

NEW CHARTER HOUSING (NORTH) LIMITED

(Company Number 3807022)

REPORT

&

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2003

NEW CHARTER HOUSING (NORTH) LIMITED

CONTENTS	Page
Members, Senior Staff, Advisors, Bankers & Lead Funders	2
Report of the Board of Management	4
Auditors Report	20
Income and Expenditure	21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24

NEW CHARTER HOUSING (NORTH) LIMITED

Board of Management

Chair	James Burns	
Vice Chair	Andrew Broadhurst	
Other Members	Alan Bezer Elizabeth Coase David Evans Joseph Fitzpatrick William Harrison Steve Simpson Philip Smith Graham Tossell Gordon Tow Hamid Ghafoor Khalil Rehman	(from 8 th July 2002) (from 1 st May 2002) (coopted from 18 th July 2001)

Chief Executive Ian Munro

Executive Officers

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

Registered Office Frederick House
Dukinfield Road
HYDE SK14 4PL

Auditors KPMG LLP
St James Square
MANCHESTER M2 6DS

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

Principal Bankers

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

Lead Funders

Nationwide Building Society

Registered by the Housing Corporation (H4266)

NEW CHARTER HOUSING (NORTH) LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH 2003

The Directors present herewith the Financial Statements of the Company for the period ended 31st March 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of rented housing within the district of Tameside. New Charter Housing (North) Limited is a Company limited by guarantee.

FUTURE DEVELOPMENT

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

REVIEW OF THE YEAR

The challenges facing the Group remain consistent - delivery of the pledges we made to tenants in 1999 within the resources that are available to us.

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

- Rents - rent increases no more than RPI + 1%
- Repair - ambitious programme of improvement over 10 years
 - significant improvements in maintenance services
- Representation - more involvement by tenants in management of their homes
- Rights - preservation of previous secure tenants rights

2002/03 has seen consistent improvement in performance across the Group in nearly all areas. This dedication to continuous improvement has been further exemplified by applying principles of systems thinking to all our services during the course of the year. This has led to a Groupwide organisational

development programme, the WIN Programme. Re-marshalling and ordering of the workforce is designed to deliver greater efficiencies and economics and allow refocusing resources elsewhere.

There is now clear evidence that customers are seeing a difference in their experience as a landlord. The recent survey of tenants' opinion (January 2003) shows the level of satisfaction with New Charter as a landlord has increased to 70%, an increase since September 2001 of 23%. A further survey of new tenants showed that their introductory experience of our staff was overwhelmingly positive.

New Charter Mission and Values

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

Our Mission is:

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

New Charter Aims

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

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

Performance in 2002/03

Ref	Objective	Critical Success Factors	Progress/Impact
A	<p>Voids to be reduced to 4% by mid year.</p> <p>Management Target of 3.5% by year end</p>	<p>Monitor weekly and on a cumulative basis.</p> <p>Test impact on Business Plan and budgets monthly</p>	<p>Monitoring part of Team Brief and monthly KPI GEMT . performance –Void numbers 352 North and 256 South at year end.</p> <p>Void 3.9% below Business Plan level of 4%</p> <p>Rent Loss at Year end was 4.43% North 3.26% South, Giving a group total of 4.01%. 0.01% outside target</p>
B	<p>Maintain current excellent rent collection performance above 99%</p>	<p>Monitor weekly and on a cumulative basis.</p> <p>Test impact on Business Plan and budgets monthly</p>	<p>Weekly Rental Performance figures published on the NCHT Intranet. Monthly KPIs published for GEMT</p> <p>Collection performance = 99.33% net of HB @ week 53</p>
C	<p>Deliver an investment programme consistent with achieving the 10-Year offer to tenants. For 2002/3 this will include 1030 rewires, 570 new kitchens, 920 new bathrooms, 1660 new central heating installations, new doors and windows to 2480 properties and 3200 homes painted.</p>	<p>New monthly monitoring focused on outputs as well as financials and inputs.</p> <p>Deliver outputs to tolerance of 15%.</p>	<p>Monitoring systems in place – <i>Operational plan in place to optimise spend against profile and commitment.</i></p> <p>Achievements – @ Year End (% performance against target)</p> <p>Rewires – 1028 (100%) Kitchens – 782 (137%) Bathrooms – 894 (97%) Heating Installations – 1225 (74%) Windows – 2133(properties) (86%) Doors – 2332(properties) (94%) Roofs – 280 (104%) Brickwork – 293 (26%) Painting – 2084 (65%) Paths & Fencing – 1403 (79%)</p> <p>Delivered within tolerance (as above)</p>

Ref	Objective	Critical Success Factors	Progress/Impact
D	Develop a procurement strategy which provides assurance that the improvement pledges are delivered	Investigation of partnering Review strategic position of Group's procurement skills	Project Under way Final Strategy in place Jan 2003 Large-scale contracts placed with NCBC & external contractor (Richardson's) incorporate framework to develop partnership arrangements subject to delivery of defined key performance targets. This remains, however, an area of risk in the growing market for contractors and shortages of construction skills. The benefits of an in-house contracting arm have sheltered us from external market forces to a significant degree.
E	Maintain day to day repair response times which exceed Housing Corporation performance targets	Maximise achievement against current 4 hour, one week and one month timescales. Reduce abortive calls.	Repair centre now fully operational supporting the achievement of 99.9% of Emergency and Urgent repairs achieved within timescales over the financial year. Year end Performance = 100%. Routine repairs approx 96.69% achieved within timescales over the year. Abortive calls now at negligible levels for emergency and urgent repairs due to appointments being made. Need to improve Repair Centre telephone response times. Number of repairs reducing. Strict budgetary controls in place.
F	Address and improve on areas of customer dissatisfaction identified in customer survey data	Re measure with 2003 tenants survey.	New Tenants panel tested Jan 2003 New Customer Telephone Survey (1000 Tenants) Completed. Report to be completed and feedback to all stakeholders. 70% of tenants said they were satisfied overall with New Charter. The survey carried out in late 2001 indicated 57% were satisfied. Increase of 23% in 15 Months. "New Tenant" questionnaire in use to measure the satisfaction of our new tenants going through the letting process.
G	Preserve the rent guarantee to transferring tenants at RPI + 1% until September 2005, within the context of rent restructuring proposals.	Business Plan based on RPI + 1%. Evaluate impact of rent restructuring. Measure of performance is delivery of RPI + 1% increase wef October 2002.	RPI + 1% increased delivered in October 2002. Progress report on rent restructure presented to operations committee 14 th October 2002.

Ref	Objective	Critical Success Factors	Progress/Impact
H	Reduce exposure to risk across New Charter and remain financially sound	Review of Internal Audit programme, cost effective insurance renewal, monitoring of BP sensitivities and identification of necessary corrective action	Corporate Risk Register in place. Audit Programme for 2002/3 reflects priorities in corporate risk register as agreed by GEMT. Corporate Risk Register Monitored ¼ ly. Exercise of Swaption will produce interest rate reduction in future years
I	Increase the ways in which we involve tenants in our business	Active tenant groups to be increased by 5 10 separate mailings/ info provided to Tenant Fed and groups 12 sets of policies reviewed by Tenants Federation sub group Information/ consultation with tenants on Investment Programme	March 02 – 24 groups in total (12 N – 12 S), March 03 – 21 groups (11 N – 10 S) Fundamental review of role of Federation now underway through external consultancy Quarterly sessions with wider Tenants groups commenced Nov 02 – Neighbourhoods and Business Plan. January 2003 – Letting Homes April 2003 – Repairs Monthly newsletter mailings sent to Tenants Federation and Residents Groups Mediation, Tenancy services, Vehicle Issues and Rechargeable repairs all reviewed. Tameside Tenants and Residents Repairs, Maintenance and Improvement Group engaged. Tenant Working Groups ie Clarence House, Assheton House working groups in place amongst others. Choice centres, Show Homes etc. Development teams both N/S working closely with Tenants. Tenant Liaison Officers in place for each development/improvement scheme.
J	Ensure the Building Company remains financially viable and becomes clearly competitive within a	Deliver surplus £386K Deliver external income £747K	On Target On Target

Ref	Objective	Critical Success Factors	Progress/Impact
	competitive within a clear strategic plan.	<p>Procure new Client RSL Business</p> <p>Increase Productivity Gains 10%+</p> <p>Target sickness to reduce by 2% to under 4%</p> <p>Deliver appointment scheme to Client's requirements</p>	<p>Northern Counties Jarvis Group -Pavillion Gardens Vokera</p> <p>Implementation of Bailey Burgess Schedule of Rates and other control measures has increased productivity by up to 30% .</p> <p>Monthly sickness increased from 3.82 % (March 02) to 6.29% (March 03). Weekly sickness 6.6% (March 02) to 6.29% (Dec. 02). Although the target has not been achieved, enhanced control measures are in place which exceed standard group policies and the Building Company Board are aware of the issues and are happy with progress to date.</p> <p>Through the Repairs Centre, all callers are offered an AM/PM appointment for Emergency and Urgent Repairs; 99.9% of 23,000+ appointments kept</p>
K	Review existing Thameside contracts for Housing Aid, Homelessness , Housing Register and community alarm service	<p>Housing Aid and Housing Register contract in place.</p> <p>Community Alarm Service Best Value report completed</p>	<p>In partnership with TMBC in recent Audit Commission CPA inspection assisted in achieving 1 star (fair) with excellent prospects for improvement</p> <p>Housing Aid – Contract in place as of 1st April 2003.</p> <p>Maximisation of transitional housing benefit has provided additional resources for Gibson Terrace and Floating Support for vulnerable people.</p> <p>Supported Housing – New initiative being undertaken as a multi-agency project. Training being rolled out by Revenues Managers to cover rent implications. Partnerships being established with local authority agencies, NACRO etc to deliver strategy. Additional 20 units of accommodation to be allocated for supported housing. Contract value £500K.</p> <p>Housing Register arrangement extended</p> <p>Joint work currently underway with TMBC service provider – service user survey underway</p>

Ref	Objective	Critical Success Factors	Progress/Impact
L	Maintain a clean, tidy and attractive environment on all estates	<p>Publish existing maintenance schedules. Photo current state. Record monthly activity.</p> <p>Develop photo log of target standards. Review for 2003/4 plans.</p>	<p>Now published via Shared Drives. Increased staffing levels now making an impact on environment. Forecast 900 tonnes of litter to be removed this year.</p> <p>Quality records now kept in all areas of work. Monthly tonnage figures available and schedules in place.</p> <p>New standards agreed with CRAG for cleanliness on Central Estate. Monitoring systems in place Review of caretaking service completed. Proposals being evaluated. New service now making an impact on environment – review in light of Best Value and emerging issues from previous review of service.</p>

Ref	Objective	Critical Success Factors	Progress/Impact
N	Apply continual improvement techniques across our business	Develop & implement CI strategy	Leadership group self assessment Preparing for CPA – Audit Commission Inspection Performance Management Frameworks, Job Profile and development of capability measures. New customer contact system New draft quality strategy in consultation phase Now subsumed into overall WIN programme
O	Review and ensure policies and performance targets comply and reflect equality/ diversity and BME needs	Produce and consult on equality/ diversity BME action plan. Implement Officer Working Group. Develop links with BME community groups and appropriate partner RSLs.	Extensive piece of work by external consultant assisted in production of report circulated to December Trust Board Following on from Operations Committee October 2002, Allocations etc Meeting taken place and further interventions with relevant RSLs taken place.
P	Achieve Investors in People accreditation	Awarded	On hold pending implementation of service streams and integrated performance management system Group response to sector rebranding requires analysis of all relevant benchmarking awards. Now planned for implementation within a broader quality strategy to be achieved 2004. Project Plan to be produced in consultation with service unit managers and GEMT early 2003.
Q	Plan for and ensure a successful outcome for Housing Corporation Inspection Visit Oct/Dec	Receipt of a satisfactory Inspection Report	Now scheduled for 12 May 2003. Workshop delivered with GEMT November 2002. New framework to be interpreted for Audit Commission who will be conducting the inspection. Project plan in place. Initial Documentation and Self Assessment Document produced for all 11 Possible areas of Inspection completed and delivered to Inspectors before Deadline of initial meeting on 6 th February 2002. Dedicated Intranet resource installed for inspection Issues. Tenant's invited to participate in the Inspection through Tenant's Newsletter (8) February 2003. Inspection will form subject of Next Tenant Consultation Event on 26th April 2003.

“softer” issues of environment and neighbourhood generally, though in these areas there is a growing demand for more investment and maintenance activity.

Generally this year has been marked by great progress made by the Company and considerable achievement in investment and service improvement. This has been accompanied by more detailed awareness of the remaining tasks and priorities and development of an organisation and strategy capable of delivering in the future.

Financial Position

The Company’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 lead lender and facility agent. The funding profile, (amounting in total to a facility for this Company of £114.903m), reflects the fact that in the initial years of the Company accrued deficits will be recorded, as the repairs, maintenance and improvement programme is undertaken. Thereafter, surpluses are projected which enable the repayment of all outstanding loans.

The financial statements demonstrate a net current liability position of £3.694m as at 31st March 2003, a reduction of £1.435m during the course of the year. However, the availability of the long term funding provides for this position to be resourced by drawdown of the loan facility. Close monitoring of the business is exercised by funders, on a Groupwide basis, by the application of a series of Loan Covenant requirements on a quarterly basis. These relate to the basic drivers of the business, and include tests on income, expenditure, interest, the security valuation of the Company’s assets, the extent of rental loss from void properties, and in summary reflect the fact that cashflow is the predominant issue. Although the asset cover ratio was breached during the year the valuation did not include the additional value of properties acquired since April 2002 (notably 6 dwellings and 77 shops from Tameside MBC), additionally, the year end valuation exercise has demonstrated that this will no longer be an issue in future years. The Directors are pleased to report that during the period all other tests applied by funders on a Groupwide basis were fully met.

Within the context of these comments the financial statements show that, during the period, a deficit of £4.026m was accrued. This should be placed in the context of the Business Plan which projected drawings under the loan facility of £11.409m – actual drawings were £6.900m. Drawings were significantly less than originally planned largely as a consequence of the later than anticipated start on the construction of the Group’s purpose built office accommodation in Ashton –under- Lyne and also a significantly greater number of sales arising under the provisions of the Right to Buy legislation. Equally, the prime purpose of the Company, in repairing, maintaining and improving its assets is reflected by revenue expenditure of £8.351m and capital expenditure of £10.583m. Rental streams, being the major source of the Company’s income, have been strong, and have been aided by a significant reduction in the loss of income on void properties. The Company’s cash flow has been improved substantially arising from increased Right to Buy sales, (as noted above), together with significant savings on interest charges consequent upon the terms of the Group Loan Facility Agreement. During the course of the year advantage was taken of the prevailing interest rates to provide the Group with savings, (when measured against the Business Plan), which will be available over the life of the Facility.

DIRECTORS

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

		<u>Appointed</u>	<u>Resigned</u>
James Burns	(I)	2 nd August 1999	
Alan Bezer	(T)	7 th August 2000	22 nd November 2001
		8 th July 2002	
Andrew Broadhurst	(I)	2 nd August 1999	
Elizabeth Coase	(T)	18 th September 2000	
Michael Creamer	(I)	2 nd August 1999	16 th September 2002
David Evans	(C)	2 nd August 1999	
Joseph Fitzpatrick	(C)	11 th June 2001	
Hamid Ghafoor (co-opted)	(I)	18 th July 2001	
		10 th December 2002	
William Harrison	(C)	2 nd August 1999	
Steven Simpson	(I)	18 th July 2001	
Philip Smith	(T)	22 nd November 2001	
Graham Tossell	(T)	22 nd November 2001	
Gordon Tow	(C)	1 st May 2002	
Khalil Rehman (co-opted)	(I)	18 th July 2001	

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

AUDITORS

At the Board meeting of New Charter Housing Trust Ltd on 25th April 2000 the Directors appointed KPMG to act as Auditors for the Group and for each of the Companies therein. KPMG were reappointed at the Annual General Meeting of the Company held on 22nd November 2001. Following the conversion of KPMG into a limited liability partnership the Board of the Company, on 8th July 2002, accepted the resignation of KPMG and appointed KPMG LLP as Auditors. KPMG LLP were re-appointed as Auditors at the Annual General Meeting of the Company on 29th October 2002

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

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

Internal Financial Controls

The Board acknowledge their ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments within which it operates. These controls are designed to give reasonable assurance with respect to:

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

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

In undertaking this responsibility the Board should ensure that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorized use of the Company's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant,

reliable and up-to-date financial and other information and significant variances from budgets are investigated, as appropriate;

- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant Committees comprising Board members;
- The Audit Committee reviews reports from management, from the internal auditors and from the external auditors, to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Company. The Audit Committee makes regular reports to the Board;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of internal control in existence in the Company for the year ended 31st March 2003, and has approved the following statement of the Group Chief Executive.

Internal Control

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.

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 fraudulent activity.

Control Measures

I have reviewed the systems of internal control and I am satisfied that these have remained in place throughout the financial year 2002/03. The system can be characterised as follows: -

- *The Group has a well-designed and robust business planning process, which sets out clearly business aims and objectives and has outcomes against which progress can be demonstrated.*
- *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.*
- *The Audit Committee has continued to meet on a regular basis to consider reports from Officers and Auditors.*
- *Internal and External Auditors have unfettered access to Audit Committee members.*

- *Audit Committee have agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.*
- *Audit Committee and Trust Board have approved the continuation of the arrangement whereby internal audit is contracted out.*
- *Risk management mapping has been carried out during the course of the year involving senior and middle management and non-executive directors.*
- *The fraud-register and whistle blowing policy have both remained in operation throughout the year.*
- *Management reports on operational and financial matters have continued to be provided to all relevant Boards and Committees.*
- *There has been timely and regular reporting of key business information and performance indicators at Management and Board meetings.*
- *Management letter from External Auditor in respect of 2001/02 accounts fully endorsed and being actioned.*
- *External regulator has indicated continuing compliance with all regulatory requirements.*
- *Continuing development of continual improvement culture across the Group.*

Very few significant control weaknesses were identified during the course of the year. Any that have been found were either promptly attended to or clear plans developed to minimise risk.

My conclusion is that systems of internal control provide assurance that risk is understood and managed.

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

IH Munro 8th June 2003

Group Chief Executive

The report of the Board of Management was approved and signed on its behalf by the Chair of the Board, James T Burns, and Andrew Broadhurst, (Director) on 4th September 2003.

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



St James' Square
Manchester
M2 6DS

Report of the independent auditors to the members of New Charter Housing (North) Limited

We have audited the financial statements on pages 21 - 40.

This report is made solely to the association's members, as a body, in accordance with section 235 of the Companies Act 1985, the Industrial and Provident Societies Acts 1965 to 1978, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and auditors

The Company's Board of Management is responsible for preparing the Board of Management's report and, as described on page 15, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board, the Housing Corporation, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and transactions with the Company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2003 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2000.

KPMG LLP

Chartered Accountants

Registered Auditors

NEW CHARTER HOUSING (NORTH) LTD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2003

		2003	2002
		£	£
Turnover	2	20,530,019	19,642,771
Operating costs	2	(20,580,482)	(20,908,965)
Operating deficit	2	<u>(50,463)</u>	<u>(1,266,194)</u>
Surplus on sale of fixed assets	4	981,360	465,702
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>930,897</u>	<u>(800,492)</u>
Interest receivable and other income	5	81,215	118,286
Interest payable and similar charges	6	(5,037,789)	(4,747,318)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,025,677)</u>	<u>(5,429,524)</u>
TAXATION			
Taxation on ordinary activities	10	-	-
DEFICIT FOR THE YEAR		<u>(4,025,677)</u>	<u>(5,429,524)</u>
REVENUE RESERVE BROUGHT FORWARD		(6,124,522)	(1,514,450)
TRANSFER FROM REVALUATION RESERVE		970,161	819,452
REVENUE RESERVE CARRIED FORWARD		<u><u>(9,180,038)</u></u>	<u><u>(6,124,522)</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Deficit for the financial year		(4,025,677)	(5,429,524)
Unrealised deficit on the revaluation of properties		(970,161)	(819,452)
Total recognised gains and losses for the year		<u><u>(4,995,838)</u></u>	<u><u>(6,248,976)</u></u>
NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS			
Deficit on ordinary activities before taxation		(4,025,677)	(5,429,524)
Difference between the historical cost depreciation charges and the actual depreciation charge for the year calculated on the revalued amount		-	-
Historical cost deficit on ordinary activities before taxation		<u><u>(4,025,677)</u></u>	<u><u>(5,429,524)</u></u>

All of the above results derive from continuing operations.

The notes on pages 25 to 40 form an integral part of the financial statements.

NEW CHARTER HOUSING (NORTH) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2003

		2003		2002
		£	£	£
FIXED ASSETS				
Tangible assets - housing properties	11	105,166,769		85,118,287
Less depreciation		-		-
		<u>105,166,769</u>		<u>85,118,287</u>
Other tangible assets	12	128,578		147,350
		<u>105,295,347</u>		<u>85,265,637</u>
CURRENT ASSETS				
Stock	13	-		9,360
Debtors	14	3,061,825		2,876,135
		<u>3,061,825</u>		<u>2,885,495</u>
CREDITORS				
Amounts falling due within one year	15	<u>(6,756,122)</u>		<u>(8,014,562)</u>
NET CURRENT LIABILITIES		(3,694,297)		(5,129,067)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>101,601,050</u>		<u>80,136,570</u>
CREDITORS				
Amounts falling due after more than one year	16	82,880,222		72,536,945
CAPITAL AND RESERVES				
Revaluation reserve	18	27,900,866		13,724,147
Revenue reserve	18	<u>(9,180,038)</u>		<u>(6,124,522)</u>
		18,720,828		7,599,625
		<u>101,601,050</u>		<u>80,136,570</u>

The financial statements on pages 21 to 40 were approved on behalf of the Board on the 30th September 2003 and were signed by :

J Burns	(Chair)
A Broadhurst	(Director)
D O McLoughlin	(Group Company Secretary)

The notes on pages 24 to 40 form an integral part of the financial statements.

NEW CHARTER HOUSING (NORTH) LIMITED

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2003

		2003		2002
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	2,794,741		3,539,906
RETURNS ON INVESTMENTS AND SERVICING FINANCE				
Interest received	81,215		106,157	
Interest paid	<u>(5,037,789)</u>		<u>(4,710,848)</u>	
		(4,956,574)		(4,604,691)
CAPITAL EXPENDITURE				
Developments, improvements and other capital works	(10,000,770)		(6,059,598)	
Other capital expenditure	<u>(582,291)</u>		<u>(151,722)</u>	
	<u>(10,583,061)</u>		<u>(6,211,320)</u>	
Sale of housing properties	<u>4,052,894</u>		<u>1,876,105</u>	
		(6,530,167)		(4,335,215)
CASHFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>(8,692,000)</u>		<u>(5,400,000)</u>
MANAGEMENT OF LIQUID RESOURCES		-		-
FINANCING				
Loans advances received	6,900,000		5,400,000	
Grant received	<u>1,792,000</u>		<u>-</u>	
		8,692,000		5,400,000
INCREASE IN CASH		<u><u>-</u></u>		<u><u>-</u></u>

The notes on pages 25 to 40 form an integral part of the financial statements.

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords" issued in March 1999 and updated in 2002. A summary of the more important accounting policies which have been applied consistently is set out below.

Basis of Accounting

The financial statements have been prepared under the historical cost convention as amended for the valuation of housing properties.

Recent Accounting Standards

The transitional requirements of Financial Reporting Standard 17 (FRS17) Accounting for Retirement Benefits have been adopted. Further details are set out in note 21.

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

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

Turnover

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

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Turnover includes attributable profits and is stated after providing for any foreseeable losses on contracts.

Housing Properties

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

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

Depreciation of Housing Properties

Housing Properties are depreciated over their expected useful economic lives on a straight line basis.

The depreciation is calculated by deducting the land value from the revalued sum.

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

Impairment

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

Social Housing Grant and other capital grants

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

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

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

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

Other Fixed Assets

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

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

Pension Costs

The company operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 21. Contributions from the Group and participating employees are paid into an independently administered fund. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contributions.

Provisions

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

Revaluation Reserve

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

VAT

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

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'.

Sales under Right to Buy Legislation

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

Bad and Doubtful Debts

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

Loss on disposal on improvement 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.

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.

NEW CHARTER HOUSING (NORTH) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

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

	Turnover	2003 Operating costs	Operating surplus	Turnover	2002 Operating costs	Operating surplus
	£	£	£	£	£	£
Income and expenditure from social housing lettings						
Housing accommodation	20,296,060	17,410,159	2,885,901	19,369,738	17,697,184	1,672,554
Depreciation of housing properties	-	1,655,272	(1,655,272)	-	1,743,975	(1,743,975)
Loss on investment programme disposals	-	1,412,693	(1,412,693)	-	1,339,045	(1,339,045)
	<u>20,296,060</u>	<u>20,478,124</u>	<u>(182,064)</u>	<u>19,369,738</u>	<u>20,780,204</u>	<u>(1,410,466)</u>
Other income and expenditure from social housing lettings						
Garages rental	72,479	23,411	49,068	91,702	24,988	66,714
Home contents insurance scheme	68,847	78,947	(10,100)	80,248	103,773	(23,525)
Other activities	92,633	-	92,633	101,083	-	101,083
	<u>233,959</u>	<u>102,358</u>	<u>131,601</u>	<u>273,033</u>	<u>128,761</u>	<u>144,272</u>
	<u>20,530,019</u>	<u>20,580,482</u>	<u>(50,463)</u>	<u>19,642,771</u>	<u>20,908,965</u>	<u>(1,266,194)</u>

NEW CHARTER HOUSING (NORTH) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

3 INCOME FROM SOCIAL HOUSING LETTINGS	2003			2002		
	General needs £	Temporary social £	Total £	General needs £	Temporary social £	Total £
Gross rent receivable (net of service charges)	20,665,474	231,299	20,896,773	20,248,327	213,028	20,461,355
Service charges receivable	371,432	-	371,432	377,621	-	377,621
Gross rents and service charges receivable	<u>21,036,906</u>	<u>231,299</u>	<u>21,268,205</u>	<u>20,625,948</u>	<u>213,028</u>	<u>20,838,976</u>
Less: rent loss from voids	(942,181)	(29,964)	(972,145)	(1,441,867)	(27,371)	(1,469,238)
Net rents receivable	<u>20,094,725</u>	<u>201,335</u>	<u>20,296,060</u>	<u>19,184,081</u>	<u>185,657</u>	<u>19,369,738</u>
Other income	-	-	-	-	-	-
Turnover from social housing lettings	<u>20,094,725</u>	<u>201,335</u>	<u>20,296,060</u>	<u>19,184,081</u>	<u>185,657</u>	<u>19,369,738</u>
EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES						
Management	7,930,122	145,240	8,075,362	8,101,937	41,792	8,143,729
Services	260,155	-	260,155	336,054	-	336,054
Routine maintenance	3,901,880	14,522	3,916,402	5,868,305	27,892	5,896,197
Planned maintenance	755,875	352	756,227	525,603	1,000	526,603
Major repairs expenditure	3,677,155	449	3,677,604	2,576,317	-	2,576,317
Rent losses from bad debts	703,573	2,064	705,637	172,984	11,528	184,512
Depreciation of housing properties	1,650,430	4,842	1,655,272	1,739,227	4,748	1,743,975
Loss on investment programme disposals	1,412,693	-	1,412,693	1,339,045	-	1,339,045
Impairment of housing properties	-	-	-	-	-	-
Depreciation of other assets	18,772	-	18,772	33,772	-	33,772
Operating costs on social housing lettings	<u>20,310,654</u>	<u>167,470</u>	<u>20,478,124</u>	<u>20,693,244</u>	<u>86,960</u>	<u>20,780,204</u>
Operating (deficit)/surplus on social housing lettings	<u>(215,929)</u>	<u>33,865</u>	<u>(182,064)</u>	<u>(1,509,163)</u>	<u>98,697</u>	<u>(1,410,466)</u>

Service Charge income is fully eligible for Housing Benefit.

NEW CHARTER HOUSING (NORTH) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
4 SURPLUS ON SALE OF FIXED ASSETS		
Proceeds of sale	4,036,487	1,868,215
Cost of sales (including amount due to Tameside MBC)	(3,055,127)	(1,402,513)
Surplus on disposal of assets	<u>981,360</u>	<u>465,702</u>
	2003	2002
	£	£
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	-	37,071
Inter company loan interest receivable	81,215	81,215
	<u>81,215</u>	<u>118,286</u>
	2003	2002
	£	£
6 INTEREST PAYABLE		
On bank loans, overdrafts and other loans	<u>5,037,789</u>	<u>4,747,318</u>
	<u>5,037,789</u>	<u>4,747,318</u>
	2003	2002
	£	£
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	1,674,044	1,815,672
Auditors remuneration (inc VAT)		
- in their capacity as auditors	13,548	13,157
Loss on disposal of items replaced as part of investment programme	<u>1,412,693</u>	<u>1,339,045</u>

NEW CHARTER HOUSING (NORTH) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

8 DIRECTORS EMOLUMENTS

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

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

	2003	2002
Aggregate emoluments payable to GEMT (including pension contributions & benefits in kind)	<u>£70,088</u>	<u>£67,979</u>
Emoluments payable to the highest paid member of GEMT (excluding pension contributions but inc benefits in kind)	<u>£63,033</u>	<u>£62,842</u>
The number of directors, including the highest paid director, who received emoluments (exc pension contributions) in the following ranges were as follows:		
	Number	Number
£60,001 - £70,000	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
Aggregate amount of highest paid director's pension	<u>£5,711</u>	<u>£5,137</u>
The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates		
Expenses payable to members of the Board who were neither officers nor employees of the Company		
	<u>£4,372</u>	<u>£2,180</u>

9 EMPLOYEE INFORMATION

	2003	2002
The average number of persons employed during the year		
Management	70	89
Manual	<u>2</u>	<u>1</u>
	<u>72</u>	<u>90</u>
Full time	69	84
Part time	<u>3</u>	<u>6</u>
	<u>72</u>	<u>90</u>
Staff costs for the above persons were:		
	£	£
Wages and salaries	1,096,094	1,289,299
Social security costs	70,447	84,512
Other pension costs	<u>102,328</u>	<u>108,030</u>
	<u>1,268,869</u>	<u>1,481,841</u>

NEW CHARTER HOUSING (NORTH) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
a Analysis of tax charge in the year/period		
UK corporation tax		
Current tax on income for the year/period	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Deferred tax		
Origination /reversal of timing difference	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u><u>-</u></u>	<u><u>-</u></u>

b Factors affecting tax charge for the year/period

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

	£	£
Deficit on ordinary activities before tax	(4,025,677)	(5,429,524)
Current tax at 30%	(1,207,703)	(1,628,857)
Effects of:		
Expenses not deductible for tax purposes	431,308	405,528
Capital allowances for period in excess of depreciation	(4,539)	7,881
Utilisation of tax losses	189,800	588,792
Non qualifying depreciation	501,134	539,122
CGT accounts/accounts profit re non qualifying properties	90,000	87,534
Adjustment to tax charge in respect of prior periods	-	-
Current tax charge	<u><u>-</u></u>	<u><u>-</u></u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £	Under Construction £	Total £
COST OR VALUATION			
As at 1st April 2002	85,118,287	-	85,118,287
Additions in year:			
Improvements	10,000,770	-	10,000,770
Completed	-	-	-
Under construction	-	582,291	582,291
Revaluation	13,550,025	-	13,550,025
Disposals	(3,502,313)	-	(3,502,313)
At 31st March 2003	<u>105,166,769</u>	<u>582,291</u>	<u>105,749,060</u>
LESS GRANT FUNDING			
At 1st April 2002	-	-	-
Completed schemes in year	-	-	-
Received during the year	-	(582,291)	(582,291)
Disposals	-	-	-
At 31st March 2003	<u>-</u>	<u>(582,291)</u>	<u>(582,291)</u>
LESS DEPRECIATION			
At 1st April 2002	-	-	-
Charge for year	1,655,272	-	1,655,272
Disposals	(58,418)	-	(58,418)
Revaluation	(1,596,854)	-	(1,596,854)
At 31st March 2003	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE AT 31st MARCH 2003	<u>105,166,769</u>	<u>-</u>	<u>105,166,769</u>
NET BOOK VALUE AT 31st MARCH 2002	<u>85,118,287</u>	<u>-</u>	<u>85,118,287</u>

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

	£	£	£
Historic cost	81,859,562	-	81,859,562
Depreciation	(4,593,659)	-	(4,593,659)
Revaluation reserve	27,900,866	-	27,900,866
	<u>105,166,769</u>	<u>-</u>	<u>105,166,769</u>

A valuation was performed in the year by DTZ Pida Consulting, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2003.

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

12 FIXED ASSETS - OTHER TANGIBLE ASSETS

	Leasehold Premises £	IT equipment £	Furniture & equipment £	Total £
COST				
At 1st April 2002	151,722	30,000	18,000	199,722
Additions in year	-	-	-	-
Disposals	-	-	-	-
At 31st March 2003	<u>151,722</u>	<u>30,000</u>	<u>18,000</u>	<u>199,722</u>
DEPRECIATION				
At 1st April 2002	15,172	30,000	7,200	52,372
Charge for year	15,172	-	3,600	18,772
Disposals	-	-	-	-
At 31st March 2003	<u>30,344</u>	<u>30,000</u>	<u>10,800</u>	<u>71,144</u>
NET BOOK VALUE				
At 31st March 2003	<u><u>121,378</u></u>	<u><u>-</u></u>	<u><u>7,200</u></u>	<u><u>128,578</u></u>
NET BOOK VALUE				
At 31st March 2002	<u><u>136,550</u></u>	<u><u>-</u></u>	<u><u>10,800</u></u>	<u><u>147,350</u></u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
13 STOCK		
Raw materials and consumables	-	9,360
	<u>-</u>	<u>9,360</u>
14 DEBTORS		
Arrears of rent and service charges	1,717,119	972,509
less Provision for bad and doubtful debts	<u>(1,104,742)</u>	<u>(433,876)</u>
	612,377	538,633
Housing benefit overpayments	191,603	83,867
less Provision for bad and doubtful debts	<u>(95,802)</u>	<u>(41,933)</u>
	95,801	41,934
Rechargeable repairs	154,094	66,102
less Provision for bad and doubtful debts	<u>(77,047)</u>	<u>(33,051)</u>
	77,047	33,051
Trade Debtors	290,832	-
less Provision for bad and doubtful debts	<u>(30,157)</u>	<u>-</u>
	260,675	-
Amount due from parent and from fellow subsidiaries - Trade	729,802	169,040
Amount due from parent and from fellow subsidiaries - Loans	1,230,145	1,230,145
Prepayments and accrued income	10,361	3,232
Other debtors	45,617	860,100
	<u>3,061,825</u>	<u>2,876,135</u>

The amount due from the Parent and from fellow subsidiaries relates to loans made to New Charter Housing Trust Ltd - £1,009,517 (2002 - £1,009,517) and New Charter Building Company Ltd - £220,628 (2002 - £220,628). The loans are at a fixed interest rate of 6.6% and are repayable within 30 years.

Rent and service charge arrears, net of provision for bad and doubtful debts represents 2.88% (2002 - 2.78%) of the annual rent and service charge receivable.

	2003	2002
	£	£
15 CREDITORS - Amounts falling due within one year		
Housing and development loans	400,000	3,350,000
Amount due to parent undertakings	2,527,677	2,367,216
Trade creditors	126,162	795,544
Accruals and deferred income	247,186	1,135,401
Repairs and Maintenance Accruals	1,443,070	-
Accrual for Properties under Construction	127,925	-
GMPTE Contribution to Crickets Lane Development	1,170,457	-
RTB clawback	373,105	-
Rent and service charges paid in advance	340,540	366,401
	<u>6,756,122</u>	<u>8,014,562</u>

The average number of days between date of invoice and payment was 37 (2002 : 43)

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
	£	£
16 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	81,690,000	71,840,000
RTB clawback	1,190,222	696,945
	<u>82,880,222</u>	<u>72,536,945</u>

	2003	2002
	£	£
	Housing Loans by instalments	Housing Loans by instalments
17 LOANS		
Within one year or on demand	400,000	3,350,000
In more than five years	81,690,000	71,840,000
	<u>82,090,000</u>	<u>75,190,000</u>

The housing loans are drawn down from total facilities of £213m and are secured by a fixed charge over the Group's housing properties and other assets. The rate of interest on the loan currently outstanding under facility A is 6.61%. Within 'loans payable in more than five years', there is a drawing of £12.85m under facility B bearing interest at an average rate of 4.33%. Also within 'loans repayable in more than five years' there is a drawing of £0.4m under facility C, which currently bears interest at 4.59%.

18 RESERVES

	Revenue	Revaluation	Total
	£	£	£
As at 1st April 2002	(6,124,522)	13,724,147	7,599,625
Deficit for the year	(4,025,677)	-	(4,025,677)
Revaluation	-	15,146,880	15,146,880
Deficit arising on revaluation	970,161	(970,161)	-
At 31st March 2003	<u>(9,180,038)</u>	<u>27,900,866</u>	<u>18,720,828</u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

19 NOTES TO THE CASHFLOW STATEMENT

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

	2003	2002
	£	£
Operating surplus/deficit	930,897	(800,492)
Depreciation charges	1,674,044	1,815,671
(Increase) in debtors	(120,712)	(830,879)
Decrease in stock	9,360	10,916
Increase in creditors	910,152	2,471,346
Profit on sale of tangible fixed assets	(2,021,693)	(465,702)
Loss on disposal on improvements to housing properties	1,412,693	1,339,046
Net cash inflow from operating activities	<u>2,794,741</u>	<u>3,539,906</u>

b Reconciliation of net cash inflow to movement in net debt

	2003	2002
	£	£
(Reduction)/increase in cash in year	-	-
Change in net debt resulting from cash flows	(6,900,000)	(5,353,468)
Change in net debt	<u>(6,900,000)</u>	<u>(5,353,468)</u>
New finance leases	-	-
Net debt at beginning of year	(75,190,000)	(69,836,532)
Net debt at end of year	<u>(82,090,000)</u>	<u>(75,190,000)</u>

19 NOTES TO THE CASHFLOW STATEMENT (CONTINUED)

c Analysis of changes in net debt

	At 31st March 2003	Cash Flows	At 31st March
	£	£	2002
			£
Cash & investments	-	-	-
Debt due within one year	(400,000)	2,950,000	(3,350,000)
Debt due after one year	(81,690,000)	(9,850,000)	(71,840,000)
	<u>(82,090,000)</u>	<u>(6,900,000)</u>	<u>(75,190,000)</u>
	<u>(82,090,000)</u>	<u>(6,900,000)</u>	<u>(75,190,000)</u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

20 CAPITAL COMMITMENTS		2003	2002
	Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>£3,923,285</u>	<u>£2,023,314</u>
	Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>£64,740,000</u>	<u>£8,059,195</u>

The amount contracted for at 31st March 2003 will be funded from grants and loans approved by local authorities and the Housing Corporation or will be financed from private finance loans. The Board expect the expenditure they have authorised to be fully financed by the local authorities, the Housing Corporation or from private finance loans.

21 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 2003 are as follows :

Valuation date	31st March 2003
Valuation Method	Projected unit
Value of assets	£28.830 million
Investment Return per annum	6.91%
Salary scale increases per annum	4.00%
Pension increases per annum	2.50%

The Pension contributions made by the Trust in the year to 31st March 2003 totalled £1.360m covering 732 employees (2002 - £1.219 million covering 715 employees). The employers contribution rate was 10.2% of pensionable salary. From 1st April 2003 the level of employer's contribution will increase to 11.0% of pensionable salary.

Under the transitional requirements of FRS 17, the Trust is required to disclose further information on the assets and liabilities of the scheme on a market value basis as at the 31st March 2003. This information is set out below :

Actuarial assumptions :	2003	2002
Discount Rate	5.40%	5.90%
Salary increase rate	4.00%	4.30%
Pension increase rate	2.50%	2.80%
Rate of inflation	2.50%	2.80%

Scheme assets and expected returns for Greater Manchester Pension Fund :

	2003	2003	2002	2002
	Value £'000	Expected rate of return	Value £'000	Expected rate of return
Equities	3,109,700	8.00%	3,793,633	8.00%
Bonds	883,500	4.80%	1,555,446	4.80%
Property	575,600	6.00%	499,976	6.00%
Cash	348,100	4.00%	494,878	4.00%
Total	<u>4,916,900</u>	<u>6.91%</u>	<u>6,343,933</u>	<u>6.62%</u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

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

	2003	2002
	£'000	£'000
Value of pension liabilities	40,430	34,560
Value of pension assets	28,830	33,010
Related deferred tax liability	-	-
Deficit in scheme	<u>11,600</u>	<u>1,550</u>

Under the transitional arrangements of FRS 17, no provision has been made by the Group for the Group's share of the deficit of the scheme. If provision were made, the following entries would be made:

Balance Sheet presentation	2003	2002
	£	£
Net assets excluding FRS 17 pension liability*	39,282,780	15,568,009
Net pension liability	(11,600,000)	(1,550,000)
Net assets including FRS 17 pension liability	<u>27,682,780</u>	<u>14,018,009</u>
Reserves note		
Income and expenditure account excluding FRS 17 pension liability*	(12,191,745)	(9,826,292)
Pension reserve	(11,600,000)	(1,550,000)
Income and expenditure account including FRS 17 pension liability	<u>(23,791,745)</u>	<u>(11,376,292)</u>

* Amounts exclude SSAP 24 provisions for Greater Manchester Pension Fund underfunding included within the Group Balance Sheet.

Under the transitional arrangements of FRS 17, the Group's pension charge for the year calculated under FRS 17 assumptions is not included in the financial statements (as this is currently calculated on a SSAP 24 basis). If the charge had been included on an FRS 17 basis, the following entries would be made.

Analysis of the amount charged to the income and expenditure account	2003
	£'000
Service cost	2,080
Past service cost	270
Total operating charge	<u>2,350</u>

Analysis of net return on pension scheme	2003
	£'000
Expected return on pension scheme assets	2,180
Interest on pension scheme liabilities	(2,040)
Net return	<u>140</u>

Amounts recognised in the statement of total recognised gains and losses (STRGL)	2003
	£'000
Actual return less expected return on pension scheme assets	(7,950)
Experience gains and losses arising on the scheme liabilities	310
Change in financial and demographic assumptions underlying the scheme liabilities	(1,560)
Actuarial loss recognised in STRGL	<u>(9,200)</u>

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

Movement in surplus during the year	2003 £'000
Deficit in scheme at start of year	(1,550)
Movement in year:	
Current service charge	(2,080)
Contributions	1,360
Past service costs	(270)
Net interest/return on assets	140
Actuarial loss	(9,200)
Deficit in scheme at end of year	<u><u>(11,600)</u></u>

History of experience gains or losses	2003 £'000
Difference between the expected and actual return on assets:	
Amount	(7,950)
% of scheme assets	-27.6%
Experience gains and losses on the scheme liabilities:	
Amount	310
% of scheme assets	-0.8%
Total amounts recognised in STRGL:	
Amount	(9,200)
% of scheme assets	-22.8%

22 LEGISLATIVE PROVISIONS

The Trust is registered with the Housing Corporation under the Housing Act 1996 .
Registration LH4266.

23 CONTINGENT LIABILITIES

The Fairfield Estate in Droylsden was constructed in the 1980's. Construction problems occurred during the building of the estate. At the point of transfer, New Charter (North) Limited received an indemnity from the council in respect of the cost of reparation on the estate. Tameside MBC and New Charter (North) Limited have recently commenced negotiations to determine the extent of reparation required. It is not currently anticipated that New Charter (North) Limited will incur any expenditure relating to the substantive reparation work required on the estate, emanating from the original default.

24 HOUSING STOCK	2003	2002
Dwellings owned and in management:		
General needs	7,916	8,104
Supported housing	264	264
Temporary social housing	24	24
	<u><u>8,204</u></u>	<u><u>8,392</u></u>

25 RELATED PARTY TRANSACTIONS

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

NEW CHARTER HOUSING (NORTH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

The independent Board members have links with a number of organisations, including Anchor Housing Trust, Burnley and Padiham Community Housing and Berrybridge Housing. Again no advantage is gained from these links.

26 IMPAIRMENT

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

27 ULTIMATE PARENT UNDERTAKING

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

Frederick House
Dukinfield Road
Hyde
Cheshire
SK14 4PL

28 CASH AT BANK AND IN HAND

There is a charge in favour of the Co-operative Bank plc over the Company's cash and bank balances.