



Part of the New Charter Housing Trust Group

NEW CHARTER HOUSING TRUST LIMITED

(Company Number 3807262)

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2011

NEW CHARTER HOUSING TRUST LIMITED

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NEW CHARTER HOUSING TRUST LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

Board of Directors

Chair	Gerald Cooney
Vice-Chair	Hamid Ghafoor
Other Directors	Maria Bailey Malcolm Burbridge Joan Ryan Ann Whittam Aslam Khan Adam Jacobs Jed Hassid Ian Munro Philip Smith RESIGNED 20/09/10 Jimmy Burns RESIGNED 20/09/10

Group Chief Executive Ian Munro

Executive Officers

Deputy Chief Executive &
Group Director of Finance Martin Frost

Group Company Secretary Martin Frost

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

7th Floor
135 Bishopsgate
London
EC2M 3UR

Dexia Public Finance Bank

Shackleton House
4 Battle Bridge Lane
London
SE1 2RB

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2011

The Directors present the financial statements of the Company and Group for the year ended 31st March 2011.

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 18,670 units, which includes Aksa Housing Association, a BME association based in Oldham and in November 2008 there was a transfer of 3,362 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 1st 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 under management by 2015, by investing in additional new development and identifying future growth opportunities. During the year the Group were listed in the Sunday Times top 100 best companies as 16th and would like to improve on this position in the future.

REVIEW OF THE YEAR

Our mission is:

**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. We have also re-structured the management of the Group in line with these key principles.

(Report of the Board of Directors continued)

This is what we value:

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

The main aims contained within the current corporate plan relate to delivering our vision are;

- be recognised as a leading social business, supporting communities and individuals.
- be a partner of choice for local authorities and other agencies.
- be financially strong, making maximum use of new and existing assets in the delivery of our vision.
- own or manage 30,000 homes.

OPERATIONAL PERFORMANCE

Improvements to the void process have consistently delivered results, particularly in New Charter Homes. Void turnaround times have recently seen a slight reduction in turnaround times since April last year. New Charter Homes turnaround time has reduced to 29.4 days. Gedling is currently at 54.5 days and Aksa 17.7 days. Void numbers for the whole group at the end of March were a record low of 213.

Gedling shows some improvement in turnaround time. This is mainly due to letting difficult to let properties in sheltered schemes. Discounting the hard to let properties, the underlying figure for property turnaround time is around 25 days. There are 37 properties in Gedling which require some form of options appraisal to be carried out in terms of their design and future lettable. Funding is not available for this re-development until the next financial year (2011/12).

Reduction in other empty properties and reduction in turnaround time has been a key priority for the Relet, Neighbourhood and Repairs Teams. Aksa remains stable at well under 1%.

The rolling rent collection rate for New Charter Homes has, at 100.53%, exceeded the Business Plan target of 99.3% and the revised internal target of 99.8%. Aksa sits at 99.44% and Gedling currently has a significantly improved collection rate of 99.86%. This is excellent performance in the current economic climate.

The average time taken to complete 'All repairs' at New Charter Homes and Aksa is now at 5.2 days which is slightly improved from the same period last year. Overall performance for New Charter Homes and Aksa remains excellent. Gedling has improved significantly since April 2010. Satisfaction levels with repairs at Aksa have improved over the last few months. We are currently working on the outcomes from the satisfaction survey commissioned by the Board at Aksa over the summer of 2010 to identify and address key issues.

(Report of the Board of Directors continued)

Work has been carried out on system improvements to improve performance in Gedling with the successful contractor, Morrison. New performance levels have been set and managed in line with Group priorities. Average repair times have improved significantly from the start of the contract and are now at around 12.5 days per repair.

Performance has significantly improved over the last 2 months and we will be going into the new year with excellent performance figures in all repairs categories. Figures for Gas Servicing show that only 9 properties are 'out of time' with 99.95% of all Trust properties having a valid Gas certificate. New Charter Homes has no properties out of date at the end of the year, Aksa has no properties out of date and Gedling has 9 properties out of date. Every property has had at least 2 auditable visits to effectively discharge our legal responsibilities. The Building Company are using Personal Digital Assistants (PDAs) to record all visits, work and follow on work relating to gas servicing including the remote production of the landlord safety certificate (CP12) for New Charter Homes and Aksa. Property Services teams at New Charter Homes, Aksa and Gedling meet regularly with the NCHT Legal team to discuss access issues and escalation of the no access procedure and seek possession or injunction where appropriate.

We have carried out a stock condition survey for both New Charter Homes and Aksa. The results indicated that no property has failed the HHSRS assessment and that all of the Aksa properties have achieved the Decent Homes Standard (DHS). For New Charter Homes, only 7 properties have failed DHS. Looking at the reasons for these failures, primarily kitchens, bathrooms and heating, this has been entirely due to tenant refusal of the various improvements offered to them. As tenant refusal does not constitute DHS failure, we can legitimately claim that all our stock currently meets the Decent Homes Standard. We have no statutory enforcement powers in investment work.

Savills have completed the collation of stock condition data for 93% of the stock owned by Gedling Homes. The remaining 7% was due to no access and the available data will be used to determine the full level expenditure for the stock over the next 30 years. All properties will achieve Decent Homes Compliance by March 2014, currently 90% of stock achieves the Decent Homes Standard. The Business Plan is currently being rerun on the findings of the survey. The further surveys have highlighted that an increased number of heating replacements are required and the number of window and door installations will reduce due to the consolidation of the programme in 2009/10.

Cumulative external turnover for the Building Company exceeded £34m this year, the highest yet. New Charter Building Company external income hit over £12.7m by year end. This is £4.8m ahead of target. Contracts were in place with Bowlee, English Churches (Riverside), Sanctuary Projects, City South, City West, Greenvale Homes Procurement, TMBC Polling Stations, Manchester Working and Vokera amongst others. They continue to donate to a number of local charities because of the above success. They have also been successful in terms of building a diversity of clients to support growth such as

- NHS and Tameside College
- Decent Homes - investment works
- Consultancy – in a number of areas
- Suppliers – of materials

(Report of the Board of Directors continued)

- Procurement sales
- Leasing vehicles in addition to base fleet
- Establishment of an in-house scaffolding team which provides local employment

The Building Company's success is continuing with winning a higher proportion of contracts in a shrinking market. There are some key challenges for the Building Company linked to the proposed "stalling" of the Building Schools for the Future programme. The Building Company has a strong reputation in the education sector and will be able to assist in the continued maintenance and partial refurbishment of older schools which should have been completely re-built.

The Executive Director of Homes is currently in final negotiations to secure work for the installation of Photo Voltaic (PV) panels for a number of New Charter properties. This deal benefits the Company and tenants and is at no cost to the Company. It will also secure future work for the Building Company as an MCS accredited contractor/installer. Similar projects are also being undertaken in Gedling and Akxa with a small number of properties being included in a pilot scheme. They also continue to share good practise with organisations across the country.

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 GMT and the Audit Committee as well as twice yearly by the Trust Board. Operational risks are monitored by each subsidiary through Key Performance Indicator reports at each Board meeting.

EMPLOYMENT PRACTICES

As a member of New Charter Housing Trust Group we adhere to Group wide employment practices. The Group Equality and Diversity Policy has ensured that every reasonable effort is made to ensure that it is compliant with the Equality Act 2010 and that there is no harassment, victimisation or discrimination in respect of the protected characteristics contained within the Act including age, disability, gender re-assignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity, 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

(Report of the Board of Directors continued)

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.

GROUP FINANCIAL REVIEW

The financial position and results for the year are set out on pages **18** to **48** of these statements.

Results for the year

New Charter Group's deficit for the year, before movements in reserves, was **£7.979m** which was within the approved plan. This compares with a deficit of **£21.770m** in the previous year.

The main reasons for the reduced deficit were:

- The reduction in investment spend by £9m
- Additional grant received

Surplus/reserves

Total reserves as at 31st March 2011 were **£112.763m** (2010 - £57.345m).

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 **£4.133m** negative goodwill due to the acquisition of Aksa Housing Association on 8th 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 2011 is summarised on page **21** 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.

(Report of the Board of Directors continued)

The financial statements demonstrate a net current asset position of **£58.380m** as at 31st March 2011 (2010 – net current asset **£60.108m**). 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 **£12.736m** (2010 - £52.335m) for New Charter and **£31k** asset (2010 – £1.460m) 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 separately identified.

Cash flows

New Charter's consolidated cash flows are summarised on page **23**. The principal sources of cash inflows in the year were:

- rental and other income of **£89.620m** (2010 - £89.197m),
- the sale of housing properties under RTB of **£702k** (2010 – £297k) and
- total drawdown from the Group loan facility of **£9.915m** (2010 - £23.794m).

The principal cash outflows were:

- operating costs of **£80.412m** (2010 - £95.686m),
- investment in assets, particularly housing stock, of **£19.238m** (2010 - £33.985m) and
- servicing of debt of **£15.9m** (2010 - £15.3m).

The New Charter Group ended the year with cash balances of **£5.960m** (2010 - £437k).

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 **£282.350m** (2010 - £277.650m), for Aksa **£11.880m** (2010 - £11.896m) and Gedling Homes **£11.614m** (2010 - £7.237m)

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.

(Report of the Board of Directors continued)

New Charter continues to maintain a risk-averse approach towards the management of its loan portfolio and at the year-end had **98.45%** 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.

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.

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 United Kingdom Accounting Practice (United Kingdom Accounting Practice) and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company/Group and the income and expenditure, of the Company/Group 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 are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, at any time the financial position of the Company and Group and enable them to ensure that its financial statements comply with the Companies Act 2006, 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.

(Report of the Board of Directors continued)

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.

Internal Controls

The Tenant Services Authority (TSA), has clear expectations with regard to internal controls and seeks to ensure that the Trust Board's overall responsibilities with regard to matters relating to internal control are properly discharged. To assist in this duty the Trust Board has appointed an Audit Committee to provide a Group wide view of risk and assurance management. The Committee on behalf of all the Companies within the Group carries out amongst other things the following:

- An understanding of internal control
- Management of fraud
- Effectiveness of internal control processes and systems
- Understanding of risk and minimization 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 fraud register has been reviewed
- Confirmation action taken in respect of any significant matters identified and any supervisory action required by the TSA (Tenant Services Authority)

There is no longer any regulatory requirement to include a statement of this nature in the Annual Report and Accounts, however I consider it is good practice to continue so to do.

Group Chief Executive's Statement of Internal Control 2010-11

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 NCH, AKSA and Gedling. Similar processes for internal controls have been developed for Gedling Homes as they joined the Group structure in November 2008.

I can report that there have been no significant changes in levels of risk 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. There have been 4 entries in the fraud register this year April 2010 to 31st March 2011. These are detailed later in my report.

(Report of the Board of Directors continued)

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

Mechanisms to provide effective internal control

I have reviewed the systems & policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2010-11. They are in place in respect of the whole Group and as such this statement. 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-Executives staff and tenants are closely involved in formulation and approval of the Business Plan. This has been scrutinised and given a level of full assurance by our internal auditors Beaver 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 in the day to day management of the business.
- The Loan Facilities for New Charter Trust and Homes and for Gedling require formal annual approval by Funders of relevant Business Plans. These approvals were given 2010-11. Loan covenants are regularly reviewed – there have been no breaches.
- Monitoring of control systems by Audit Committee, Internal Audit & GMT.
- All Board reports are required to show a Risk Evaluation in terms of Financial & Legal/Governance implications.
- Management information & performance control systems are in place to regularly report financial results and other performance indicators to Group management team and to Boards. This process has been scrutinised by 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 2010-11.
- The fraud-register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee. All policies & procedures are programmed for regular review including Health & Safety and IT Disaster Recovery; these now include Business Continuity Planning.
- There is on-going development of continual improvement culture across the Group.
- Culture of risk awareness developed through individual Key Work Objectives, with performance managed through regular review process.

(Report of the Board of Directors continued)

Process for assessing and managing risk during 2010-11

- 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, includes 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, as appropriate.
- Audit Committee are kept informed of developing best practice and effectiveness of the committee is reviewed annually via a self assessment which helps to inform development plans for non-executive directors.
- Internal Audit remains a contracted out service.
- Risk register produced and a revised process for developing a risk appetite introduced to identify, evaluate & manage risks to organisational objectives. Presented to and monitored by Audit Committee.
- The external auditors are anticipating issuing an unqualified audit opinion of the accounts.
- Baker Tilly presented their Audit Strategy to the February 2011 Audit Committee which did not identify any additional risk for the group.
- The Tenant Service Authority Assessment for the Group places all factors effectively at “green” (although the TSA have stopped using “traffic lights” in their assessments)
- The Tenant Services Authority Annual Viability Statement makes clear that the Group remains viable. The Group has satisfactory financial condition and exposures are mitigated to an acceptable degree.

(Report of the Board of Directors continued)

- A number of threats were identified which have been 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 including the effects of deflation i.e. Impact of negative RPI on available resources

- Overall Group exposure as a consequence of the 'Credit Crunch' was 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
 - Building company viability managed through ensuring significant forward order book linked to reducing reliance upon direct employees to deliver external work.
 - Action plans implemented for disinflation during 2010-11

- Exposure to the effects of the Comprehensive Spending Review is being considered and subsequent effects on benefits payments will ultimately have an impact across the group. This area is still rated a high risk on our risk registers and controls and monitoring mechanisms are applied as appropriate.

- 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 in 2009 saw overall premium fall reflecting a good claims record. Premium have also reduced for the coming year due to a more proactive risk based approach and gave cash flow savings of around £90,000. Further negotiations with Zurich Municipal based on our recent claims history and repudiation rates have also generated a reduction in premiums of around £60,000 + insurance premium tax.

- There has been no instance of substantial fraud during the year. Only 4 entries have been made in the Fraud Register.
 - 1 related to New Charter Homes (attempt to fraudulently cash cheque valued at £3,000)
 - 1 related to the Building Co (theft of copper cylinders – approx £150)
 - 2 related to Trust (fraudulent transaction on Company Credit Card - £262 & theft of gift items from tambour unit -approx £70)

- No Regulatory or Supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.

(Report of the Board of Directors continued)

- Significant risk to good governance identified during the course of the year were identified and dealt with in a timely and satisfactory manner
- The Company/Group has received external accreditation in such areas as
 - Customer Service Excellence 1 star organisation (formerly Chartermark)
 - Investors in People Gold Award
 - Investors in People Well Being Award
 - Best Companies 3 Star – Exceptional Organisation
 - No. 16 in Times Top 100 Best Companies to work for
 - Best Training and Development – Sunday Times Best Companies.
 - TPAS accreditation for Tenant Involvement
 - Housemark Accreditation for dealing with Anti-Social Behaviour
 - ROSPA Gold Award
 - Gas safe; NICEE FENSA etc accreditations up to date
 - ISO14001 (environmental systems) for the Building Company

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. Only one area was identified as having limited assurance through the year, all bar one of the recommendations contained within this area have now been implemented satisfactorily.

A review of the recommendations implemented within the year identified from the follow up work undertaken showed an implementation rate of **100%** for the year 2009/10 and a figure of 95% for 2010/11. An acceptable level of performance in this area would be around 75%.

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.

The report of the Board of Management was approved on 30th August 2011 and signed by order of the board by:



I H MUNRO
GROUP CHIEF EXECUTIVE
NEW CHARTER HOUSING TRUST Ltd

30th August 2011

Mr M Frost
Company Secretary
New Charter Housing Trust Limited
Cavendish 249
Cavendish Street
Ashton-under-Lyne OL6 7AT
OL6 7AT

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

We have audited the Group and Parent company financial statements of New Charter Housing Trust Limited (the "financial statements") for the year ended 31 March 2011 on pages 18 to 48. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Board and auditor

As more fully explained in the Board's Responsibilities Statement set out on page 10, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent company's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

KEITH WARD ACA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

3 Hardman Street

Manchester

M3 3HF

2011

NEW CHARTER HOUSING TRUST LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010
		£'000	£'000
Turnover: continuing activities	2	89,620	89,197
Operating costs	2	(80,412)	(95,686)
Operating surplus/deficit: continuing activities	2	9,208	(6,489)
Deficit/Surplus on sale of fixed assets	4	(1,215)	131
Surplus/(deficit) on ordinary activities before interest and taxation		7,993	(6,358)
Interest receivable and other income	5	92	33
Interest payable and similar charges	6	(15,856)	(15,344)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(7,771)	(21,669)
TAXATION			
Taxation on ordinary activities	10	(208)	(101)
DEFICIT FOR THE FINANCIAL YEAR		(7,979)	(21,770)

All of the above results derive from continuing operations.

The notes on pages 24 to 48 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

		2011 £'000	2010 £'000
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011			
Surplus/Deficit for the financial year		(7,979)	(21,770)
Unrealised surplus/deficit on the revaluation of housing properties	18	22,217	16,584
Actuarial gain relating to pension scheme	21	41,090	(38,060)
Total recognised surpluses and deficits relating to the year		55,328	(43,246)

		2011 £'000	2010 £'000
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011			
Reported deficit on ordinary activities before taxation		(7,979)	(21,770)
Difference between the historical cost depreciation charges and the actual depreciation charge for the year calculated on the revalued amount		(739)	(52)
Historical cost deficit on ordinary activities before taxation		(8,718)	(21,822)

		2011 £'000	2010 £'000
RECONCILIATION OF MOVEMENTS IN FUNDS FOR THE YEAR ENDED 31 MARCH 2011			
Opening total funds as at 1 April 2010		(17,005)	26,241
Total recognised surpluses and deficits for the year		55,328	(43,246)
Closing total funds at 31 March 2011		38,323	(17,005)

The notes on pages 24 to 48 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2011

		2011	2010
		£'000	£'000
Turnover: continuing activities	2	20,372	23,297
Operating costs	2	(20,541)	(23,677)
		<hr/>	<hr/>
Operating deficit: continuing activities		(169)	(380)
Interest payable and similar charges	6	(99)	(103)
		<hr/>	<hr/>
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(268)	(483)
TAXATION			
Taxation on ordinary activities	10	-	-
		<hr/>	<hr/>
DEFICIT FOR THE FINANCIAL YEAR		(268)	(483)
ACCUMULATED DEFICIT BROUGHT FORWARD		(2,152)	(1,669)
		<hr/>	<hr/>
REVENUE DEFICIT CARRIED FORWARD		<u>(2,420)</u>	<u>(2,152)</u>

All of the above results derive from continuing operations.

The notes on pages 24 to 48 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
(COMPANY NUMBER 3807262)
GROUP BALANCE SHEET

AS AT 31 MARCH 2011

		2011		2010	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets - housing properties	11		460,855		440,364
Less Social Housing Grant	11		<u>(44,145)</u>		<u>(40,784)</u>
			416,710		399,580
Other tangible assets	12		<u>13,446</u>		<u>14,099</u>
			430,156		413,679
Current Assets					
Stock	13	646		494	
Debtors	14	20,051		18,313	
Debtors due after more than one year - Development Agreement	14	42,882		54,296	
Cash at bank and in hand		<u>5,960</u>		<u>437</u>	
		69,539		73,540	
Creditors:					
Amounts falling due after more than one year	15		<u>(11,159)</u>		<u>(13,432)</u>
NET CURRENT ASSETS			58,380		60,108
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>488,536</u>		<u>473,787</u>
Creditors:					
Amounts falling due after more than one year	16		307,878		298,732
Provision for liabilities and charges	16		55,190		63,915
Net pension liability	22		12,705		53,795
Capital and reserves					
Housing Property Revaluation reserve	18	226,212		208,642	
Designated reserve	18	2,579		2,957	
Revenue reserve	18	(107,456)		(104,686)	
Pension liability reserve	22	(12,705)		(53,795)	
Negative goodwill	18	<u>4,133</u>		<u>4,227</u>	
COMPANY FUNDS			112,762		57,345
			<u>488,536</u>		<u>473,787</u>

The financial statements on pages 18 to 48 were approved by the Board of directors and authorised for issue on the 30th August 2011 and were signed on its behalf by:

G Cooney (Chair)

M Frost Secretary

The notes on pages 24 to 48 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
(COMPANY NUMBER 3807262)
COMPANY BALANCE SHEET

AS AT 31 MARCH 2011

		2011		2010	
		£'000	£'000	£'000	£'000
Fixed Assets					
Other tangible assets	12		3,112		3,314
			<u>3,112</u>		<u>3,314</u>
Current Assets					
Debtors	14	1,598		5,624	
Cash at bank		<u>1,242</u>		<u>(1,492)</u>	
		2,840		4,132	
Creditors:					
Amounts falling due within one year	15		<u>(6,490)</u>		<u>(7,716)</u>
NET CURRENT LIABILITIES			(3,650)		(3,584)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(538)</u>		<u>(270)</u>
Creditors:					
Amounts falling due after more than one year	16		(1,882)		(1,882)
NET LIABILITIES			<u>(2,420)</u>		<u>(2,152)</u>
Net pension liability			12,705		52,335
Capital and reserves					
Pension deficit		(12,705)		(52,335)	
Revenue reserve		<u>(2,420)</u>		<u>(2,152)</u>	
COMPANY FUNDS			(15,125)		(54,487)
			<u>(2,420)</u>		<u>(2,152)</u>

The financial statements on pages 18 to 48 were approved by the Board of directors and authorised for issue on the 30th August 2011 and were signed on its behalf by:

G Cooney	(Chair)
M Frost	(Secretary)

The notes on pages 24 to 51 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

GROUP CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

		2011		2010	
		£'000	£'000	£'000	£'000
Net cash /inflow from operating activities	19		15,231		2,718
 Returns on investments and servicing of finance					
Interest received		92		33	
Interest paid		<u>(15,856)</u>		<u>(15,344)</u>	
			(15,764)		(15,311)
Taxation paid			(71)		(83)
 Capital expenditure					
Developments, improvements and other capital works		(7,334)		(10,883)	
Other capital expenditure		<u>(4)</u>		<u>(909)</u>	
		<u>(7,338)</u>		<u>(11,792)</u>	
Sale of fixed assets	4	<u>702</u>		<u>297</u>	
			(6,636)		(11,495)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			<u>(7,240)</u>		<u>(24,172)</u>
 FINANCING					
Other Financing Costs		0		(355)	
Loan advances received		9,915		23,794	
Grant received		3,361		2,188	
Disposal Proceeds Fund				(2,686)	
Loans principal repayments		<u>(513)</u>		<u>(503)</u>	
			12,763		22,438
INCREASE/DECREASE IN CASH IN THE PERIOD			<u><u>5,523</u></u>		<u><u>(1,734)</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 2011

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 and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006 and applicable Accounting Standards. Under the requirements of the SORP capital grants are shown as a deduction from the cost of housing properties on the Balance Sheet. This is a departure from the rules under companies legislation, but in the opinion of the Board is a relevant accounting policy, similar to that adopted by other Housing Associations in order to present a true and fair view.

Going Concern

The Company's activities together with the factors likely to affect its future development and position are set out in the report of the Board of Directors. On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and that they continue to adopt the Going Concern basis of accounting in preparing the annual financial statements.

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 net rental income over the life of the property are included in the cost of the properties when the expenditure is incurred.

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 property are included in the cost of the properties when the expenditure is incurred.

Depreciation of Housing Properties

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

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

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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 and one of its subsidiaries, operate defined benefit pension schemes, based on final pensionable salary. Details of the schemes are set out in note 22. 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 the 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 Group 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 2011

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 reversal 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 reverse, 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 LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP

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

	2011		2010	
	Turnover £'000	Operating costs £'000	Operating costs £'000	Operating costs surplus/(deficit) £'000
Income and expenditure from social housing lettings				
Housing accommodation	74,978	67,660	80,615	(8,129)
	<u>74,978</u>	<u>67,660</u>	<u>80,615</u>	<u>(8,129)</u>
<i>See Note 3 for further detail.</i>				
Other income and expenditure from social housing lettings				
Garages rental	1,153	202	91	983
Supporting People contract income	409	68	67	312
Home contents insurance scheme	108	92	94	12
Other activities	185	391	171	(44)
	<u>1,855</u>	<u>753</u>	<u>423</u>	<u>1,263</u>

Other income and expenditure from non social housing lettings

Building Company	12,787	11,999	14,648	377
	<u>89,620</u>	<u>80,412</u>	<u>95,686</u>	<u>(6,489)</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31ST MARCH 2011

COMPANY

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2011 Operating costs	Operating deficit	Turnover	2010 Operating costs	Operating deficit
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Intercompany recharges	18,306			21,295		
Supporting People contract income	428			531		
Other income	1,638			1,471		
	<u>20,372</u>			<u>23,297</u>		
EXPENDITURE						
Management overheads						
Employee costs		14,049			15,151	
Employee related expenses		890			1,346	
Insurance costs		780			990	
Premises costs		992			1,204	
Transport costs		164			419	
Supplies & services		3,242			4,096	
Central support charges		80			93	
Intercompany recharges		36			36	
Depreciation of assets		267			318	
Bank charges		41			24	
Overheads		<u>20,541</u>			<u>23,677</u>	
Operating surplus/deficit			<u>(169)</u>			<u>(380)</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP	2011		2010	
	General needs £'000	Total £'000	General needs £'000	Total £'000
3 INCOME FROM SOCIAL HOUSING LETTINGS				
Gross rent receivable (net of service charges)	63,716	63,716	60,333	60,333
Charges for support services	658	658	646	646
Service charges receivable	4,023	4,023	4,515	4,515
	<u>68,397</u>	<u>68,397</u>	<u>65,494</u>	<u>65,494</u>
Other income	6,581	6,581	6,992	6,992
Turnover from social housing lettings	<u>74,978</u>	<u>74,978</u>	<u>72,486</u>	<u>72,486</u>

EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES

Management	26,261	26,261	26,597	26,597
Services	701	701	728	728
Routine maintenance	13,527	13,527	15,140	15,140
Planned maintenance	1,506	1,506	1,557	1,557
Major repairs expenditure	17,077	17,077	27,907	27,907
Rent losses from bad debts	613	613	964	964
Depreciation of housing properties	7,199	7,199	6,902	6,902
Loss on investment programme disposals	322	322	401	401
Depreciation of other assets	454	454	419	419
Operating costs on social housing lettings	<u>67,660</u>	<u>67,660</u>	<u>80,615</u>	<u>80,615</u>
Operating (deficit)/surplus on social housing lettings	<u>7,318</u>	<u>7,318</u>	<u>(8,129)</u>	<u>(8,129)</u>
Rent loss from voids	(1,058)	(1,058)	(840)	(840)
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 2011

GROUP	2011	2010
	£'000	£'000
4 SURPLUS ON SALE OF FIXED ASSETS		
Proceeds of sale	702	297
Cost of sales (including amount due to Tameside MBC)	(1,917)	(166)
Surplus on disposal of assets	<u>(1,215)</u>	<u>131</u>
GROUP	2011	2010
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	92	33
Inter company loan interest receivable	0	0
Staff car loans interest receivable	0	0
	<u>92</u>	<u>33</u>
COMPANY	2011	2010
	£'000	£'000
INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	-	-
Staff car loans interest receivable	-	-
	<u>-</u>	<u>-</u>
GROUP	2011	2010
	£'000	£'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	15,856	15,344
	<u>15,856</u>	<u>15,344</u>
COMPANY	2011	2010
	£'000	£'000
INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	99	103
	<u>99</u>	<u>103</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP	2011	2010
	£'000	£'000
7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Historic Cost Depreciation	7,923	7,638
Auditors remuneration (inc VAT)		
- in their capacity as auditors	37	40
Internal audit costs	28	28
Deficit on disposal of items replaced as part of investment programme	1,528	401
Charitable donation	800	1,071
Operating lease charges	9	6
Amortisation of negative goodwill	94	94
COMPANY	2011	2010
	£'000	£'000
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	267	318
Auditors remuneration (inc VAT)		
- in their capacity as auditors	9	9
Internal audit costs	20	15

GROUP

8 DIRECTORS EMOLUMENTS

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

	2011	2010
	£'000	£'000
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>1,047</u>	<u>1,059</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions, but including NIC's and benefits in kind)	<u>191</u>	<u>206</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
£100,001 - £110,000	1	4
£110,001 - £120,000	2	-
£120,001 - £130,000	-	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
£170,000 - £180,000	-	1
£180,000 - £190,000	-	-
£190,000 - £200,000	1	-
£200,000 - £210,000	-	1
	<u>6</u>	<u>7</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

8 DIRECTORS EMOLUMENTS (CONTINUED)		2011	2010
		£'000	£'000
Aggregate amount of highest paid Director's pension		<u>36</u>	<u>34</u>

The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates. Six Directors are members of the Greater Manchester Pension Fund and one Director is a member of the Nottinghamshire Pension Fund.

COMPANY

DIRECTORS EMOLUMENTS

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

	2011	2010
	£'000	£'000
	<u>748</u>	<u>746</u>

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

	2011	2010
	£'000	£'000
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>776</u>	<u>770</u>

Emoluments payable to the highest paid member of GMT
(excluding pension contributions, but inc. NIC's and benefits in kind)

	<u>191</u>	<u>206</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
£100,001 - £110,000	1	3
£110,001 - £120,000	1	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£190,000 - £200,000	1	-
£200,000 - £210,000	-	1
	<u>4</u>	<u>5</u>
Aggregate amount of highest paid director's pension	<u>36</u>	<u>34</u>

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

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	£000	£000
Remuneration and expenses payable to members of the Board who were neither officers nor employees of the Company.	<u>174</u>	<u>208</u>
9 EMPLOYEE INFORMATION		
	2011	2010
The average number of persons employed during the year	Number	Number
Management and administration	98	97
Financial services	73	70
Strategic housing services	298	315
Corporate & administrative services	149	170
Manual	41	44
Direct labour	<u>166</u>	<u>185</u>
	<u>825</u>	<u>881</u>
Full time	720	769
Part time	<u>105</u>	<u>112</u>
	<u>825</u>	<u>881</u>
	2011	2010
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	19,503	21,209
Social security costs	1,444	1,666
Other pension costs	<u>3,820</u>	<u>3,787</u>
	<u>24,767</u>	<u>26,662</u>
COMPANY		
EMPLOYEE INFORMATION		
	2011	2010
The average number of persons employed during the year was	Number	Number
Management	5	5
Financial services	63	58
Strategic housing services	294	312
Corporate & administrative services	112	130
Manual	41	44
	<u>515</u>	<u>549</u>
Full time	414	442
Part time	<u>101</u>	<u>107</u>
	<u>515</u>	<u>549</u>
	2011	2010
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	11,125	12,071
Social security costs	805	872
Other pension costs	<u>2,197</u>	<u>2,208</u>
	<u>14,127</u>	<u>15,151</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP	2011 £'000	2010 £'000
10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
a Analysis of tax charge in the year		
UK corporation tax		
Current tax on income for the year	208	94
	<u>208</u>	<u>94</u>
Deferred tax		
Accelerated capital allowances	0	7
	<u>0</u>	<u>7</u>
Total current tax	<u><u>208</u></u>	<u><u>101</u></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% (2009 - 28%). The differences are explained below :

	£000	£000
Deficit on ordinary activities before tax	(6,966)	(15,395)
Current tax at 28% (2009 - 28%)	(1,950)	(4,311)
Effects of:		
Expenses not deductible for tax purposes	2,186	24
Capital allowances for period in excess of depreciation	(121)	100
Effects of tax free income due to charitable activities	-	-
Non qualifying depreciation	0	1,586
Adjustment to tax charge in respect of prior periods	4	(0)
Non taxable income	(38)	0
Excess of taxable profits over book profits on sale of properties	127	80
Creation of tax losses not recognised	0	2,615
Current tax charge	<u><u>208</u></u>	<u><u>94</u></u>

A potential deferred tax asset of £15,540,794 (2010 - £16,588,382) 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.

COMPANY	2011 £'000	2010 £'000
10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
a Analysis of tax charge in the year		
UK corporation tax		
Current tax on income for the year	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Origination /reversal of timing difference	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u><u>-</u></u>	<u><u>-</u></u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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% (2009 - 28%). The differences are explained below :

	2011	2010
	£'000	£'000
Deficit on ordinary activities before tax	(268)	(482)
Current tax at 28% (2009 - 28%)	(75)	(135)
Effects of:		
Expenses not deductible for tax purposes	79	17
Capital allowances for period in excess of depreciation	(4)	111
Creation of tax losses not recognised	-	7
Current tax charge	<u>-</u> <u>0</u>	<u>-</u> <u>-</u>

A potential deferred tax asset of £382,453 (2009 - £506,705) in respect of accelerated capital allowances has not been recognised.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed	Under Construction	Total
	£'000	£'000	£'000
Housing Properties at Valuation			
As at 1st April 2010	434,495	5,869	440,364
Additions	164	3,813	3,977
Properties acquired	1,401	0	1,401
Works to existing properties	2,161	0	2,161
Schemes completed	2,710	(2,710)	0
Funded by Disposal Proceeds Fund	0	0	0
Valuation adjustment	15,009	0	15,009
Disposals	(2,057)	0	(2,057)
At 31st March 2011	<u>453,883</u>	<u>6,972</u>	<u>460,855</u>
DEPRECIATION			
At 1st April 2010	-	-	-
Charge for year	(6,961)	-	(6,961)
Valuation adjustment	6,961	-	6,961
At 31st March 2011	<u>-</u>	<u>-</u>	<u>-</u>
SOCIAL HOUSING AND OTHER GRANT			
At 1st April 2010	(39,175)	(1,609)	(40,784)
Additions	(285)	(3,114)	(3,398)
Schemes completed	(1,139)	1,139	-
Disposals	37	-	37
Valuation adjustment	-	-	-
At 31st March 2011	<u>(40,562)</u>	<u>(3,583)</u>	<u>(44,145)</u>
Net book value			
AT 31st March 2011	<u>413,321</u>	<u>3,389</u>	<u>416,710</u>
AT 31st March 2010	<u>395,320</u>	<u>4,260</u>	<u>399,580</u>

Improvement expenditure capitalised is £2.161m (expensed as Operating Costs: £17.077m). Total expenditure £19.238m. The revalued amounts have been included based on the valuation for Existing Use Value (Social Housing) assuming target rents.

A full valuation was performed in the year by Savills (L&P) Limited, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2011 and the valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

	£'000
Completed properties at valuation	0
Housing properties under construction at cost net of SHG and other grants	0
	<u>0</u>

The reconciliation between the historical cost and the revaluation amount of properties as at 31st March 2011 is as follows:

	2011 £'000	2010 £'000
Historical cost	241,639	238,631
Social housing grant	(44,145)	(40,784)
Depreciation	(6,990)	(6,902)
Revaluation Reserve	226,206	208,636
	<u>416,709</u>	<u>399,580</u>
Social housing grant	£'000	£'000
Total accumulated SHG receivable at 31 March was:	40,784	38,596
Capital grants	3,361	2,188
	<u>44,145</u>	<u>40,784</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP

12 FIXED ASSETS - OTHER TANGIBLE ASSETS

	Freehold Premises £'000	Leasehold Premises £'000	Plant & Machinery £'000	Equipment £'000	IT Equipment £'000	Furniture & Equipment £'000	Other Assets £'000	Total £'000
COST								
At 1st April 2010	15,321	1,220	242	10,124	201	429	429	27,537
Additions in year	-	-	-	4	-	-	-	4
At 31st March 2011	15,321	1,220	242	10,128	201	429	429	27,541
DEPRECIATION								
At 1st April 2010	2,411	541	242	9,631	184	429	429	13,438
Charge for year	411	30	-	209	7	-	-	657
At 31st March 2011	2,822	571	242	9,840	191	429	429	14,095
NET BOOK VALUE								
At 31st March 2011	12,499	649	-	288	10	-	-	13,446
NET BOOK VALUE								
At 31st March 2010	12,910	679	-	493	17	-	-	14,099

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

COMPANY

FIXED ASSETS - OTHER TANGIBLE ASSETS

	Freehold Premises £'000	Leasehold Premises £'000	Plant & Machinery £'000	IT Equipment £'000	Furniture & Equipment £'000	Other Assets £'000	Total £'000
COST							
At 1st April 2010	3,340	0	0	10,019	21	429	13,809
Additions in year	-	-	-	65	-	-	65
At 31st March 2011	3,340	-	-	10,084	21	429	13,874
DEPRECIATION							
At 1st April 2010	502	0	0	9,543	21	429	10,495
Charge for year	58	-	-	209	-	-	267
At 31st March 2011	560	-	-	9,752	21	429	10,762
NET BOOK VALUE							
At 31st March 2011	2,780	-	-	332	-	-	3,112
NET BOOK VALUE							
At 31st March 2010	2,838	-	-	476	-	-	3,314

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP		
	2011	2010
13 STOCK	£'000	£'000
Raw materials and consumables	646	494
	<u>646</u>	<u>494</u>
GROUP		
	2011	2010
14 DEBTORS	£'000	£'000
Arrears of rent and service charges	5,843	5,872
less Provision for bad and doubtful debts	<u>(3,354)</u>	<u>(3,476)</u>
	2,489	2,396
Housing benefit overpayments	309	437
less Provision for bad and doubtful debts	<u>(293)</u>	<u>(416)</u>
	16	21
Rechargeable repairs	2,222	2,236
less Provision for bad and doubtful debts	<u>(1,947)</u>	<u>(1,959)</u>
	275	277
Trade Debtors	2,564	1,944
less Provision for bad and doubtful debts	<u>-</u>	<u>-</u>
	2,564	1,944
Staff Car Loans	1	2
Prepayments and accrued income	1,329	1,813
Other debtors	13,377	11,860
	<u>14,707</u>	<u>13,675</u>
Total due within one year	<u><u>20,051</u></u>	<u><u>18,313</u></u>
Debtors due after more than one year	42,882	54,296
Total Debtors	<u><u>62,932</u></u>	<u><u>72,609</u></u>

The debtor due after more than one year represents £42.882m obligation to have refurbishment work carried out to the properties transferred to Gedling Homes net of £12 spent 2011-2012 shown within other debtors. Gedling Borough Council entered into a contract with Gedling Homes for the Company to carry out these improvement works the 'benefit' (commitment owed) to the Company under the contract has created a debtor which is effectively offset by the provision stated in note 16. The debtor will be completed when the contracted work is completed.

Rent and service charge arrears, net of provision for bad and doubtful debts, represents 3.64% (2010 - 3.66%) of the annual rent and service charge receivable.

COMPANY		
	2011	2010
14 DEBTORS	£'000	£'000
Amount due from subsidiary undertakings	998	4,236
Staff car loans	1	2
Prepayments and accrued income	405	348
Other debtors	194	1,038
	<u>1,598</u>	<u>5,624</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

GROUP	2011	2010
	£'000	£'000
15 CREDITORS - Amounts falling due within one year		
Trade creditors	3,427	4,729
Payments in advance	0	-
Accruals for properties under construction	48	387
Grants received in advance	-	37
Repairs and maintenance accruals	154	262
Other taxation and social security	1,859	2,432
Accruals and deferred income	5,039	4,901
	-	-
Rent and service charges paid in advance	631	685
	<u>11,159</u>	<u>13,433</u>

COMPANY

	2011	2010
	£'000	£'000
CREDITORS - Amounts falling due within one year		
Amount due to Group undertakings	4,636	5,793
Trade creditors	959	856
Other taxation and social security	523	693
Accruals and deferred income	370	374
	<u>6,488</u>	<u>7,716</u>

GROUP

	2011	2010
	£'000	£'000
16 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	305,683	296,321
Funds held on behalf of Oldham Housing Investment Partnership	0	85
Disposal Proceeds Fund	1,030	892
Obligations under finance leases	(54,025)	1,434
	<u>307,878</u>	<u>353,922</u>
Provision for Liabilities and Charges		
Development Agreement (VAT Shelter) with Gedling Borough Council	55,190	63,915
	<u>363,068</u>	<u>417,837</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.

COMPANY

	2011	2010
	£'000	£'000
CREDITORS - Amounts falling due after more than one year		
Housing and development loans - Inter-Company	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 2011

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 of £217m currently outstanding under facility A bears interest at an average rate of 5.849%. Within 'loans outstanding under facility B the average rate is ', there is a drawing of £63.1m under facility B bearing interest at an average rate of 3.492% and a drawing of £2.7m under facility C at a rate of 1.29% . 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 .

	2011	2010
	£'000	£'000
	Housing Loans by instalments	Housing Loans by instalments
Loan arrangement fee	(175)	(175)
Less: Amortisation	7	7
In more than five years	294,968	296,615
	<u>294,968</u>	<u>296,615</u>

Borrowing facilities

Undrawn committed borrowing facilities at 31st March 2010 (New Charter) were £12.350m (2009 - £30.350m). The total facility is £290m

Undrawn committed borrowing facilities at 31st March 2010 (Aksa) were £2m (2009 - £4m). Increased facility to £14.6m

Undrawn committed borrowing facilities at 31st March 2010 (Gedling) were £27.763m. Facility of £35m November 2008

COMPANY

LOANS

	2011	2010
	£'000	£'000
	Housing Loans by instalments	Housing Loans by instalments
In more than five years - Inter-Company	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 (2010 - £1,882,099) from New Charter Homes. The loans are at a fixed interest rate of 5.46% 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 2011

GROUP

18 RESERVES

	Pension Deficit £'000	Negative Goodwill £'000	Revenue £'000	Designated £'000	Revaluation £'000	Total £'000
As at 1st April 2010	(53,795)	4,227	(104,686)	2,957	208,642	57,345
Deficit for the year	-	-	(7,979)	-	-	(7,979)
Revaluation	-	-	4,631	110	17,570	22,311
Designated Reserve	-	-	489	(489)	-	0
Actuarial losses	41,090	-	-	-	-	41,090
Negative Goodwill	-	(94)	-	-	-	(94)
At 31st March 2011	(12,705)	4,133	(107,545)	2,579	226,212	112,674

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

COMPANY

18 RESERVES

	2011 £'000	2010 £'000
As at 1st April 2010	(2,152)	(1,669)
Deficit for the year	0	(483)
At 31st March 2011	(2,152)	(2,152)

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

19 NOTES TO THE CASHFLOW STATEMENT

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

	2011 £'000	2010 £'000
Operating surplus/deficit	9,208	(6,489)
Depreciation charges	7,920	7,639
(Increase) in debtors	9,678	13,483
(Increase)/Decrease in stock	0	242
Increase in creditors	(11,803)	(12,464)
Negative Goodwill	(94)	(94)
Surplus on sale of tangible fixed assets	322	401
Net cashflow outflows/inflow from operating activities	<u>15,231</u>	<u>2,718</u>

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

	2011 £'000	2010 £'000
(Decrease) in cash in year	5,523	(1,734)
Change in net debt resulting from cash flows	(23,053)	3,987
Change in net debt	<u>(17,530)</u>	<u>2,253</u>
New finance leases	-	-
Net debt at beginning of year	(265,625)	(267,877)
Net debt at end of year	<u>(283,155)</u>	<u>(265,625)</u>

c Analysis of changes in net debt

	At 31st March 2011 £'000	Cash Flows £'000	At 31st March 2010 £'000
Cash and cash equivalents	5,960	5,523	437
	<u>5,960</u>	<u>5,523</u>	<u>437</u>
Debt due within one year	-	0	0
Debt due after one year	(289,115)	(23,053)	(266,062)
	<u>(289,115)</u>	<u>(23,053)</u>	<u>(266,062)</u>
Net debt at end of year	<u>(283,155)</u>	<u>(17,530)</u>	<u>(265,625)</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

20 CAPITAL COMMITMENTS

	2011	2010
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	<u>28,380,997</u>	<u>24,781,995</u>
Capital expenditure that has been authorised by the Board of Management , but has not yet been contracted for	<u>41,888,566</u>	<u>45,440,476</u>

The amount contracted for at 31st March 2011 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.

21 OPERATING LEASE COMMITMENTS

	2011	2010
	£'000	£'000
At 31st March 2010 there were no annual commitments under non-cancellable operating leases	<u>-</u>	<u>-</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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 results and assumptions for the Group as at 31st March 2011 are as follows :

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.

Valuation date	31st March 2011
Valuation Method	Projected unit
Value of assets	£96,037,000
Investment Return per annum	6.60%
Salary scale increases per annum	4.30%
Pension increases per annum	2.80%

The Pension contributions made by the Trust in the year to 31st March 2011 totalled **£4.517m** covering 825 employees (2010 - £3.586m, 881 employees). The employers contribution rate was 23.2% of pensionable salary. From 1st April 2011 the level of employer's contribution will increase to 22.8% of pensionable salary. The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31st March 2010 for FRS17 by a qualified independent actuary who was not an employee or officer of the Company.

The estimated Employers contributions for the year to 31st March 2012 is approximately £3,352,000.

The major assumptions used in this valuation were:

	2011	2010	2009
Rate of increase in salaries	4.30%	5.30%	5.10%
Rate of increase in pensions in payment and deferred pensions	2.80%	3.80%	3.60%
Discount rate applied on scheme liabilities	5.50%	5.50%	6.90%
Inflation assumption	2.80%	3.80%	3.60%

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:

	Value at 2011 £000	Value at 2010 £000	Value at 2009 £000
Equities	54,979	50,253	37,643
Bonds	14,161	12,001	11,148
Other - property	4,165	4,500	5,190
Cash	9,996	8,250	5,677
Total market value of assets	<u>83,301</u>	<u>75,004</u>	<u>59,658</u>
Present value of scheme liabilities	96,037	127,339	68,574
Surplus/deficit in the scheme - pension asset/(liability)	<u>(12,736)</u>	<u>(52,335)</u>	<u>(8,916)</u>

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.

	Long term rate of return 2011	Long term rate of return 2010	Long term rate of return 2009
Equities	7.50%	7.80%	7.00%
Bonds	4.90%	5.00%	5.40%
Other - property	5.50%	5.80%	4.90%
Cash	4.60%	4.80%	4.00%

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
Reconciliation of defined benefit obligation		
Opening Defined Benefit Obligation	127,339	67,917
Current service cost	3,017	1,707
Interest Cover	6,528	4,755
Contributions by members	971	1,021
Actuarial gain/(loss)	(27,573)	52,652
Past service cost	(12,053)	720
Losses/(Gains) on Curtailments	0	135
Actuarial gain/(loss)	(2,192)	(1,568)
Closing Defined Benefit Obligation	<u>96,037</u>	<u>127,339</u>

	2011 £'000	2010 £'000
Reconciliation of Fair Value of Employer Assets		
Opening Fair Value of Employer Assets	75,004	52,182
Expected return on Assets	5,246	3,378
Contributions by members	971	1,021
Contributions by the Employer	3,445	4,152
Actuarial gain/(loss)	827	15,839
Benefits Paid	(2,192)	(1,568)
Closing Fair Value of Employer Assets	<u>83,301</u>	<u>75,005</u>
Net closing balance	<u>(12,736)</u>	<u>(52,334)</u>

	2011 £'000	2010 £'000
Analysis of pension costs charged in arriving at operating profit/(loss).		
Current service cost	3,017	1,707
Past service cost	(12,053)	720
Gains/(losses) on settlements or curtailments	0	135
	<u>(9,036)</u>	<u>2,562</u>

Gains on settlements or curtailments recorded as non operating items totalled £135k and NIL respectively.

	2011 £'000	2010 £'000
<u>Analysis of amounts included in other finance income/costs</u>		
Expected return on pension scheme assets	5,246	3,378
Interest on pension scheme liabilities	(6,528)	(4,755)
	<u>(1,282)</u>	<u>(1,377)</u>

	2011 £'000	2010 £'000
<u>Analysis of amount recognised in statement of total recognised gains and losses</u>		
Actual gain/loss recognised in STRGL	<u>28,400</u>	<u>(36,813)</u>
Cumulative Actuarial Gains and Losses	<u>(9,176)</u>	<u>(37,576)</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

History of experience gains and losses

	Year ended 31st March 2011 £000	Year ended 31st March 2010 £000	Year ended 31st March 2009 £000	Year ended 31st March 2008 £000	Year ended 31st March 2007 £000
Difference between the expected and actual return on scheme assets:	827	15,839	(14,727)	(8,613)	370
Experience gains and losses on scheme liabilities:	9,635	-	-	896	68
Total amount recognised in statement of total recognised gains and losses:	28,400	(36,813)	(6,459)	9,645	6,485

Reconciliation to the balance sheet

	2011 £'000	2010 £'000	2008 £'000
Net assets excluding pension liability	125,468	109,680	116,326
Greater Manchester Pension Fund	(12,736)	(52,335)	(15,735)
Nottingham County Council	31	(1,460)	-
Net assets including pension liability	<u>112,763</u>	<u>57,345</u>	<u>100,591</u>

Gedling Homes participates as a contributing member of the local government pension scheme administered by Nottingham County Council. Full disclosures are provided in the Subsidiary accounts.

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

	2011 £'000	2010 £'000
Balance Brought Forward	4,227	4,321
amortised during the year	(94)	(94)
Balance carried forward	<u>4,133</u>	<u>4,227</u>

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 2011

26 HOUSING STOCK	2011	2010
	Units	Units
Dwellings owned and in management:		
General needs	16,035	16,012
Supported Housing	2,522	2,530
Temporary social housing	113	113
	<u>18,670</u>	<u>18,655</u>

27 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS8 from the requirement to disclose transactions and balances with the Group companies on the grounds that it is wholly controlled subsidiary and that the Parent entity prepares Consolidated Financial Statements. The Company has Local Authority Board Members and due to the nature of the relationship with Tameside Metropolitan Borough Council and Gedling Borough Council, would like to acknowledge them as a related party. These Members do not influence any contracts between the Company and the Council.

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. The New Charter Building Company as part of the Group made a donation of £400k was made to the New Charter Academy during the year.

The Company has tenant Board Members which are charged rent for their property at arms length and do not benefit from any favourable terms.

A charitable donation of £165,000 has been made by the Trust Company 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 Limited.

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 £165,000

The New Charter Building Company as part of the Group made a charitable donation to the Salford Disability Forum, a registered charity, under "Gift Aid" for the sum of £560.

The New Charter Building Company as part of the Group made donations in the sum total of £3,450.00 to Tameside MBC, City West Housing Trust Limited, City South Manchester Housing Trust Limited and Manchester Hotels Association.

The New Charter Building Company as part of the Group made a donation of £400k was made to the New Charter Academy during the year.

30 ULTIMATE PARENT UNDERTAKING AND CONTROLLING GROUP

The Trust Company is a subsidiary undertaking of New Charter Housing Trust Group Limited, which was incorporated in the United Kingdom. The Company's principal address is:

Cavendish 249
Cavendish Street
Ashton-under-Lyne
Cheshire
OL6 7AT

Copies of the financial statements of New Charter Housing Trust Group which include the results of the Company, can be obtained from the registered office at the address above.

31 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.