kept informed of developing best practice including Housing Corporation Risk Management Topic Papers.
- Internal audit remains a contracted out service.
- Risk register produced and a revised process for managing the risk appetite introduced to identify, evaluate and manage risks to organisational objectives. Presented to and monitored by Audit Committee.
- Work with external auditors both before and during closure of accounts meant an unqualified opinion was offered.
- Baker Tilly presented their Audit Strategy to the February 2008 Audit Committee which did not identify any additional risk for the Group. Audit Committee considered their 'Audit highlights Memorandum' in August 2008.
- The Tenant Service Authority Regulatory Judgement for the Group places all factors effectively at "green" (although the TSA have stopped using "traffic lights" in their assessments).

## (Report of the Board of Management continued)

- The Tenant Services Authority recognises viability as a key issue and the judgement states that “**The Group meets the expectations set out in the Regulatory Code in terms of financial viability**”. This has been further reinforced by notification that the Judgement is sufficient to not require a formal Annual Viability Review to be undertaken.
- As part of the planning for the entry of Gedling Homes into the Group, external independent validation of the consolidated business plan was carried out by Baker Tilly.
- A number of weaknesses and threats were identified which must be addressed. Within the business planning process:
  - Management cost savings are to be achieved
  - There is a need to tightly control responsive repairs expenditure
  - The investment programme is at risk of cost inflation pressures
- Overall Group exposure as a consequence of the ‘Credit Crunch’ is limited.
  - The Group has not developed any shared ownership or for sale products
  - Interest rates are largely fixed and so costs of borrowing are known and managed over significant periods of time and this approach formed a key feature of the funding facility for Gedling Homes
  - The Building Company viability is managed through ensuring a significant forward order book, which is linked to reducing the reliance upon direct employees to deliver external work
  - Scenario planning well in hand for future disinflation during 2009/10
- Management reports on operational and financial matters have continued to be provided to all relevant boards and committees.
- There has continued to be timely and regular reporting of key business information and performance indicators at management and board meetings.
- Insurance risk remains well managed; retendering during the year saw overall premium fall reflecting a good claims record.
- There has been no instance of substantial fraud during the year. Only one entry, relating to the theft of a door, was made in 2008/9.
- No regulatory or supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.
- The Company has received external accreditation in such areas as
  - Investors in People
  - The Sunday Times top 100 Best Companies - 2 Star – Outstanding Organisation

**(Report of the Board of Management Continued)**

- ROSPA Gold Award
- In a Mock Audit Commission Inspection in September 2007, 2 Star “Good” service with “Promising Prospects for Improvement”
- Gas safe; NICEE FENSA etc. accreditations up to date

This gives an external validation of a variety of controls in place throughout the organisation.

The very few significant compliance weaknesses identified by internal auditors during the course of the year were either promptly attended to or clear plans developed to minimise risk. Of the fifteen reports considered by the Audit Committee, one gave limited, ten were substantial and four were full assurance. A review of the 65 recommendations made during the year showed an implementation rate of 75.2% for the year. Whilst internal audit advice suggests that this is an acceptable level of performance and the actual number of outstanding ‘significant’ recommendations is five, I am taking steps to improve this rate of compliance.

My conclusion is that systems of internal control provide assurance that risk is understood, embedded in the organisation and managed.

There are no areas of exceptional or undue concern within the business.



**I H MUNRO**  
GROUP CHIEF EXECUTIVE  
NEW CHARTER HOUSING TRUST LTD

**25<sup>th</sup> August 2009**

The report of the Board of Management was approved on 25<sup>th</sup> August 2009 and signed by order of the board by:

Mr D O McLoughlin  
Group Company Secretary  
New Charter Housing Trust Limited  
Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
OL6 7AT

**Independent Auditor's Report to the Members of  
New Charter Housing Trust Limited**

We have audited the financial statements on pages 22 to 51.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' 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 Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 (as amended by the Housing Act 2004) and the Accounting Requirements for registered social landlords Determination 2006 and whether the information given in the Report of the Board is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider the implications for our report if we become aware of any apparent misstatements.

**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 directors 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.

**(Independent Auditor's Report continued)**

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 Parent Company's affairs at 31 March 2009 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 Determination 2006; and
- the information given in the report of the board is consistent with the financial statements.

Baker Tilly UK Audit LLP  
Registered Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

**NEW CHARTER HOUSING TRUST LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>2</b>	70,707	59,218
Operating costs	2	(76,235)	(60,337)
<b>Operating (deficit)</b>	<b>2</b>	<u>(5,528)</u>	<u>(1,119)</u>
Surplus on sale of fixed assets	4	671	1,650
<b>Surplus/(deficit) on ordinary activities before interest and taxation</b>		<u>(4,857)</u>	<u>531</u>
Interest receivable and other income	5	58	112
Interest payable and similar charges	6	(15,245)	(15,858)
Other finance costs	6	(454)	(373)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>7</b>	<u>(20,498)</u>	<u>(15,588)</u>
<b>TAXATION</b>			
Taxation on ordinary activities	10	(86)	(210)
<b>DEFICIT FOR THE YEAR</b>		(20,584)	(15,798)
<b>DESIGNATED RESERVE</b>	<b>18</b>	261	(1,216)
<b>REVENUE DEFICIT BROUGHT FORWARD</b>		(80,957)	(63,943)
<b>REVENUE DEFICIT CARRIED FORWARD</b>		<u><u>(101,280)</u></u>	<u><u>(80,957)</u></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE GROUP**

Deficit for the financial year		(20,584)	(15,798)
Actuarial loss recognised in the pension scheme	22	<u>(6,819)</u>	<u>9,645</u>
Total recognised deficit relating to the period	22	<u>(27,403)</u>	<u>(6,153)</u>
<b>Total recognised surplus/(deficit) recognised since last annual report</b>		<b>(27,403)</b>	<b>(6,153)</b>
Unrealised surplus on the revaluation of properties		42,013	21,834
Total recognised gains and losses for the year		<u><u>14,610</u></u>	<u><u>15,681</u></u>

**NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE GROUP**

Deficit on ordinary activities before taxation		(20,498)	(15,588)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		(229)	(20)
Historical cost deficit on ordinary activities before taxation		<u><u>(20,727)</u></u>	<u><u>(15,608)</u></u>

All of the above results derive from continuing operations.

The notes on pages 27 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LTD**

**COMPANY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDING 31 MARCH 2009**

		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>2</b>	22,440	20,329
Operating costs	2	(23,014)	(20,543)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		<hr style="width: 100%; border: 0.5px solid black;"/> (574)	<hr style="width: 100%; border: 0.5px solid black;"/> (214)
Interest receivable and other income	5	4	11
Interest payable and similar charges	6	(104)	(114)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<hr style="width: 100%; border: 0.5px solid black;"/> (674)	<hr style="width: 100%; border: 0.5px solid black;"/> (317)
<b>TAXATION</b>			
Taxation on ordinary activities	10	-	(28)
<b>DEFICIT FOR THE YEAR</b>		<hr style="width: 100%; border: 0.5px solid black;"/> (674)	<hr style="width: 100%; border: 0.5px solid black;"/> (345)
<b>ACCUMULATED DEFICIT BROUGHT FORWARD</b>		(995)	(650)
<b>REVENUE DEFICIT CARRIED FORWARD</b>		<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> (1,669)	<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> (995)

All of the above results derive from continuing operations.

NB: Where there have been no other recognised surpluses or deficits apart from those included in the income and expenditure account, the requirement of FRS 3 can be met by disclosing the fact on the income and expenditure account statement.

The notes on pages 27 to 51 form an integral part of the financial statements.



**NEW CHARTER HOUSING TRUST LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 MARCH 2009**

		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS</b>			
Tangible assets - housing properties	<b>11</b>	381,374	338,628
		<u>381,374</u>	<u>338,628</u>
Other tangible assets	<b>12</b>	13,747	12,852
		<u>395,121</u>	<u>351,480</u>
<b>CURRENT ASSETS</b>			
Stock	<b>13</b>	735	381
Debtors	<b>14</b>	20,958	7,568
Debtors due after more than one year - Development Agreement	<b>14</b>	65,135	
Cash at bank and in hand		2,171	1,033
		<u>88,999</u>	<u>8,982</u>
<b>CREDITORS</b>			
Amounts falling due within one year	<b>15</b>	<u>(12,578)</u>	<u>(9,727)</u>
<b>NET CURRENT LIABILITIES</b>		76,421	(745)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>471,542</u>	<u>350,735</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	<b>16</b>	278,021	254,284
<b>PROVISION FOR LIABILITIES AND CHARGES</b>		<b>16</b>	77,196
<b>PENSIONS LIABILITY</b>		<b>22</b>	15,735
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve	<b>18</b>	196,005	157,670
Designated reserve	<b>18</b>	3,394	3,891
Revenue reserve	<b>18</b>	(87,395)	(69,525)
Pension liability reserve	<b>22</b>	(15,735)	(8,916)
Negative goodwill	<b>18</b>	4,321	4,415
		<u>100,590</u>	<u>87,535</u>
		<u>471,542</u>	<u>350,735</u>

The financial statements on pages 22 to 51 were approved by the Board of directors and authorised for issue on the 25th August 2009 and were signed on its behalf by:

G Cooney (Chair)  
Director

The notes on pages 27 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LIMITED**

**COMPANY BALANCE SHEET**

**AS AT 31 MARCH 2009**

		2009		2008
		£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Other tangible assets	12		<u>3,469</u>	<u>3,568</u>
			3,469	3,568
<b>CURRENT ASSETS</b>				
Debtors	14	4,889		8,261
Cash at Bank		<u>(2,900)</u>		<u>(2,305)</u>
		1,989		5,956
<b>CREDITORS</b>				
Amounts falling due within one year	15	<u>(5,245)</u>		<u>(8,637)</u>
<b>NET CURRENT LIABILITIES</b>				
			(3,256)	(2,681)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
			<u>213</u>	<u>887</u>
<b>CREDITORS</b>				
Amounts falling due after more than one year	16		(1,882)	(1,882)
<b>NET LIABILITIES</b>				
			<u>(1,669)</u>	<u>(995)</u>
<b>CAPITAL AND RESERVES</b>				
Revenue reserve		<u>(1,669)</u>		<u>(995)</u>
			(1,669)	(995)
			<u>(1,669)</u>	<u>(995)</u>

The financial statements on pages 22 to 51 were approved by the Board on the 25th August 2009 and were signed on its behalf by:

G Cooney  
Director

(Chair)

The notes on pages 27 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LIMITED**

**GROUP CASHFLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2009**

		2009		2008
	£'000	£'000	£'000	£'000
<b>NET CASH OUTFLOW/INFLOW FROM OPERATING ACTIVITIES</b>	<b>19</b>	<b>(3,707)</b>		<b>7,977</b>
 <b>RETURNS ON INVESTMENTS AND SERVICING FINANCE</b>				
Interest received	57		113	
Interest paid	<u>(15,245)</u>		<u>(15,858)</u>	
		<b>(15,188)</b>		<b>(15,745)</b>
<b>TAXATION</b>		<b>(179)</b>		<b>(210)</b>
 <b>CAPITAL EXPENDITURE</b>				
Developments, improvements and other capital works	(8,590)		(19,180)	
Other capital expenditure	<u>(275)</u>		<u>(386)</u>	
	<b>(8,865)</b>		<b>(19,566)</b>	
Sale of housing properties	<b>4</b>	<u>1,040</u>	<u>2,735</u>	
		<b>(7,825)</b>		<b>(16,831)</b>
<b>CASHFLOW BEFORE FINANCING</b>		<b>(26,899)</b>		<b>(24,809)</b>
 <b>FINANCING</b>				
Loan advances received		24,836	22,600	
Grant received		<u>3,201</u>	<u>628</u>	
		<b>28,037</b>		<b>23,228</b>
<b>INCREASE/(DECREASE) IN CASH</b>		<u><u>1,138</u></u>		<u><u>(1,581)</u></u>

The notes on pages 27 to 51 form an integral part of the financial statements.

## NEW CHARTER HOUSING TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2009

#### I 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" updated in 2008. A summary of the significant 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.

##### **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 Homes Limited - New Charter South was transferred into New Charter North, it changed its name and became New Charter Homes. This has been accounted for as a merger, as both companies operate as one, with all assets and liabilities at book value.

Gedling Homes Limited - acquired by the Group in November 2008.

New Charter Building Company Limited

Aksa Housing Association Limited - acquired by the Group in November 2005.

##### **Turnover**

The majority of Company turnover is generated from Rental and Service Charge income which is exempt from VAT and recognised in the Income and Expenditure account in the year that it relates to. Income is also generated from a Supporting People contract with Tameside MBC, where income is received monthly and a home contents insurance scheme, where tenants are charged weekly. External income generated by the New Charter Building Company is also consolidated into these accounts in the period that it is earned.

##### **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. Future improvement commitments are taken into account and properties under construction are held at cost. Major repairs to properties of a capital nature which will result in an increase in the

##### **Capitalisation Policy**

A revised Capitalisation Policy has been adopted by the Group in line with FRS15 and the revised SORP. The Capitalisation Policy includes the capitalisation of roofs, doors and windows, with the balance being expended through the Income and Expenditure Account. Major repairs to properties of a capital nature which will result in an increase in the net rental income over the life of the

##### **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)

## NEW CHARTER HOUSING TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2009

#### 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 that 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 grants 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 of a property it is shown under the disposal proceeds fund and recycled 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.

#### 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
Plant & machinery	5 years
Office furniture & equipment	5 years
Computer equipment - infrastructure	5 years
Computer equipment - new acquisitions	5 years
Computer equipment - other	2 years
Leasehold premises	Over life of lease

#### Loss on Disposal on Improvements to Housing Properties

As the improvement programme progresses, components that existed at transfer, are now being replaced at nil proceeds. The resultant loss on disposal has been written off to the Income and Expenditure account in the year of disposal.

#### Pension Costs

The Trust operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 20. Contributions from the Group and participating employees are paid into an independently administered fund. These payments are made in accordance with the triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contributions.

Defined benefit schemes are funded, with the assets held separately from the Group in separate trustee administered funds. A liability is recognised in the Balance Sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of the plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

#### Provisions

Provisions are made to the extent that the Trust has no discretion to avoid the expenditure provided for and has identified that there will be a potential liability in the near future.

#### Revaluation Reserve

The revaluation reserve represents the cumulative changes in valuation of housing properties which is updated annually.

## **NEW CHARTER HOUSING TRUST LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2009**

#### **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. Gedling Homes has a VAT shelter, which means that costs incurred in relation to VAT, are fully recoverable.

#### **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, as the clawback agreement with Tameside MBC ended on 31st March 2005.

#### **Bad and Doubtful Debts**

The Group 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. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### **Long Term Contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated as cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen.

#### **Deferred Taxation**

Provision is made for deferred taxation, using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise. It is accounted for on a non discounted basis.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the revenue of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences occur. Revenue based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

#### **Negative Goodwill**

An amount of Negative Goodwill is held on the balance sheet, which arose following the acquisition of Aksa Housing Association in November 2005. This is to be amortised over 50 years.

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**GROUP**

**2 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

	2009			2008		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
<b>Income and expenditure from social housing lettings</b>						
Housing accommodation	58,300	65,286	(6,986)	49,039	53,561	(4,522)
	<u>58,300</u>	<u>65,286</u>	<u>(6,986)</u>	<u>49,039</u>	<u>53,561</u>	<u>(4,522)</u>
<i>See Note 3 for further detail.</i>						
<b>Other income and expenditure from social housing lettings</b>						
Garages rental	632	76	556	614	87	527
Supporting People Contract Income	771	58	713	1,187	-	1,187
Home contents insurance scheme	115	111	4	114	117	(3)
Other activities	3	136	(133)	1,486	333	1,153
	<u>1,521</u>	<u>381</u>	<u>1,140</u>	<u>3,401</u>	<u>537</u>	<u>2,864</u>
<b>Other income and expenditure from non social housing lettings</b>						
Building company	10,886	10,568	318	6,778	6,239	539
	<u>70,707</u>	<u>76,235</u>	<u>(5,528)</u>	<u>59,218</u>	<u>60,337</u>	<u>(1,119)</u>

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31ST MARCH 2009**

**COMPANY**

**2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

	2009			2008		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
<b>INCOME</b>						
Intercompany recharges	20,724			19,010		
Supporting People Contract Income	463			411		
Other income	1,253			908		
	<u>22,440</u>			<u>20,329</u>		
<b>EXPENDITURE</b>						
Management overheads						
Employee costs		14,502			13,462	
Employee related expenses		716			518	
Insurance costs		1,420			1,324	
Premises costs		1,080			703	
Transport costs		335			354	
Supplies & services		4,418			3,521	
Agency & contracted services		-			-	
Central support charges		93			98	
Intercompany recharges		33			31	
Depreciation of assets		374			537	
Bank charges		43			(5)	
Overheads		<u>23,014</u>			<u>20,543</u>	
Operating surplus			<u>(574)</u>			<u>(214)</u>



**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

GROUP	2009			2008		
	General needs	Temporary social	Total	General needs	Temporary social	Total
3 INCOME FROM SOCIAL HOUSING LETTINGS	£'000	£'000	£'000	£'000	£'000	£'000
Gross rent receivable (net of service charges)	50,889	255	51,144	44,171	148	44,319
Charges for Support Services	784	-	784	602	-	602
Service charges receivable	3,696	368	4,064	3,030	171	3,201
Gross rents and service charges receivable	<u>55,369</u>	<u>623</u>	<u>55,992</u>	<u>47,803</u>	<u>319</u>	<u>48,122</u>
Other income	2,308	-	2,308	917	-	917
Turnover from social housing lettings	<u>57,677</u>	<u>623</u>	<u>58,300</u>	<u>48,720</u>	<u>319</u>	<u>49,039</u>

**EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES**

Management	25,495	303	25,799	17,438	379	17,817
Services	579	-	579	545	-	545
Routine maintenance	14,923	-	14,923	14,831	53	14,884
Planned maintenance	1,147	-	1,147	960	-	960
Major repairs expenditure	15,046	-	15,046	11,938	-	11,938
Rent losses from bad debts	903	6	909	475	2	477
Depreciation of housing properties	6,329	49	6,378	5,774	22	5,796
Loss on investment programme disposals	121	-	121	694	-	694
Depreciation of other assets	385	-	385	450	-	450
Operating costs on social housing lettings	<u>64,928</u>	<u>358</u>	<u>65,286</u>	<u>53,105</u>	<u>456</u>	<u>53,561</u>
Operating (deficit)/surplus on social housing lettings	<u>(7,251)</u>	<u>265</u>	<u>(6,986)</u>	<u>(4,385)</u>	<u>(137)</u>	<u>(4,522)</u>
Rent loss from voids	<u>(742)</u>	<u>(48)</u>	<u>(789)</u>	<u>(933)</u>	<u>(39)</u>	<u>(971)</u>

Service Charge income is fully eligible for Housing Benefit.

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>4 SURPLUS ON SALE OF FIXED ASSETS</b>		
Proceeds of sale	1,040	2,735
Cost of sales (including amount due to Tameside MBC)	(369)	(1,085)
Surplus on disposal of assets	<u>671</u>	<u>1,650</u>

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>5 INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank interest receivable	58	112
	<u>58</u>	<u>112</u>

<b>COMPANY</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank interest receivable	4	11
	<u>4</u>	<u>11</u>

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>6 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans	15,245	15,858
Other Finance Costs	454	373
	<u>15,699</u>	<u>16,231</u>

<b>COMPANY</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans	104	114
	<u>104</u>	<u>114</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Is stated after charging:		
Depreciation	7,137	6,786
Auditors remuneration (inc VAT)		
- in their capacity as auditors	40	63
Internal Audit Costs	21	21
Deficit on disposal of items replaced as part of investment programme	121	694
Charitable Donation	843	1,428
Operating lease charges	6	7
Amortisation of Negative Goodwill	94	94
 <b>COMPANY</b>	 <b>2009</b>	 <b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Is stated after charging:		
Depreciation	374	537
Auditors remuneration (inc VAT)		
- in their capacity as auditors	8	2
Internal Audit Costs	12	25
	<u>          </u>	<u>          </u>

**GROUP**

**8 DIRECTORS EMOLUMENTS**

The remuneration paid to the Group Management Team, (GMT) and members of the Boards of Management was:

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>          953</u>	<u>          860</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions, but inc NIC's and benefits in kind)	<u>          196</u>	<u>          194</u>

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

	Number	Number
£60,001 - £70,000	-	-
£70,001 - £80,001	-	-
£80,001 - £90,001	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	2
£120,001 - £130,000	-	-
£130,001 - £140,000	1	2
£160,001 - £170,000	-	-
£190,000 - £200,000	1	1
	<u>          5</u>	<u>          7</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>8</b>	<b>DIRECTORS EMOLUMENTS (CONTINUED)</b>	<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
	Aggregate amount of highest paid director's pension	<u>31</u>	<u>28</u>

The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates

Remuneration and expenses payable to members of the Board who were neither officers nor employees of the Company	<b>£'000</b>	<b>£'000</b>
	<u>-</u>	<u>212</u>

**COMPANY**

**DIRECTORS EMOLUMENTS**

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
	<u>686</u>	<u>657</u>

The remuneration paid to the Group Management Team, (GMT) and members of the Boards of Management was:

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>714</u>	<u>697</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions, but inc. NIC's and benefits in kind)	<u>196</u>	<u>194</u>

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

	Number	Number
£70,001 - £80,001	-	-
£80,001 - £90,001	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	1
£140,001 - £150,000	-	-
£160,001 - £170,000	-	-
£170,000 - £180,000	-	-
£180,000 - £190,000	-	-
£190,000 - £200,000	1	1
	<u>5</u>	<u>5</u>
Aggregate amount of highest paid director's pension	<u>£31,042</u>	<u>£28,050</u>

The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates.

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

Remuneration and expenses payable to members of the Board who were neither officers nor employees of the Company.

<b>£000</b>	<b>£000</b>
198	166
<u>198</u>	<u>166</u>

**9 EMPLOYEE INFORMATION**

	<b>2009</b>	<b>2008</b>
	Number	Number
The average number of persons employed during the year		
Management and administration	74	63
Financial services	62	56
Strategic housing services	302	297
Corporate & administrative services	126	147
Manual	59	57
Direct labour	203	206
	<u>826</u>	<u>827</u>
Full time	708	702
Part time	118	125
	<u>826</u>	<u>827</u>

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	19,915	18,313
Social security costs	1,477	1,402
Other pension costs	3,430	3,041
	<u>24,822</u>	<u>22,756</u>

**COMPANY**

**EMPLOYEE INFORMATION**

	<b>2009</b>	<b>2008</b>
The average number of persons employed during the year		
Management	5	6
Financial services	51	54
Strategic housing services	299	294
Corporate & administrative services	126	120
Manual	59	57
	<u>540</u>	<u>531</u>
Full time	424	419
Part time	116	112
	<u>540</u>	<u>531</u>

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	11,583	10,745
Social security costs	841	822
Other pension costs	1,961	1,775
	<u>14,385</u>	<u>13,342</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>		
<b>a Analysis of tax charge in the year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year	86	210
Adjustments in respect of prior periods	-	-
	<u>86</u>	<u>210</u>
<b>Deferred tax</b>		
Origination /reversal of timing difference	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax</b>	<u>86</u>	<u>210</u>

**b Factors affecting tax charge for the year**

The tax assessed is higher than the standard rate of corporation tax in the UK which is 28% (2008 - 30%). The differences are explained below :

	<b>£000</b>	<b>£000</b>
Deficit on ordinary activities before tax	(18,083)	(15,588)
Current tax at 28% (2008 - 30%)	(5,063)	(4,676)
Effects of:		
Expenses not deductible for tax purposes	7	309
Capital allowances for period in excess of depreciation	26	(192)
Effects of tax free income due to charitable activities	-	(331)
Non qualifying depreciation	1,433	1,473
Adjustment to tax charge in respect of prior periods	(2)	-
Excess of taxable profits over book profits on sale of properties	(13)	496
Creation of tax losses not recognised	3,698	3,131
<b>Current tax charge</b>	<u>86</u>	<u>210</u>

A potential deferred tax asset of £14,186,585 (2008 - £10,216,132) in respect of accelerated capital allowances has not been recognised due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

<b>COMPANY</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>		
<b>a Analysis of tax charge in the year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year/period	-	28
	<u>-</u>	<u>28</u>
<b>Deferred tax</b>		
Origination /reversal of timing difference	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax</b>	<u>-</u>	<u>28</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**TAXATION ON SURPLUS ON ORDINARY ACTIVITIES (CONTINUED)**

**b Factors affecting tax charge for the year**

The tax assessed is higher than the standard rate of corporation tax in the UK which is 28% (2008 - 30%). The differences are explained below :

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Deficit on ordinary activities before tax	(674)	(317)
Current tax at 28% (2008 - 30%)	(189)	(95)
Effects of:		
Expenses not deductible for tax purposes	4	117
Capital allowances for period in excess of depreciation	3	(154)
Non qualifying depreciation	16	-
CGT accounts profit on non qualifying properties	-	-
Adjustment to tax charge in respect of prior periods	-	160
Prior Year Adjustment	13	-
Deferred tax movement	-	-
<b>Current tax charge</b>	-	28

A potential deferred tax asset of £365,376 (2008 - £248,754) in respect of accelerated capital allowances has not been recognised due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

GROUP

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £'000	Under Construction £'000	Total £'000
<b>As at 1st April 2008</b>	334,988	3,640	338,628
Additions in year:			
Improvements	1,068	-	1,068
Completed	4,982	(2,071)	2,911
Under construction	-	8,465	8,465
Revaluation	32,543	-	32,543
Disposals	(705)	-	(705)
At 31st March 2009	<u>372,876</u>	<u>10,034</u>	<u>382,910</u>
<b>LESS GRANT FUNDING</b>			
At 1st April 2008	-	-	-
Completed schemes in year	-	-	-
Received during the year	(1,665)	(264)	(1,929)
Disposals	1,665	-	1,665
At 31st March 2009	<u>-</u>	<u>(264)</u>	<u>(264)</u>
<b>LESS SOCIAL HOUSING GRANT</b>			
At 1st April 2008	-	-	-
Completed schemes in year	-	-	-
Received during the year	-	(1,272)	(1,272)
Disposals	-	-	-
At 31st March 2009	<u>-</u>	<u>(1,272)</u>	<u>(1,272)</u>
<b>LESS DEPRECIATION</b>			
At 1st April 2008	-	-	-
Charge for year	(6,493)	-	(6,493)
Disposals	2	-	2
Revaluation	6,491	-	6,491
At 31st March 2009	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET BOOK VALUE AT 31 MARCH 2009</b>	<u>372,876</u>	<u>8,498</u>	<u>381,374</u>
<b>NET BOOK VALUE AT 31 MARCH 2008</b>	<u>334,988</u>	<u>3,640</u>	<u>338,628</u>

Improvement expenditure capitalised is £1.068m, expensed as revenue £15.046m. Total expenditure £16.114m.

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

	£000	£000	£000
Historic cost	186,719	8,498	195,216
Depreciation	(6,493)	-	(6,493)
Revaluation reserve	192,651	-	192,651
	<u>372,876</u>	<u>8,498</u>	<u>381,374</u>

A valuation was performed in the year by Savills (L&P) Ltd, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2009.



**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**GROUP**

**12 FIXED ASSETS - OTHER TANGIBLE ASSETS**

	<b>Freehold Premises £'000</b>	<b>Leasehold Premises £'000</b>	<b>Plant &amp; Machinery £'000</b>	<b>IT Equipment £'000</b>	<b>Furniture &amp; Equipment £'000</b>	<b>Other Assets £'000</b>	<b>Total £'000</b>
<b>COST</b>							
At 1st April 2008	13,033	1,220	242	9,679	197	429	24,800
Additions in year	1,390	-	-	275	-	-	1,665
Disposals	-	-	-	-	-	-	-
At 31st March 2009	14,423	1,220	242	9,954	197	429	26,465
<b>DEPRECIATION</b>							
At 1st April 2008	1,612	437	242	9,054	174	429	11,948
Charge for year	375	63	-	327	5	-	770
Disposals	-	-	-	-	-	-	-
At 31st March 2009	1,987	500	242	9,381	179	429	12,718
<b>NET BOOK VALUE</b>							
<b>At 31st March 2009</b>	12,436	720	-	573	18	-	13,747
<b>NET BOOK VALUE</b>							
<b>At 31st March 2008</b>	11,421	783	-	625	23	-	12,852

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**COMPANY**

**FIXED ASSETS - OTHER TANGIBLE ASSETS**

	<b>Freehold Premises £'000</b>	<b>Leasehold Premises £'000</b>	<b>Plant &amp; Machinery £'000</b>	<b>IT Equipment £'000</b>	<b>Furniture &amp; Equipment £'000</b>	<b>Other Assets £'000</b>	<b>Total £'000</b>
<b>COST</b>							
At 1st April 2008	3,340	-	-	9,580	21	429	13,370
Additions in year	-	-	-	275	-	-	275
Disposals	-	-	-	-	-	-	-
At 31st March 2009	<u>3,340</u>	<u>-</u>	<u>-</u>	<u>9,855</u>	<u>21</u>	<u>429</u>	<u>13,645</u>
<b>DEPRECIATION</b>							
At 1st April 2008	387	-	-	8,966	21	429	9,803
Charge for year	58	-	-	316	-	-	374
Disposals	-	-	-	-	-	-	-
At 31st March 2009	<u>445</u>	<u>-</u>	<u>-</u>	<u>9,282</u>	<u>21</u>	<u>429</u>	<u>10,177</u>
<b>NET BOOK VALUE</b>							
At 31st March 2009	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>573</u>	<u>-</u>	<u>-</u>	<u>3,468</u>
<b>NET BOOK VALUE</b>							
At 31st March 2008	<u>2,953</u>	<u>-</u>	<u>-</u>	<u>615</u>	<u>-</u>	<u>-</u>	<u>3,568</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>GROUP</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>13 STOCK</b>			
Raw materials and consumables		735	381
		<u>735</u>	<u>381</u>
<b>GROUP</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>14 DEBTORS</b>			
Arrears of rent and service charges		5,456	4,399
less Provision for bad and doubtful debts		<u>(2,892)</u>	<u>(2,436)</u>
		2,564	1,963
Housing benefit overpayments		437	481
less Provision for bad and doubtful debts		<u>(428)</u>	<u>(241)</u>
		9	240
Rechargeable repairs		1,759	1,687
less Provision for bad and doubtful debts		<u>(916)</u>	<u>(844)</u>
		843	843
Trade Debtors		426	1,311
less Provision for bad and doubtful debts		<u>-</u>	<u>(18)</u>
		426	1,293
Staff Car Loans		4	5
Prepayments and accrued income		2,016	1,772
Other debtors		15,102	1,454
		<u>17,122</u>	<u>3,226</u>
<b>Total due within one year</b>		<u><u>20,964</u></u>	<u><u>7,568</u></u>
Debtors due after more than one year		65,135	-
<b>Total due after more than one year</b>		<u><u>86,093</u></u>	<u><u>7,568</u></u>

The debtor due after more than one year represents £66,065m obligation to have refurbishment work carried out to the properties transferred to Gedling House net of £12.060m budgeted to be spent 2009-2010 shown within other debtors. Gedling Borough Council entered into a contract with Gedling Homes for the Company to carry out these improvement works on its behalf. Essentially the 'benefit' (commitment owed) to the Company under the contract has created a debtor which is effectively offset by the provision stated in note 17.

The debtor will reduce as the Company completes the contracted work.

Rent and service charge arrears, net of provision for bad and doubtful debts, represents 4.58% (2008 - 4.08%) of the annual rent and service charge receivable.

<b>COMPANY</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>
<b>14 DEBTORS</b>			
Amount due from subsidiary undertakings		4,297	7,311
Staff car loans		4	5
Prepayments and accrued income		172	250
Other debtors		415	695
		<u>4,888</u>	<u>8,261</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>GROUP</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>15 CREDITORS - Amounts falling due within one year</b>		
Trade creditors	5,269	4,048
Accruals for properties under construction	132	416
Repairs and maintenance accruals	1,181	730
Other taxation and social security	2,094	1,488
Accruals and deferred income	3,110	2,398
Rent and service charges paid in advance	792	647
	<u>12,578</u>	<u>9,727</u>

<b>COMPANY</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>CREDITORS - Amounts falling due within one year</b>		
Amount due to Group undertakings	3,438	6,690
Trade creditors	948	943
Other taxation and social security	552	744
Accruals and deferred income	307	260
	<u>5,245</u>	<u>8,637</u>

<b>GROUP</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>16 CREDITORS - Amounts falling due after more than one year</b>		
Housing and development loans	273,492	248,967
Funds held on behalf of Oldham Housing Investment Partnership	84	84
Disposal Proceeds Fund	3,342	3,188
Obligations under finance leases	1,103	2,045
	<u>278,021</u>	<u>254,284</u>

<b>Provision for Liabilities and Charges</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Development Agreement (VAT Shelter) with Gedling Borough Council	77,196	-
	<u>355,216</u>	<u>254,284</u>

The provision for the development agreement/VAT Shelter represents the best estimate of the costs of contracted works for the repair and improvement of transferred properties incurred under the Development Agreement. The provision will be utilised as the works are actually completed.

<b>COMPANY</b>		
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>CREDITORS - Amounts falling due after more than one year</b>		
Housing and development loans	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**GROUP**

**17 LOANS**

The housing loans are drawn down from total facilities of £290m and are secured by a fixed charge over the Company's housing properties and other assets. The loan currently outstanding under facility A bears interest at an average rate of 5.74%. Within 'loans payable in more than five years', there is a drawing of £52.55m under facility B bearing interest at an average rate of 4.89%. Where possible rates will be fixed to minimise financial risk.

Gedling Homes housing loans are drawn from total facilities of £35m.

Aksa housing loans are drawn from total facilities of £14.6m .

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Housing Loans by instalments</b>	<b>Housing Loans by instalments</b>
In more than five years	263,092	239,149
	<u>263,092</u>	<u>239,149</u>

**Borrowing facilities**

Undrawn committed borrowing facilities at 31st March 2009 (New Charter) were £30.350m (2008 - £50.850m). The total facility is £290m

Undrawn committed borrowing facilities at 31st March 2009 (Aksa) were £4m (2008 - £800k). Increased facility to £14.6m

Undrawn committed borrowing facilities at 31st March 2009 (Gedling) were £31.385m. New facility of £35m November 2008

**COMPANY**

**LOANS**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
	<b>Housing Loans by instalments</b>	<b>Housing Loans by instalments</b>
In more than five years	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

The amount due in more than five years relates to loans made to New Charter Housing Trust Limited, £1,882,099 (2008 - £1,882,099) from New Charter Homes. The loans are at a fixed interest rate of 5.54% and are repayable in a maximum period of 30 years.

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**GROUP**

**18 RESERVES**

	<b>Pension Deficit</b>	<b>Negative Goodwill</b>	<b>Revenue</b>	<b>Designated</b>	<b>Revaluation</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
As at 1st April 2008	(8,916)	4,415	(69,525)	3,891	157,670	87,535
Deficit for the year	(360)	-	(22,044)	-	-	(22,404)
Revaluation	-	-	3,914	-	38,335	42,249
Designated Reserve	-	-	261	(497)	-	(236)
Actuarial losses	(6,459)	-	-	-	-	(6,459)
Negative Goodwill	-	(94)	-	-	-	(94)
At 31st March 2009	<u>(15,735)</u>	<u>4,321</u>	<u>(87,395)</u>	<u>3,394</u>	<u>196,005</u>	<u>100,591</u>

Designated reserves are held for the cost of replacement assets on behalf of Aksa Housing Association Limited.

	<b>2009 £'000</b>	<b>2008 £'000</b>
Revenue reserve excluding pension liability	116,326	96,451
Pension asset liability	(15,735)	(8,916)
Revenue reserve including pension liability	<u><b>100,591</b></u>	<u><b>87,535</b></u>

**COMPANY**

**18 RESERVES**

	<b>2009 £'000</b>	<b>2008 £'000</b>
As at 1st April 2008	(995)	(650)
Deficit for the year	(674)	(345)
At 31st March 2009	<u><b>(1,669)</b></u>	<u><b>(995)</b></u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**19 NOTES TO THE CASHFLOW STATEMENT**

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

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Operating deficit	(5,528)	(1,119)
Depreciation charges	7,137	6,786
(Increase) in debtors	(78,525)	(2,010)
(Increase)/Decrease in stock	(354)	-
Increase in creditors	73,442	3,626
Loss on disposal on improvements to housing properties	121	694
Net cashflow outflows/inflow from operating activities	<u>(3,707)</u>	<u>7,977</u>

b Reconciliation of net cash inflow/outflow to movement in net debt

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease) in cash in year	1,138	(1,581)
Change in net debt resulting from cash flows	(17,143)	(23,974)
Change in net debt	<u>(16,005)</u>	<u>(25,555)</u>
New finance leases	-	-
Net debt at beginning of year	(251,872)	(226,317)
Net debt at end of year	<u>(267,877)</u>	<u>(251,872)</u>

c Analysis of changes in net debt

	<b>At 31st March</b>	<b>Cash Flows</b>	<b>At 31st March</b>
	<b>2009</b>	<b>£'000</b>	<b>2008</b>
	<b>£'000</b>		<b>£'000</b>
Cash and cash equivalents	2,171	1,138	1,033
	<u>2,171</u>	1,138	1,033
Debt due within one year	-	1,391	(1,391)
Debt due after one year	(270,048)	(18,534)	(251,514)
	<u>(270,048)</u>	(17,143)	<u>(252,905)</u>
Net debt at end of year	<u>(267,877)</u>	(16,005)	<u>(251,872)</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<b>20 CAPITAL COMMITMENTS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	-	2
Capital expenditure that has been authorised by the Board of Management , but has not yet been contracted for	-	333

The amount contracted for at 31st March 2009 will be funded from any grants and loans approved by local authorities and the Homes and Communities Agency 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 Homes and Communities Agency or from private finance loans.

<b>21 OPERATING LEASE COMMITMENTS</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
At 31st March 2009 annual commitments under non-cancellable operating leases were as follows:	-	7



**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**22 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 2009 are as follows :

Valuation date	31st March 2009
Valuation Method	Projected unit
Value of assets	£67,917,000
Investment Return per annum	6.30%
Salary scale increases per annum	4.60%
Pension increases per annum	3.10%

The Pension contributions made by the Trust in the year to 31st March 2009 totalled £3.362m covering 795 employees (2008 - £2.945m, 812 employees). The employer's contribution rate was 20.2% of pensionable salary. From 1st April 2009 the level of employer's contribution will increase to 21.7% of pensionable salary. The estimated employer's contributions for the year to 31st March 2010 is approximately £3,596,700.

The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31st March 2007 for FRS17 by a qualified independent actuary who was not an employee or officer of the Company.

The major assumptions used in this valuation were:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Rate of increase in salaries	4.60%	5.10%	4.70%
Rate of increase in pensions in payment and deferred pensions	3.10%	3.60%	3.20%
Discount rate applied on scheme liabilities	6.90%	6.90%	5.40%
Inflation assumption	3.10%	3.60%	3.20%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which due to the timescale covered may not necessarily be borne out in practice.

**Scheme assets**

The fair value of the scheme's assets (which are not intended to be realised in the short term and may be subject to significant change before they are realised) and the present value of the scheme's liabilities (which are derived from cash flow projections over long periods and are thus inherently uncertain) were:

	<b>value at 2009 £000</b>	<b>value at 2008 £000</b>	<b>value at 2007 £000</b>
Equities	34,962	37,643	41,034
Bonds	8,349	11,148	9,783
Other - property	3,653	5,190	6,053
Cash	5,218	5,677	4,556
Total market value of assets	52,182	59,658	61,426
Present value of scheme liabilities	67,917	68,574	79,708
<b>Net pension liability</b>	<b>(15,735)</b>	<b>(8,916)</b>	<b>(18,282)</b>

A deferred tax asset has not been recognised due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

	Long term rate of return 2009	Long term rate of return 2008	Long term rate of return 2007
Equities	7.00%	7.70%	7.80%
Bonds	5.40%	5.70%	4.90%
Other - property	4.90%	5.70%	5.80%
Cash	4.00%	4.80%	4.90%

	2009 £'000	2008 £'000
<b>Reconciliation of defined benefit obligation</b>		
Opening defined benefit obligation	68,574	79,708
Current service cost	2,070	2,968
Interest cover	4,826	4,378
Contributions by members	1,033	916
Actuarial gain/(loss)	(8,268)	(18,258)
Past service cost	984	28
Losses/(Gains) on curtailments	62	190
Actuarial gain/(loss)	(1,364)	(1,356)
Closing defined benefit obligation	<u>67,917</u>	<u>68,574</u>

	2009 £'000	2008 £'000
<b>Reconciliation of Fair Value of Employer Assets</b>		
Opening fair value of employer assets	59,658	61,426
Expected return on assets	4,219	4,340
Contributions by members	1,033	916
Contributions by the employer	3,362	2,945
Actuarial gain/(loss)	(14,727)	(8,613)
Benefits paid	(1,364)	(1,356)
Closing fair value of employer assets	<u>52,182</u>	<u>59,658</u>
Net closing balance	<u>15,735</u>	<u>8,916</u>

	2009 £'000	2008 £'000
<b>Analysis of pension costs charged in arriving at operating loss</b>		
Current service cost	2,070	2,968
Past service cost	984	28
Gains/(losses) on settlements or curtailments	62	190
	<u>3,116</u>	<u>3,186</u>

Gains on settlements or curtailments recorded as non operating items totalled £62k respectively.

	2009 £'000	2008 £'000
<b>Analysis of amounts included in other finance income/costs</b>		
Expected return on pension scheme assets	4,219	4,340
Interest on pension scheme liabilities	(4,826)	(4,378)
	<u>(607)</u>	<u>(38)</u>

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

<u>Analysis of amount recognised in statement of total recognised gains and losses</u>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme	(14,727)	(8,613)
Experience gains and losses arising on scheme liabilities	-	896
Changes in assumptions underlying the present value of scheme liabilities	7,908	17,362
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	<b>(6,819)</b>	<b>9,645</b>

**History of experience gains and losses**

	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31st March 2009</b>	<b>31st March 2008</b>	<b>31st March 2007</b>	<b>31st March 2006</b>	<b>31st March 2005</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the expected and actual return on scheme assets:					
Amount	(14,727)	(8,613)	370	6,839	1,900
Percentage of year end scheme assets	(21.68%)	(12.56%)	0.60%	12.60%	4.50%
Experience gains and losses on scheme liabilities:					
Amount	-	896	68	122	(6,580)
Percentage of year end present value of scheme liabilities	0.00%	1.31%	0.10%	0.20%	(10.90%)
Total amount recognised in statement of total recognised gains and losses:					
Amount	(6,459)	9,645	6,485	(4,414)	(6,020)
Percentage of year end present value of scheme liabilities	(9.50%)	14.10%	8.10%	(5.70%)	(10.00%)

**Reconciliation to the Balance Sheet**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net assets excluding pension liability		116,325	96,451
Pension liability		(15,735)	(8,916)
		<hr/>	<hr/>
Net assets including pension liability		<b>100,590</b>	<b>87,535</b>
		<hr/>	<hr/>
		<b>71,854</b>	

Aksa Housing Association Limited participates in the Social Housing Pension Scheme which is a defined benefit scheme. It is a multi employer scheme which does not allocate scheme assets and liabilities to individual employers, so there is no related pension asset or liability recognised. Full disclosure is included in the Aksa financial statements.

**23 NEGATIVE GOODWILL**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Balance Brought Forward	4,415	4,509
amortised during the year	(94)	(94)
	<hr/>	<hr/>
Balance carried forward	<b>4,321</b>	<b>4,415</b>

**24 LEGISLATIVE PROVISIONS**

The trust is registered with the Tenants Services Authority under the Housing Act 1996 and Housing and Regeneration Act 2008. Registration LH4265

**25 CONTINGENT LIABILITIES**

The Company and Group has no contingent liabilities.

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2009**

**26 HOUSING STOCK**

	<b>2009</b>	<b>2008</b>
Dwellings owned and in management:	<b>Units</b>	<b>Units</b>
General needs	15,960	13,888
Supported Housing	2,530	430
Temporary social housing	113	55
	<u>18,603</u>	<u>14,373</u>

**27 RELATED PARTY TRANSACTIONS**

The following Board members of New Charter are also board members of the Academy: Hamid Ghafoor, Anne Whittan, Ian Munro and Jimmy Burns.

New Charter is the main sponsor of £2m to the Academy.

A charitable donation of £1,138,583 has been made to Great Neighbourhoods, a registered charity, under "Gift Aid" .

Great Neighbourhoods is considered a related party as it has directors in common with New Charter Housing Trust Ltd.

**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. It was considered that no impairment write off was necessary.

**29 CHARITABLE DONATION**

A charitable donation has been made to Great Neighbourhoods, a registered charity, under "Gift Aid" for the sum of £1,138,583.

A charitable donation has been made to the New Children's Hospital Appeal, a registered charity, under "Gift Aid" for the sum of £25.

Donations have been made in the sum total of £4,043.48 to Tameside MBC, Prenton RUFC, Carrbrook Housing Co-operative Ltd, Manchester Working Limited and Caribbean Carnival of Manchester.

**30 LIMITED BY GUARANTEE**

The Company is Limited by guarantee and does not have share capital. Members liability would be limited to £1 should the Company be wound up. Membership does not give any entitlement to the right to a dividend or any other distribution. Members have equal voting rights.