



NEW CHARTER HOUSING TRUST LIMITED

(Company Number 3807262)

REPORT

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FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2004

NEW CHARTER HOUSING TRUST LIMITED

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NEW CHARTER HOUSING TRUST LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

Board of Management

Chair Gerald Cooney

Vice-Chair Hamid Ghafoor

Other Members

James Burns
Elizabeth Coase (Until 26th August 2003)
David Evans
Julie Hardman
Philip Smith (From 8th December 2003)
Jed Hassid
Desmond Jeffery (From 16th December 2003)
John Shenton (Until 29th March 2004)
Stephen Hall (co-opted from 31st January 2000)
Khalil Rehman (co-opted from 18th July 2001)

Group Chief Executive Ian Munro

Executive Officers

Group Director of Finance &
Deputy Chief Executive Martin Frost

Group Company Secretary &
Director of Legal Services Danny McLoughlin

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

Registered by the Housing Corporation (LH4265)

Auditors KPMG LLP
St James Square
Manchester
M2 6DS

Internal Auditors Deloitte & Touche LLP
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
Kings Park Road
Moulton Park
Northampton
NN3 6NW

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2004

The Directors present the Financial Statements of the Company for the period ended 31st March 2004.

PRINCIPAL ACTIVITIES

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

FUTURE DEVELOPMENT

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

EMPLOYMENT PRACTICES

The Group has an Equal Opportunities Policy, applicable to each company, which is fully compliant with all discrimination legislation and ensures that all applicants for jobs with any company receive a full and fair consideration based upon their aptitudes and abilities and regardless of any disability.

The Group is fully compliant with all discrimination legislation and, in particular, the Disabilities Discrimination Act 1995. Wherever possible, if an employee should suffer a disability during their period of employment, the Group will make reasonable adjustments to enable the employee to continue with their employment and any associated training etc.

Through its Equal Opportunities Policy, the Group ensures that all persons with a disability have access to training, career development and promotion. Through related policies, the company is committed to ensuring that all employees shall be free from discrimination of any kind.

The Group has regularly informed employees of issues relevant to their employment through meetings with Trade Union representatives and through direct means of communication.

During the course of the year's trading, the Group has continued to apply its policy on Trade Union recognition and met regularly with Trade Union workforce representatives. Furthermore the Group has established an Employees Forum which will consist of management and workforce representatives and is scheduled to meet on a regular basis to discuss relevant work issues.

Meetings are held regularly with senior managers to inform them of the financial and economic factors affecting the business through the medium of the Business Plan. The main Objectives of the Business Plan and internal and external factors affecting the same, regularly form the basis of discussion with workforce representatives and managers who then disseminate to all employees. This system of communication is to be strengthened with the advent of the Employee Forum.

REVIEW OF THE YEAR

The Group's mission remains unchanged and consistent; delivery of the pledges made at transfer in 2000 within resources available.

2003/04 saw major consolidation of the Group's performance, which continued to improve. Our rent collection and repair services are second to none and we continued to reduce the number of void properties. The end of our fourth year has seen significant completions in our investment programme and completion of our second new build scheme in Ashton-under-Lyne.

Huge effort during year just closed saw a conclusion to our refinancing initiative which will provide extra and rephased resources to bring forward the investment programme, help improve the environment of estates and provide resources to expand our stock of rented property.

New management arrangements - which came about as a result of the WIN (We Improve New Charter) programme - settled into place.

It is clear our dedication to continuous improvement is being felt by staff and tenants alike. Our annual survey of tenants' perception in January 2004 showed further significant gains over the previous year. The level of satisfaction with our performance as a landlord now stands at 78.4%, up from 69.5% in 2003 and virtually at the sector average of 79%. Satisfaction with opportunities for participation is even better at 73.6% up from 64.1% compared to sector average of 60%.

Staff are also seeing some very clear improvements with 67% getting satisfaction from their job and 89% understanding how their work contributes to the success of the Group.

Our rolling survey of new tenants also confirms the view that our staff are held in good esteem with over 95% of customers praising them for their helpfulness and professionalism.

NEW CHARTER MISSION

New Charter was born out of the Local Authority housing service provision. Its primary purpose as a Registered Social Landlord 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

We underpin our mission by five key aims:

- Improve
- Invest
- Image
- Involve
- Innovate

These aims are supported by key objectives, set once again following consultation with tenants.

PERFORMANCE 2003/04

The Group identified thirteen high-level objectives for 2003/04. Both senior management and Boards monitor progress against these. Progress has been good against nearly all the items. Although we tried to ensure they are objective and SMART, it is difficult to provide a precise analysis against some of the 'softer' items.

Our key objectives were linked to the five aims and a summary of progress follows.

Improve

Ref	Objective	Progress
A	Reduce voids to below 3.5%.	<p>We had 511 voids at week 52 (276 in North and 235 in South). This is an overall level of 3.42%, lower than the target in the corporate plan of 3.5%. The target for 2004/05 is 3.25% (480 homes) reflecting the combined impact of an increase in the number of Right to Buys/Acquires on the overall rental stream.</p> <p>We have undertaken Tenant satisfaction surveys since January 2003 which inform improvement processes.</p>
B	Maintain current excellent rent collection performance above 99%.	<p>Year end performance was 99.49% overall (0.24% better than our internal target).</p> <p>Corporate Debt Policy approved by Finance Committee and implemented.</p> <p>CAB Debt Advice unit established at Acresfield shop, regular contact with Dept of Work & Pensions for information/updates.</p> <p>Publicity strategy devised through recent Tenant Focus Groups. Extension to service being considered.</p> <p>'Payment Advice Line' in place to take credit/debit card payment details, request a standing order form/BACS request form, provide bank details for any customer wishing to pay by the telebanking service, take details of requests for rent collection and to offer a friendly Payment Advice Service.</p> <p>"Full assurance" audit report received.</p> <p>Welfare Benefit training delivered March 2004.</p> <p>18 months of data in place to inform setting of individual collection targets.</p> <p>Excellent performance in Housing Benefit Overpayment cases – performance now at 59% recovery.</p> <p>Draft report for Regulatory and Statistical Return Validation indicates we are fully compliant in this area.</p>

Ref	Objective	Progress
C	Complete the development of an integrated performance management system and extend to all employees.	Performance management framework in place. comprising Job Profiles and Key Accountabilities and Work Objectives linked to the corporate plan. The first series of evaluations were completed in October/November 2003. Now planned to summarise on PM database linked to Corporate plan Progress. Managers now update HR system with review dates and comments

Invest

Ref	Objective	Progress
D	Deliver an investment programme consistent with achieving the 10-year offer to tenants. For 2003/04, this will include: 421 rewires 1326 new central heating installations 1393 new kitchens 1399 new bathrooms, and new doors and windows to 2302 homes.	506 rewires completed (120.2%) - well ahead of target 1404 new heating systems (105.9%) - ahead of target 747 new kitchens (53.6%) - behind 781 new bathrooms (55.8%) - behind 1898 new doors (82.5%) - slightly behind target 2119 new windows (92.1%) - slightly behind target Boards receive detailed reports showing the progress of specific schemes three times a year. These include the internal start and completion dates. Summary reports are presented to each Board cycle showing expenditure and progress against delivery targets based on elemental components (kitchens, bathrooms, heating etc). Follow up work is being managed by operational monitoring of handovers achieving full completion at inspection. Boards assist monitoring of progress, performance and identify the need for any necessary corrective action.
E	Implement a procurement strategy that provides assurance of delivery of the investment pledges.	External contractor (Richardson) in place to deliver internal works (kitchens, bathrooms, rewires) for New Charter Housing (North). New Charter Building Company maximises competitive advantage of VAT throughout the Group.

Image

Ref	Objective	Progress
F	Reduce exposure to risk across New Charter and remain financially sound.	<p>Risk Management priorities agreed by Boards. Control measures monitored and reported to GMT and Audit Committee.</p> <p>Final accounts for 2002-03 approved at Annual General Meetings in September 2003.</p> <p>Confirmation of £0.25m Local Authority Social Housing Grant for Gibson Terrace. Work commenced January 2004.</p> <p>Housing Option Centre contract operational with Tameside MBC, and first contract review successfully concluded.</p>
G	Address and improve on areas of customer dissatisfaction identified in customer survey data.	<p>Working Group of tenants established to review Customer Satisfaction with Repairs Service.</p> <p>Repairs intervention started August 2003 to look at repairs as a system to deliver improvement identified via tenant survey.</p> <p>Post Investment work and Relet satisfaction surveys undertaken, results reported, monitored and used to improve processes.</p> <p>Environmental agreement in place on Central Estate, Dukinfield in consultation with tenants, others to be developed.</p> <p>Building Company satisfaction surveys indicate over 92% of tenants satisfied with quality of repairs (and increasing).</p> <p>Property Services post repair satisfaction surveys underway, indicating 85% not dissatisfied with repairs overall.</p> <p>Tenants satisfaction survey carried out in January 2004 indicated a significant improvement in all areas of satisfaction and opportunities for involvement (this was formally reported to Boards in April 2004).</p>
H	Plan for and ensure the successful outcome of the Inspection visit in May 2003.	<p>Inspection visit in May 2003. A final draft was presented to joint meeting of all Boards January 2004. Findings were that there was "Scope for Improvement" in service delivery, but New Charter was "Raising Standards in Service Delivery" in working towards continual improvement.</p>

Involve

Ref	Objective	Progress
I	Increase the ways in which we involve tenants in our business.	<p>Brushes Management Board established, June 2003.</p> <p>Independent Consultant appointed to review role of Federation of Resident & Tenants. Final report presented and recommendations being considered.</p> <p>Tenant Reps to work with officers and Directors on the Evaluation Panel considering Ground Maintenance tenders.</p> <p>Working Groups of tenants established to review customer satisfaction with repairs service, customer services, revenues issues etc.</p> <p>New Customer Advice Centre opened in Ashton-under-Lyne, May 2003.</p> <p>Three key areas for Reward Scheme now agreed with tenants. These are now being incorporated into 2004/05 budget consideration and the review of our new Allocations Policy.</p> <p>Tameside Tenants' & Residents' Federation appointed new officers to key positions. Their revised Action Plan to increase tenant representation agreed.</p> <p>Tenants and staff trained to facilitate and develop Tenants groups to access funding. Specialist BME consultant engaged to maximise BME involvement.</p> <p>Environmental Strategy now completed in conjunction with our customers' priorities and evidence gathered through our estate inspections. The environmental programme will commence following the Group's successful refinancing.</p> <p>Additional estate-based access points for tenants now opened. Further work continuing with tenant groups to develop community lettings policies.</p>
J	Ensure the Building Company achieves the target surplus as set out in our financial planning strategy.	<p>Corporate plan objectives met – target surplus of £472,000 overachieved.</p> <p>Ahead of target for External Partner Business.</p>
K	Maintain an attractive environment across neighbourhoods in partnership with the Police and other agencies.	<p>Further Anti Social Behaviour Orders (ASBO's) obtained and a number of injunctions granted in our favour regarding behaviour, state of property and wilful damage.</p> <p>All former Tameside MBC tenants signed up to new tenancy agreements by January 2004.</p> <p>Two year Starter Tenancies implemented on Central Estate, Dukinfield following agreement with tenants and approval by Housing Corporation.</p> <p>Established Partnership with Police and Tameside MBC to remove abandoned vehicles.</p> <p>'Hot spot' approach to tackling ASB now being</p>

Ref	Objective	Progress
		<p>developed. Further initiatives with partners to issue joint Acceptable Behaviour Contracts (ABC's).</p> <p>Burglary reduction initiatives in Hattersley and Dukinfield as part of Crime Reduction and Disorder Partnership. Funds accessed to provide security lighting on four more estates.</p> <p>Priority neighbourhoods identified for estate-based environmental strategy. Policy developed with tenants. National "Together" campaign to tackle ASB now implemented. Pilot involving New Charter and Tameside County Court to develop a specialist housing court process. All aspects of the new ASB Acts are being implemented in accordance with the Government's timetable.</p> <p>Two rounds of Estate Inspections undertaken and used to influence future environmental and repair works as well as tenancy enforcement action.</p> <p>Dedicated team in place to develop environmental strategies and action plans. Funded programme of environmental repairs in place.</p>

Innovate

Ref	Objective	Progress
L	Ensure policies and performance targets comply and reflect equality, diversity and BME needs.	<p>Equal Opportunities & HR policies written in consultation with Equal Opportunities and HR working group.</p> <p>Progress implementing Race Action Plan together with details on BME Allocations and Harassment cases reported to Trust Board.</p> <p>Tenants and staff trained to facilitate and develop Tenants groups to access funding.</p> <p>Specialist BME consultant engaged to maximise BME involvement</p>
M	Creatively use our rent plan to match demand and affordability within a sound financial strategy.	<p>Basis of Service Charges identified and agreed July 2003.</p> <p>Rent increase from October 2003 set at RPI +1% in line with the Transfer pledge.</p> <p>Annual rental income from shops purchased from Tameside MBC producing £180K, with only 7 of 83 void.</p> <p>Corporate 'write-off' strategy implemented in line with Corporate plan projections. £0.5m write-offs actioned.</p>

Generally, this year has been one of great progress made by the Company as measured by customers and external assessors. The Housing Corporation Assessment (published in early 2004/05) shows the Group with four 'green lights' for viability, proper governance, proper management and good development processes. The Housing Corporation Annual Viability Review produced in March 2004 similarly recognised the maturity of the Group's approach. There has been considerable achievement in investment and service improvement.

The Group's asset base increased by £13.3m, reflecting the value of the continuing delivery of pledges to tenants through the investment programme, and the work done in centralising our workforce in our new headquarters building. The construction and occupation of Cavendish 249 was the single biggest issue affecting the Company in 2003/04, and will provide the catalyst to further improvements in service delivery. This has been accompanied by more detailed awareness of the remaining tasks and priorities and development of an organisation and strategy capable of growth and delivery in the future.

FINANCIAL POSITION

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

Under the provisions of the constitution, and Memorandum and Articles of the Company, net expenditure within the Company is allocated to the subsidiary companies within the Group. In controlling these charges the Directors have recognised the provisions of the Group Loan Facility which underpins the funding of the Registered Social Landlord element of the Group (the Borrowing Group), and which has been negotiated on the basis of a long-term Business Plan.

Consequent to the positive valuations on our housing stock, ensuing from the continuing delivery of the pledges to tenants homes, the Group successfully secured an additional £57m of financing on 31st March 2004. This money will aid in accelerating the investment programme, generate additional resources for environmental improvements on our estates, and provide for a development programme to help replenish stock lost through the preserved right to buy scheme.

The funding facility now amounts to £270m, which is available to the Borrowing Group on the basis of an agreed profile for both drawdown and repayment, and reflects the fact that in the initial years of the Borrowing Group accrued deficits will be recorded, as the repairs, maintenance and improvement programme is undertaken. Thereafter, surpluses are projected which enable the repayment of all outstanding loans.

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

The financial statements demonstrate a net current liability position of **£9.119m** as at 31st March 2004, an increase of **£1.125m** 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 six monthly 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 reflect the fact that cashflow is the predominant issue. The Directors are pleased to report that during the period all tests applied by funders on a Groupwide basis were fully met.

Within the context of these comments the financial statements show that, during the period, a deficit of **£4.579m** was accrued. This should be placed in the context of the Business Plan which projected drawings under the loan facility of **£19.599m** – actual drawings were **£10.000m**. This result is a direct consequence of the 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 **£15.413m** and capital expenditure of **£13.931m**. Rental streams, being the major source of the Company's income, have been strong, and have been aided by a continuing 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.

DIRECTORS

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

	<u>Appointed</u>	<u>Resigned</u>
Gerald Cooney - Chair	(C) 2 nd August 1999	
Hamid Ghafoor – Vice-Chair	(I) 18 th July 2001 (co-opted) 18 th December 2001	
James Burns	(I) 10 th December 2002	
Elizabeth Coase	(T) 18 th December 2001	26 th August 2003
David Evans	(C) 2 nd August 1999	
Julie Hardman	(T) 2 nd August 1999	
Jed Hassid	(I) 31 st January 2000 (co-opted) 18 th December 2001	
John Shenton	(C) 2 nd August 1999	29 th March 2004
Philip Smith	(T) 8 th December 2003	
Desmond Jeffery	(T) 16 th December 2003	
Stephen Hall (co-opted)	(I) 31 st January 2000	
Khalil Rehman (co-opted)	(I) 18 th July 2001	

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

The Board wishes to record its appreciation of the work and commitment shown by Directors who retired during this trading year. Elizabeth Coase, a Tenant Director, resigned on 26th August 2003, and John Shenton, a Council nominee Director, resigned on 29th March 2004.

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 was 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 was re-appointed as Auditors at the Annual General Meeting of the Company on 30th September 2003

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 estimates 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 acknowledges its 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 mis-statement or loss.

In undertaking this responsibility the Board should ensure that:

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

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of internal control in existence in the Company for the year ended 31st March 2004, 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 substantial fraudulent activity.

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

Control Measures

I have reviewed the systems of internal control and I am satisfied that these have remained in place throughout the financial year 2003/04. The system 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 have been closely involved in formulation and approval of the Business Plan.*
- *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. Non Executives have participated in risk management workshops and prioritisation.*
- *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 members hold an annual meeting with Internal and External Auditors in the absence of officers.*
- *Audit Committee has agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.*
- *Internal Audit remains a contracted out service. 2003/04 was the first year of a two year extension to the original contracts for both Internal and External Audit Services. The contractors are aware that there will be a full re-tendering process during 2004/05.*
- *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. The fraud register is considered at every Audit Committee.*
- *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 2002/03 accounts fully endorsed and actioned.*
- *The Housing Corporation Assessment for the Group places all factors at “green” and the Housing Corporation’s Annual Viability Statement makes clear the Group’s continuing financial health.*
- *Continuing development of continual improvement culture across the Group, validated by recent Audit Commission Inspection.*

- *Insurance risk remains well managed.*

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.

*I H Munro
Group Chief Executive
11th May 2004*

* * * * *

The report of the Board of Management was approved and signed on its behalf by the Chair of the Board, Gerald Cooney, and Hamid Ghafoor (Vice Chair), on 1st September 2004.

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



St James' Square
Manchester
M2 6DS

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

We have audited the financial statements on pages 18 - 45.

This report is made solely to the Group and Company'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 Group and 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 Group and the Group and Company'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 Group and Company's Board of Management is responsible for preparing the Board of Management's report and, as described on page 13, 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 Group and 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 Group and 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 Group and Company's affairs as at 31 March 2004 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 TRUST LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2004

		2004	2003
		£'000	£'000
Turnover	2	43,419	41,514
Operating costs	2	(40,201)	(37,750)
Operating surplus	2	<u>3,218</u>	<u>3,764</u>
Surplus on sale of fixed assets	4	3,300	2,224
Surplus on ordinary activities before interest and taxation		<u>6,518</u>	<u>5,988</u>
Interest receivable and other income	5	39	8
Interest payable and similar charges	6	(10,480)	(9,828)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,923)</u>	<u>(3,832)</u>
TAXATION			
Taxation on ordinary activities	10	<u>(655)</u>	<u>(185)</u>
DEFICIT FOR THE YEAR		(4,578)	(4,017)
TRANSFER FROM REVALUATION RESERVE		4,261	1,806
REVENUE RESERVE BROUGHT FORWARD		(12,037)	(9,826)
REVENUE RESERVE CARRIED FORWARD		<u><u>(12,354)</u></u>	<u><u>(12,037)</u></u>
 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE GROUP			
Deficit for the financial year		(4,578)	(4,017)
Unrealised surplus/(deficit) on the revaluation of properties		5,307	27,887
Total recognised gains and losses for the year		<u><u>729</u></u>	<u><u>23,870</u></u>
 NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE GROUP			
Deficit on ordinary activities before taxation		(3,923)	(3,832)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		-	-
Historical cost deficit on ordinary activities before taxation		<u><u>(3,923)</u></u>	<u><u>(3,832)</u></u>

The notes on pages 23 to 45 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LTD
COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2004

		2004	2003
		£'000	£'000
Turnover	2	18,429	13,254
Operating costs	2	(18,052)	(12,732)
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		377	522
Interest receivable and other income	5	5	8
Interest payable and similar charges	6	(309)	(530)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		73	-
TAXATION			
Taxation on ordinary activities	10	(287)	-
REVENUE RESERVE CARRIED FORWARD		(214)	-

All of the above results derive from continuing operations.

The notes on pages 23 to 45 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2004

		2004	2003
		£'000	£'000
FIXED ASSETS			
Tangible assets - housing properties	11	203,426	194,934
Less grant funding		(1,527)	(582)
Less Social Housing Grant		(713)	(419)
Less depreciation		<u>(5)</u>	<u>(5)</u>
		201,181	193,928
Other tangible assets	12	<u>14,649</u>	<u>8,633</u>
		215,830	202,561
CURRENT ASSETS			
Stock	13	393	480
Debtors	14	3,278	3,142
Cash at bank and in hand		<u>73</u>	<u>-</u>
		3,744	3,623
CREDITORS			
Amounts falling due within one year	15	<u>(12,862)</u>	<u>(11,617)</u>
NET CURRENT LIABILITIES			
		(9,118)	(7,994)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>206,712</u>	<u>194,567</u>
CREDITORS			
Amounts falling due after more than one year	16	166,700	155,285
CAPITAL AND RESERVES			
Revaluation reserve	19	52,366	51,319
Revenue reserve	19	<u>(12,354)</u>	<u>(12,037)</u>
		40,012	39,282
		<u>206,712</u>	<u>194,567</u>

The financial statements on pages 18 to 45 were approved on behalf of the Board on the 30th September 2004 and were signed by :

GP Cooney	(Chair)
H Ghafoor	(Vice Chair)
D O McLoughlin	(Group Company Secretary)

The notes on pages 23 to 45 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2004

		£'000	2004 £'000	£'000	2003 £'000
FIXED ASSETS					
Other tangible assets	12		<u>14,247</u>		<u>8,154</u>
			14,247		8,154
CURRENT ASSETS					
Debtors	14	2,035		4,164	
Cash at Bank		<u>73</u>		<u>-</u>	
		2,108		4,164	
CREDITORS					
Amounts falling due within one year	15	<u>(14,342)</u>		<u>(9,060)</u>	
NET CURRENT LIABILITIES					
			(12,234)		(4,896)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>2,013</u>		<u>3,258</u>
CREDITORS					
Amounts falling due after more than one year	16		<u>2,227</u>		<u>3,258</u>
NET LIABILITIES					
			<u>(214)</u>		<u>-</u>
CAPITAL AND RESERVES					
Revenue reserve		<u>(214)</u>		<u>-</u>	
			(214)		-
			<u>(214)</u>		<u>-</u>

The financial statements on pages 18 to 45 were approved on behalf of the Board on the 30th September 2004 and were signed by:

GP Cooney (Chair)
H Ghafoor (Vice Chair)
D O McLoughlin (Group Company Secretary)

The notes on pages 23 to 45 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004

	2004	2003
	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	14,132
RETURNS ON INVESTMENTS AND SERVICING		
FINANCE		
Interest received	39	8
Interest paid	<u>(10,531)</u>	<u>(9,880)</u>
	(10,492)	(9,873)
TAXATION	(358)	(127)
CAPITAL EXPENDITURE		
Developments, improvements and other capital works	(20,569)	(20,541)
Other capital expenditure	<u>(8,022)</u>	<u>(4,040)</u>
	(28,591)	(24,581)
Sale of housing properties	<u>14,216</u>	<u>8,433</u>
	(14,375)	(16,148)
CASHFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING	<u>(9,184)</u>	<u>(12,016)</u>
MANAGEMENT OF LIQUID RESOURCES	-	-
FINANCING		
Loans advances received	10,000	12,000
Grant received	436	1,939
Finance lease payments	<u>(1,131)</u>	<u>(930)</u>
	9,305	13,008
INCREASE/(DECREASE) IN CASH	<u><u>121</u></u>	<u><u>993</u></u>

The notes on pages 23 to 45 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

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 23.

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

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

Basis of Consolidation

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

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

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.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

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.

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 23. Contributions from the Group and participating employees are paid into an independently administered fund. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contributions.

Provisions

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

Revaluation Reserve

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

VAT

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

Leaseholder Service Charge Sinking Fund

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

Leased Assets

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

Operating leases

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

Sales under Right to Buy Legislation

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

Bad and Doubtful Debts

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

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

Stock

Stock is valued at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, 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 at 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.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on the contracts are included in debtors and represent turnover recognised in excess of payments on account.

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.

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 TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP

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

	Turnover	2004 Operating costs	Operating surplus	Turnover	2003 Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Income and expenditure from social housing lettings						
Housing accommodation	41,287	33,898	7,389	39,452	31,739	7,713
Depreciation of housing properties	-	3,501	(3,501)	-	3,048	(3,048)
Loss on investment programme disposals	-	2,142	(2,142)	-	1,859	(1,859)
	<u>41,287</u>	<u>39,541</u>	<u>1,746</u>	<u>39,452</u>	<u>36,647</u>	<u>2,805</u>
Other income and expenditure from social housing lettings						
Garages rental	164	64	100	177	57	120
Home contents insurance scheme	128	116	12	132	149	(17)
Other activities	351	-	351	181	-	181
	<u>643</u>	<u>180</u>	<u>463</u>	<u>490</u>	<u>206</u>	<u>284</u>
Other income and expenditure from non social housing lettings						
Building company	1,489	480	1,009	1,572	1,053	520
	<u>43,419</u>	<u>40,201</u>	<u>3,218</u>	<u>41,514</u>	<u>37,905</u>	<u>3,609</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

COMPANY

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2004 Operating costs	Operating surplus	Turnover	2003 Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Intercompany recharges	17,543			12,534		
Other income	886			720		
	<u>18,429</u>			<u>13,254</u>		
EXPENDITURE						
Management overheads						
Employee costs		9,982			6,229	
Employee related expenses		689			292	
Insurance costs		1,594			982	
Premises costs		753			724	
Transport costs		71			33	
Supplies & services		2,653			1,784	
Agency & contracted services		385			847	
Central support charges		2			26	
Intercompany recharges		25			26	
Depreciation of assets		1,882			1,656	
Bank charges		16			133	
Overheads		<u>18,052</u>			<u>12,732</u>	
Operating surplus			<u>377</u>			<u>522</u>

NEW CHARTER HOUSING TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

GROUP	2004			2003		
	General needs £'000	Temporary social £'000	Total £'000	General needs £'000	Temporary social £'000	Total £'000
3 INCOME FROM SOCIAL HOUSING LETTINGS						
Gross rent receivable (net of service charges)	40,969	342	41,311	39,348	231	39,579
Service charges receivable	707	85	792	803	-	803
Gross rents and service charges receivable	<u>41,676</u>	<u>427</u>	<u>42,103</u>	<u>40,151</u>	<u>231</u>	<u>40,382</u>
Less: rent loss from voids	(1,667)	(35)	(1,702)	(1,621)	(30)	(1,651)
Net rents receivable	<u>40,009</u>	<u>392</u>	<u>40,401</u>	<u>38,530</u>	<u>201</u>	<u>38,732</u>
Other income	886	-	886	720	-	720
Turnover from social housing lettings	<u>40,895</u>	<u>392</u>	<u>41,287</u>	<u>39,251</u>	<u>201</u>	<u>39,452</u>
EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES						
Management	17,386	250	17,636	16,000	145	16,145
Services	503	-	503	549	-	549
Routine maintenance	7,772	11	7,783	7,314	15	7,328
Planned maintenance	1,577	-	1,577	1,583	-	1,583
Major repairs expenditure	6,054	-	6,054	4,746	-	4,746
Rent losses from bad debts	295	1	296	1,336	2	1,338
Depreciation of housing properties	3,493	8	3,501	3,043	5	3,048
Loss on investment programme disposals	2,142	-	2,142	1,859	-	1,859
Impairment of housing properties	-	-	-	-	-	-
Depreciation of other assets	49	-	49	49	-	49
Operating costs on social housing lettings	<u>39,271</u>	<u>270</u>	<u>39,541</u>	<u>36,479</u>	<u>167</u>	<u>36,646</u>
Operating (deficit)/surplus on social housing lettings	<u>1,624</u>	<u>122</u>	<u>1,746</u>	<u>2,772</u>	<u>35</u>	<u>2,806</u>

Service Charge income is fully eligible for Housing Benefit.

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP	2004	2003
	£'000	£'000
4 SURPLUS ON SALE OF FIXED ASSETS		
Proceeds of sale	14,216	8,437
Cost of sales (including amount due to Tameside MBC)	(10,916)	(6,213)
Surplus on disposal of assets	<u>3,300</u>	<u>2,224</u>
GROUP	2004	2003
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	34	-
Staff car loans interest receivable	5	8
	<u>39</u>	<u>8</u>
COMPANY	2004	2003
	£'000	£'000
INTEREST RECEIVABLE AND OTHER INCOME		
Staff car loans interest receivable	5	8
	<u>5</u>	<u>8</u>
GROUP	2004	2003
	£'000	£'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	10,295	9,422
On finance leases	185	405
	<u>10,480</u>	<u>9,828</u>
COMPANY	2004	2003
	£'000	£'000
INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	124	124
On finance leases	185	405
	<u>309</u>	<u>530</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP	2004	2003
	£'000	£'000
7 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	5,484	4,800
Auditors remuneration (inc VAT)		
- in their capacity as auditors	62	54
Deficit on disposal of items replaced as part of investment programme	2,142	1,859
Operating lease charges	<u>4</u>	<u>491</u>

The operating leases in place in 2003 related to the vehicle fleet, which were held on an annual non-cancellable lease. This year, although the fleet number has remained the same, the contract has been altered to a daily hire charge, and is now immediately cancellable. This means that there is now no need to disclose the future annual commitment.

COMPANY	2004	2003
	£'000	£'000
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	1,882	1,656
Auditors remuneration (inc VAT)		
- in their capacity as auditors	<u>18</u>	<u>14</u>

GROUP

8 DIRECTORS EMOLUMENTS

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

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

	2004	2003
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£601,517</u>	<u>£523,482</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£150,019</u>	<u>£118,946</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
£50,001 - £60,000	1	-
£60,001 - £70,000	2	3
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£110,001 - £120,000	<u>1</u>	<u>1</u>
	<u>6</u>	<u>6</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

8 DIRECTORS EMOLUMENTS (CONTINUED)		2004	2003
Aggregate amount of highest paid director's pension		<u>£13,200</u>	<u>£10,970</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>£17,067</u>	<u>£8,307</u>

COMPANY

DIRECTORS EMOLUMENTS

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

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

	2004	2003
	<u>£485,012</u>	<u>£270,116</u>

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

	2004	2003
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£502,216</u>	<u>£285,014</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£150,019</u>	<u>£118,946</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
£50,001 - £60,000	1	-
£60,001 - £70,000	2	1
£80,001 - £90,001	1	1
£110,001 - £120,000	1	1
	<u>5</u>	<u>3</u>

Aggregate amount of highest paid director's pension	<u>£13,200</u>	<u>£10,970</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>£10,728</u>	<u>£1,626</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP

9 EMPLOYEE INFORMATION

	2004	2003
The average number of persons employed during the year		
Management and administration	68	236
Financial services	43	37
Strategic housing services	280	102
Corporate & administrative services	109	123
Manual	20	25
Direct labour	<u>274</u>	<u>277</u>
	<u>794</u>	<u>800</u>
Full time	718	730
Part time	<u>76</u>	<u>70</u>
	<u>794</u>	<u>800</u>
	2004	2003
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	15,920	15,441
Social security costs	1,171	1,003
Other pension costs	<u>1,567</u>	<u>1,406</u>
	<u>18,658</u>	<u>17,850</u>

COMPANY

EMPLOYEE INFORMATION

	2004	2003
The average number of persons employed during the year		
Management	7	7
Financial services	43	37
Strategic housing services	280	102
Corporate & administrative services	105	119
Manual	<u>20</u>	<u>19</u>
	<u>455</u>	<u>284</u>
Full time	381	225
Part time	<u>74</u>	<u>59</u>
	<u>455</u>	<u>284</u>
	2004	2003
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	8,305	5,341
Social security costs	602	347
Other pension costs	<u>827</u>	<u>488</u>
	<u>9,734</u>	<u>6,176</u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP	2004	2003
	£'000	£'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/period	449	185
Adjustments in respect of prior periods	<u>(8)</u>	<u>-</u>
	441	185
Deferred tax		
Origination /reversal of timing difference	214	-
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
	214	-
Total current tax	<u><u>655</u></u>	<u><u>185</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 (30%). The differences are explained below :

Deficit on ordinary activities before tax	(3,646)	(3,987)
Current tax at 30%	(1,094)	(1,196)
Effects of:		
Expenses not deductible for tax purposes	646	572
Capital allowances for period in excess of depreciation	-	5
Utilisation of tax losses	(313)	(271)
Non qualifying depreciation	1,489	972
CGT accounts/accounts profit re non qualifying properties	451	165
Adjustment to tax charge in respect of prior periods	(8)	(63)
Deferred tax not provided	23	-
Rollover relief	<u>(753)</u>	<u>-</u>
Current tax charge	<u><u>441</u></u>	<u><u>185</u></u>

A deferred tax asset of £1,652,152 has not been recognised in respect of tax losses which are available to offset taxable surpluses in future periods.

COMPANY	2004	2003
	£'000	£'000
TAXATION ON SURPLUS ON ORDINARY ACTIVITIES		
a Analysis of tax charge in the year		
UK corporation tax		
Current tax on income for the year/period	82	63
Adjustments in respect of prior periods	<u>(9)</u>	<u>(63)</u>
	73	-
Deferred tax		
Origination /reversal of timing difference	214	-
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
	214	-
Total current tax	<u><u>287</u></u>	<u><u>-</u></u>

NEW CHARTER HOUSING TRUST LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

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 (30%). The differences are explained below :

	£'000	£'000
Surplus on ordinary activities before tax	73	-
Current tax at 30%	22	-
Effects of:		
Expenses not deductible for tax purposes	2	5
Capital allowances for period in excess of depreciation	-	13
Finance lease depreciation	(313)	-
Non qualifying depreciation	348	45
CGT accounts/accounts profit re non qualifying properties	-	-
Adjustment to tax charge in respect of prior periods	(9)	(63)
Deferred tax not provided	-	-
Deferred tax movement	24	-
Current tax charge	<u>73</u>	<u>-</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

GROUP

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £'000	Under Construction £'000	Total £'000
COST OR VALUATION			
As at 1st April 2003	194,352	582	194,934
Additions in year:			
Improvements	13,060	-	13,060
Completed	-	-	-
Under construction	-	871	871
Revaluation	1,807	-	1,807
Disposals	(7,246)	-	(7,246)
At 31st March 2004	<u>201,973</u>	<u>1,453</u>	<u>203,426</u>
LESS GRANT FUNDING			
At 1st April 2003	-	(582)	(582)
Completed schemes in year	-	-	-
Received during the year	(74)	(871)	(945)
Disposals	-	-	-
At 31st March 2004	<u>(74)</u>	<u>(1,453)</u>	<u>(1,527)</u>
LESS SOCIAL HOUSING GRANT			
At 1st April 2003	(419)	-	(419)
Completed schemes in year	-	-	-
Received during the year	(294)	-	(294)
Disposals	-	-	-
At 31st March 2004	<u>(713)</u>	<u>-</u>	<u>(713)</u>
LESS DEPRECIATION			
At 1st April 2003	(5)	-	(5)
Charge for year	3,573	-	3,573
Disposals	(72)	-	(72)
Revaluation	(3,501)	-	(3,501)
At 31st March 2004	<u>(5)</u>	<u>-</u>	<u>(5)</u>
NET BOOK VALUE AT 31 MARCH 2004	<u>201,181</u>	<u>-</u>	<u>201,181</u>
NET BOOK VALUE AT 31 MARCH 2003	<u>193,928</u>	<u>-</u>	<u>193,928</u>

Comparable amounts determined according to the historical cost convention

Cost and valuation is represented by:

	£	£	£
Historic cost	157,873	-	157,873
Depreciation	(9,058)	-	(9,058)
Revaluation reserve	52,366	-	52,366
	<u>201,181</u>	<u>-</u>	<u>201,181</u>

A valuation was performed in the year by DTZ Pidea Consulting, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2004.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

GROUP

12 FIXED ASSETS - OTHER TANGIBLE ASSETS

	Freehold Premises £'000	Assets under Construction £'000	Leasehold Premises £'000	Plant & Machinery £'000	IT Equipment £'000	Furniture & equipment £'000	Other Assets £'000	Total £'000
COST								
As at 1st April 2003	2,888	1,802	401	219	7,269	71	429	13,079
Additions in year	452	6,438	-	23	1,086	-	-	7,999
At 31st March 2004	3,340	8,240	401	242	8,355	71	429	21,078
DEPRECIATION								
As at 1st April 2003	98	-	82	80	3,829	43	314	4,446
Charge for year	58	-	41	48	1,765	13	58	1,983
At 31st March 2004	156	-	123	128	5,594	56	372	6,429
NET BOOK VALUE								
At 31st March 2004	3,184	8,240	278	114	2,761	15	58	14,649
NET BOOK VALUE								
At 31st March 2003	2,790	1,802	319	139	3,440	28	115	8,633

Included within the Net book value of IT equipment is £1,148,168 (2003 - £2,240,739) relating to assets held under finance leases.

The depreciation charge for the year on these assets is £1,103,022 (2003 - £1,103,022).

The assets under construction specifically relate to the costs incurred in building the new headquarters.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

COMPANY

FIXED ASSETS - OTHER TANGIBLE ASSETS

	Freehold premises £'000	Assets under construction £'000	Leasehold Premises £'000	Plant & Machinery £'000	IT equipment £'000	Furniture & equipment £'000	Other assets £'000	Total £'000
COST								
At 1st April 2003	2,888	1,802	-	-	7,186	21	429	12,326
Additions in year	452	6,438	-	-	1,086	-	-	7,976
At 31st March 2004	<u>3,340</u>	<u>8,240</u>	<u>-</u>	<u>-</u>	<u>8,272</u>	<u>21</u>	<u>429</u>	<u>20,302</u>
DEPRECIATION								
At 1st April 2003	98	-	-	-	3,748	13	314	4,173
Charge for year	58	-	-	-	1,763	4	58	1,882
At 31st March 2004	<u>156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,511</u>	<u>17</u>	<u>372</u>	<u>6,055</u>
NET BOOK VALUE								
At 31st March 2004	<u>3,184</u>	<u>8,240</u>	<u>-</u>	<u>-</u>	<u>2,761</u>	<u>4</u>	<u>57</u>	<u>14,247</u>
NET BOOK VALUE								
At 31st March 2003	<u>2,790</u>	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>3,437</u>	<u>8</u>	<u>116</u>	<u>8,154</u>

Included within the net book value of IT equipment is £1,148,168 (2003 - £2,240,739) relating to assets held under finance leases.

The depreciation charge for the year on these assets is £1,103,022 (2003 - £1,103,022).

The assets under construction specifically relate to the costs incurred in building the new headquarters.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

GROUP		
	2004	2003
	£'000	£'000
13 STOCK		
Raw materials and consumables	393	480
	<u>393</u>	<u>480</u>
GROUP		
	2004	2003
	£'000	£'000
14 DEBTORS		
Arrears of rent and service charges	3,367	3,481
less Provision for bad and doubtful debts	<u>(1,558)</u>	<u>(2,117)</u>
	1,809	1,363
Housing benefit overpayments	488	367
less Provision for bad and doubtful debts	<u>(244)</u>	<u>(183)</u>
	244	183
Rechargeable repairs	741	304
less Provision for bad and doubtful debts	<u>(370)</u>	<u>(152)</u>
	371	152
Trade Debtors	443	731
less Provision for bad and doubtful debts	<u>(11)</u>	<u>(58)</u>
	432	673
Staff Car Loans	55	87
Prepayments and accrued income	170	473
Other debtors	197	211
	<u>3,278</u>	<u>3,142</u>

Rent and service charge arrears, net of provision for bad and doubtful debts represents 4.30% (2003 - 3.38%) of the annual rent and service charge receivable.

COMPANY		
	2004	2003
	£'000	£'000
14 DEBTORS		
Amount due from subsidiary undertakings	1,800	3,664
Staff Car Loans	55	87
Prepayments and accrued income	107	385
Other debtors	73	29
	<u>2,035</u>	<u>4,164</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

GROUP		
	2004	2003
	£'000	£'000
15 CREDITORS - Amounts falling due within one year		
Housing and development loans	-	800
Bank overdraft	-	48
Obligations under finance leases	969	1,069
Trade creditors	4,139	2,855
Accruals for properties under construction	-	128
GMPTE Contribution to Crickets Lane development	442	1,170
Repairs and maintenance accruals	1,306	1,758
Other taxation and social security	1,107	767
Accruals and deferred income	1,482	1,589
RTB Clawback	2,577	778
Rent and service charges paid in advance	840	654
	<u>12,862</u>	<u>11,617</u>

The average number of days between date of invoice and payment was 36 (2003 : 36)

COMPANY		
	2004	2003
	£'000	£'000
15 CREDITORS - Amounts falling due within one year		
Amount due to fellow subsidiary undertakings	10,610	5,740
Bank overdraft	-	48
Obligations under finance leases	969	1,069
Trade creditors	1,597	939
Other taxation and social security	785	581
Accruals and deferred income	382	683
	<u>14,342</u>	<u>9,060</u>

The average number of days between date of invoice and payment was 28 (2003 : 30)

GROUP		
	2004	2003
	£'000	£'000
16 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	162,100	151,300
RTB clawback	4,015	2,586
Disposal Proceeds Fund	240	22
Obligations under finance leases	345	1,376
	<u>166,700</u>	<u>155,285</u>

COMPANY		
	2004	2003
	£'000	£'000
CREDITORS - Amounts falling due after more than one year		
Housing and development loans	1,882	1,882
Obligations under finance leases	345	1,376
	<u>2,227</u>	<u>3,258</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

GROUP

17 LOANS

The housing loans are drawn down from total facilities of £270m 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 £33.0m under facility B bearing interest at an average rate of 4.52925%.

	2004 £'000	2003 £'000
	Housing Loans by instalments	Housing Loans by instalments
Within one year or on demand	-	800
In more than five years	162,100	151,300
	<u>162,100</u>	<u>152,100</u>

Borrowing facilities

Undrawn committed borrowing facilities at 31st March 2004 were £107,900,000 (2003 - £60,900,000).

COMPANY

LOANS

	2004 £'000	2003 £'000
	Housing Loans by instalments	Housing Loans by instalments
In more than five years	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

The amount due in more than five years relates to loans made to New Charter Housing Trust Ltd, £1,882,099 (2003 - £1,882,099) from New Charter Housing (North) Limited and New Charter Housing (South) Limited. The loans are at a fixed interest rate of 6.6% and are repayable within 30 years.

GROUP

18 ANALYSIS OF FINANCE LEASES

Obligations under finance leases are repayable as follows:

	2004 £'000	2003 £'000
Within one year or on demand	969	1,069
Between two and five years	345	1,376
	<u>1,314</u>	<u>2,445</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

COMPANY	2004	2003
	£'000	£'000
18 ANALYSIS OF FINANCE LEASES (CONTINUED)		
Obligations under finance leases are repayable as follows:		
Within one year or on demand	969	1,069
Between two and five years	345	1,376
	<u>1,314</u>	<u>2,445</u>

GROUP			
19 RESERVES	Revenue	Revaluation	Total
	£'000	£'000	£'000
As at 1st April 2003	(12,037)	51,319	39,283
Deficit for the year	(4,578)	-	(4,578)
Revaluation	-	5,307	5,307
Deficit arising on revaluation	4,261	(4,261)	-
At 31st March 2004	<u>(12,354)</u>	<u>52,366</u>	<u>40,012</u>

20 NOTES TO THE CASHFLOW STATEMENT

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

	2004	2003
	£'000	£'000
Operating surplus	6,518	5,833
Depreciation charges	5,484	4,800
(Increase) in debtors	(136)	(3,426)
Decrease in stock	87	68
Increase in creditors	2,018	4,998
Loss on disposal on improvements to housing properties	2,070	1,859
Net cash inflow from operating activities	<u>16,041</u>	<u>14,132</u>

	2004	2003
	£'000	£'000
b Reconciliation of net cash inflow to movement in net debt		
Increase/(reduction) in cash in year	121	993
Change in net debt resulting from cash flows	(10,000)	(12,000)
Change in net debt	<u>(9,879)</u>	<u>(11,007)</u>
New finance leases	-	-
Net debt at beginning of year	(152,667)	(141,660)
Net debt at end of year	<u>(162,546)</u>	<u>(152,667)</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

20 NOTES TO THE CASHFLOW STATEMENT (CONTINUED)

c Analysis of changes in net debt

	At 31st March 2004	Cash Flows	At 31st March
	£'000	£'000	2003
			£'000
Cash & investments	73	121	(48)
	<hr/>	<hr/>	<hr/>
	73	121	(48)
Debt due within one year	(519)	800	(1,319)
Debt due after one year	(162,100)	(10,800)	(151,300)
	<hr/>	<hr/>	<hr/>
	(162,619)	(10,000)	(152,619)
	<hr/>	<hr/>	<hr/>
	(162,546)	(9,879)	(152,667)

21 CAPITAL COMMITMENTS

	2004		2003
	£'000		£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements		<hr/>	<hr/>
		7,303	4,609
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for		<hr/>	<hr/>
		91,333	117,911

The amount contracted for at 31st March 2004 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.

22 OPERATING LEASE COMMITMENTS

	2004		2003
	£'000		£'000
At 31st March 2004 annual commitments under non-cancellable operating leases were as follows:			
Within one year or on demand		<hr/>	<hr/>
		9	421

The operating leases in place in 2003 related to the vehicle fleet, which were held on an annual non-cancellable lease. This year, although the fleet number has remained the same, the contract has been altered to a daily hire charge, and is now immediately cancellable. This means that there is now no need to disclose the future annual commitment.

23 PENSIONS

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

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

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2004

The results and assumptions for the Group as at 31st March 2004 are as follows :

Valuation date	31st March 2004
Valuation Method	Projected unit
Value of assets	£38.230 million
Investment Return per annum	6.93%
Salary scale increases per annum	4.40%
Pension increases per annum	2.90%

The Pension contributions made by the Trust in the year to 31st March 2004 totalled £1.565m covering 818 employees (2003 - £1.360m covering 732 employees). The employers contribution rate was 11.0% of pensionable salary. From 1st April 2004 the level of employer's contribution will increase to 11.8% 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 2004. This information is set out below :

Actuarial assumptions :	2004	2003
Discount Rate	5.50%	5.40%
Salary increase rate	4.40%	4.00%
Pension increase rate	2.90%	2.50%
Rate of inflation	2.90%	2.50%

Scheme assets and expected returns for Greater Manchester Pension Fund :

	2004	2004	2003	2003
	Value £'000	Expected rate of return	Value £'000	Expected rate of return
Equities	4,134,246	7.70%	3,793,633	8.00%
Bonds	970,567	5.10%	1,555,446	4.80%
Property	626,591	6.50%	499,976	6.00%
Cash	378,637	4.00%	494,878	4.00%
Total	6,110,041	6.93%	6,343,933	6.62%

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

	2004	2003
	£'000	£'000
Value of pension liabilities	49,240	40,430
Value of pension assets	38,230	28,830
Related deferred tax liability	-	-
Deficit in scheme	11,010	11,600

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	2004	2003
	£'000	£'000
Net assets excluding FRS 17 pension liability*	40,012	39,282
Net pension liability	(11,010)	(11,600)
Net assets including FRS 17 pension liability	29,002	27,682

Reserves note

Income and expenditure account excluding FRS 17 pension liability*	(12,354)	(12,037)
Pension reserve	(11,010)	(11,600)
Income and expenditure account including FRS 17 pension liability	(23,364)	(23,637)

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

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

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	2004
	£'000
Service cost	2,240
Past service cost	170
Curtailments and settlements	60
Total operating charge	<u>2,470</u>

Analysis of net return on pension scheme	2004
	£'000
Expected return on pension scheme assets	2,060
Interest on pension scheme liabilities	(2,260)
Net return	<u>(200)</u>

Amounts recognised in the statement of total recognised gains and losses (STRGL)	2004
	£'000
Actual return less expected return on pension scheme assets	5,310
Experience gains and losses arising on the scheme liabilities	(30)
Change in financial and demographic assumptions underlying the scheme liabilities	(3,580)
Actuarial loss recognised in STRGL	<u>1,700</u>

Movement in surplus during the year	2004
	£'000
Deficit in scheme at start of year	(11,600)
Movement in year:	
Current service charge	(2,240)
Contributions	1,550
Past service costs	(170)
Net interest/return on assets	(200)
Actuarial loss	1,700
Impact of settlements and curtailments	(50)
Deficit in scheme at end of year	<u>(11,010)</u>

History of experience gains or losses	2004
	£'000
Difference between the expected and actual return on assets:	
Amount	5,310
% of scheme assets	13.9%
Experience gains and losses on the scheme liabilities:	
Amount	(30)
% of scheme assets	0.1%
Total amounts recognised in STRGL:	
Amount	1,700
% of scheme assets	3.5%

24 LEGISLATIVE PROVISIONS

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

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004

25 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. Negotiations between Tameside MBC and New Charter (North) Limited continue 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. However, costs may be incurred with regard to work required for health and safety purposes (£600k). If this is the case, negotiations will continue to seek reimbursement from the council. Failing this, arbitration proceedings will be commenced.

26 HOUSING STOCK	2004	2003
Dwellings owned and in management:		
General needs	14,195	14,791
Supported housing	708	708
Temporary social housing	38	24
	14,941	15,523

27 RELATED PARTY TRANSACTIONS

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

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

28 IMPAIRMENT

Under Financial Reporting Standard 11 (FRS 11), the Company is required to perform impairment tests on its housing stock, so that properties are not shown at an amount exceeding their recoverable amount. It was considered that no impairment write off was necessary.

29 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:

Cavendish 249
Cavendish Street
Oldham
OL6 7AT

30 GROUP 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.