



*Part of the New Charter Housing Trust Group*

# **NEW CHARTER HOUSING TRUST LIMITED**

**(Company Number 3807262)**

## **REPORT**

**&**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2007**

**NEW CHARTER HOUSING TRUST LIMITED**

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## NEW CHARTER HOUSING TRUST LIMITED

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

#### Board of Management

Chair	Gerald Cooney	
Vice-Chair	Hamid Ghafoor	
Other Directors	Martin Wareing ( <i>Local Authority</i> ) Gordon Tow ( <i>Local Authority</i> ) Julie Hardman ( <i>Tenant</i> ) Philip Smith ( <i>Tenant</i> ) Desmond Jeffery ( <i>Tenant</i> ) Jed Hassid ( <i>Independent</i> ) Jimmy Burns ( <i>Independent</i> ) Ann Whittam ( <i>Independent</i> ) Aslam Khan ( <i>Aksa</i> ) Abdul Quayum ( <i>Aksa</i> ) Vincent Ricci ( <i>Co-opted</i> ) Stephen Hall ( <i>Co-opted</i> )	<i>Appointed-15/08/06</i> <i>Resigned-16/05/06</i>

**Group Chief Executive** Ian Munro

#### Executive Officers

Deputy Chief Executive &  
Group Director of Finance Martin Frost

Group Company Secretary &  
Director of Legal Services Danny McLoughlin

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

Registered by the Housing Corporation (LH4265)

**Auditors** KPMG LLP  
St James' Square  
Manchester  
M2 6DS

<b>Internal Auditors</b>	Deloitte & Touche LLP PO Box 500 201 Deansgate Manchester M60 2AT
<b>Principal Bankers</b>	Cooperative Bank plc PO Box 101 Balloon Street Manchester M60 4EP
<b>Lead Funders</b>	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW

## **REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2007**

The Directors present the Financial Statements of the Company and Group for the year ended 31<sup>st</sup> March 2007.

### **PRINCIPAL ACTIVITIES**

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

### **FUTURE DEVELOPMENT**

The Company and Group were established to receive the transfer of the housing stock of Tameside Metropolitan Borough Council, and for its management, maintenance and improvement but has since included Aksa Housing Association a BME Association based in Oldham delivering a housing service in Oldham, Bury, Tameside and Manchester.

### **EMPLOYMENT PRACTICES**

The Group has an Equal Opportunities Policy, applicable to each company, which is fully compliant with all discrimination legislation. This ensures all applicants for jobs with any company receive a full and fair consideration based on 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 year's trading, the Group has continued to apply its policy on Trade Union recognition and met regularly with Trade Union workforce representatives. Further, the Group has an Employee Forum, comprising management and workforce representatives and this met regularly 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.

## REVIEW OF THE YEAR

The Group's mission remains to deliver the pledges made at transfer in 2000 within resources available. All those pledges will be complete before April 2010, and we have added activities as customers' aspirations and expectations of us have risen.

We are a customer focused business and so it is immensely pleasing to report that tenant satisfaction (measured independently) in January 2007 rose again to 93%. For the second year in succession, this rating puts us at the top of the league table of large landlords in England. Satisfaction with repairs also rose seven points to 89%.

We are delivering our pledge at transfer that tenants would have more say in the ownership and management of their homes and a staggering 94% of customers are happy with the opportunities they have to participate in New Charter. This means that we are also at the top of the league of large landlords with the Housing Corporation Key Performance Indicator.

The Housing Corporation itself awarded us four 'green lights' for viability, governance, management and development – the best assessment possible.

Our rent collection services are second to none, and continue to hit the challenging targets we set ourselves. We introduced pre tenancy support to prepare tenants to take on tenancies successfully, and this complements our financial inclusion work.

Yet again, we reduced the number of void properties to below our business plan target. At the same time we prepared to introduce choice based lettings, a significant change in the way we let homes.

We made further improvements to our investment programme and enhanced our activity on environmental works in our neighbourhoods. Both our windows and doors programmes will be complete by December 2007 – almost three years earlier than originally promised.

Much of our success on investment and repairs is attributable to our own Building Company. It remains in great demand as an excellent repairs and maintenance contractor, and has been successful in winning work inside and outside the housing sector.

Neighbourhood management is at the heart of what we do. Systematic inspection of our estates takes place each quarter and ensures we are dealing with issues important to the locality. Our work tackling anti social behaviour continued to make headlines, and we have successfully sold our professional services to other landlords. We have also sold our systems improvement skills; and marketing our skills is an area of future development for us.

Our maturity as an organisation meant that we were able to move into and lead regeneration initiatives affecting our neighbourhoods. In particular we were asked by Tameside Metropolitan Borough Council to lead public consultation and engagement in the Smallshaw and Broadoak areas as part of the Safer Stronger Communities Fund work.

Our sponsorship of a new Academy in Tameside sets us ahead of many other regeneration agencies as we are the first housing association to be a sponsor. Plans now include closing two high schools and opening the Academy on the two existing sites in September 2008 before a new building on a new campus accepts pupils in September 2010.

This year there were additional resources made available for new development opportunities and we completed 13 new homes in Dukinfield, and a further 10 homes will complete in Droylsden in spring 2007. We have undertaken these developments without the support of Social Housing Grant.

Our growth strategy took a step forward as we were selected by Gedling Borough Council to be the new RSL partner for the transfer of its 3,400 homes to a new subsidiary of the Group, Gedling Homes. This is planned to take place by March 2008, subject to a positive ballot of Gedling's tenants.

In summary, there has been significant achievement during the year. The thanks of the Directors are due to our staff for the part they have played in this.

## **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 great homes for people in great neighbourhoods - 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*

Put more simply, we want:

Great Homes  
Great Neighbourhoods  
Great Staff

## **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.

## **1 IMPROVE**

Improvements to the void process have consistently delivered better results, with total numbers of void properties steadily reducing despite the impact of the asylum seeker properties being returned from Tameside MBC this year. At the end of March void numbers were at a very low level of 273. Void turnaround times however, are above target, but we have recently seen a substantial reduction due to recent changes to the process but low demand properties are still having a detrimental effect on turnaround times. Recently void properties are being turned around in about 36 days but lettings of sheltered bedsits are still having a detrimental effect on our official reported figures.

The rolling rent collection rate has at 99.75%, exceeded the Business Plan target of 99.3% and problems experienced with the new Housing Benefit system have now been overcome.

Performance on repairs generally remains excellent, although we encountered some processing issues earlier on in the year, which have now been dealt with and resultant delays have been significantly reduced.

The average time taken to complete ‘All repairs’ is now at 6.17 days in comparison to 6.14 days for the previous year. The main reason for this has been a slight reduction in performance on routine repairs and a number of issues have been highlighted where some remedial action has been taken. We are still working on some wider issues including changing the information on works orders to give a more accurate description and target time, this has improved performance over the last few months. Year end figures for 2006/7 for Gas Servicing show that only 48 properties are ‘out of time’ with 99.64% of properties having a valid Gas certificate. Power of entry notices are being served on other properties as appropriate and we achieved our first possession order in September on a property in Dukinfield. This is a big improvement on earlier in the year and is expected to continue as we have moved to a 48 week cycle.

## **2 INVEST**

Overall performance towards meeting the investment target is 92% which is above the minimum tolerance target. This is mainly due to a mix of issues regarding Windows and Doors. There was some concern over Kitchen progress emerging on the main investment programme due to only 82% performance against the target but when adding in other Investment works completed by the Void and Responsive teams this pushes performance well over the original targets – i.e kitchens 112%, bathrooms 114%, heating 99%, windows 85%, doors 93%, roofing 111% and painting 101%.

In terms of increasing stock levels, the number of Right to Buy/Acquire outstanding applications have continued to fall as have completions, which are now averaging 9 per month (Group). There have been a total of 112 Group sales against a Business Plan projection of 200. We have been successful in becoming a preferred partner for Gedling and now have a development resource to deliver a minimum of 50 new properties. We have completed schemes at Boundary Close and Chester Avenue and have purchased 28 Right to Buy Buybacks..

New Charter Building Company External income targets are still on track – Contracts are in place with Akxa, Bowlee, English Churches (Riverside), Sanctuary Projects, Tameside Sports Trust, Rossendale Procurement, TMBC Polling Stations, Manchester and Vokera.

### **3 IMAGE**

In terms of continuing to work on areas of customer satisfaction in the 2006 customer survey, the January 2007 survey showed a further increase in tenant satisfaction overall. Satisfaction levels increased from 89.7% last year to 92.8% in 2007. Other areas within the survey also showed significant increases in performance and Heads of Service and GMT Members engaged in improvement projects “From Good to Great”.

We have continued to develop “Employer of Choice” strategies. We have Performance management in place, a new pay structure, excellent flexible working take-up, new benefits developed and a growing learning centre with most targets being achieved or exceeded. New leaflets promoting New Charter benefits have been produced and a new Flexible Benefits scheme was launched in October 2006 with the system fully operational in January 2007.

We have continued to improve the attractiveness of our neighbourhoods and large scale schemes have been tendered and started on site. Multiple small scale sites are also in progress and this is reported to North and South Boards at each meeting.

### **4 INVOLVE**

We have implemented and further developed our tenant involvement policy. The 2006 Survey showed 89% satisfaction with opportunities for involvement whereas the 2007 figures show 94% satisfaction with opportunities for involvement.

The 2006 Survey showed 73% satisfaction with neighbourhood management services. We have consulted with Tenants and leaseholders to assess required levels of services and have shaped them accordingly. The 2007 survey showed an increase to 81% satisfaction with neighbourhood management services i.e. an increase of 8%.

We have pursued further inclusivity through work with others on equality and diversity in line with the Housing Corporation good practice notes 4 and 8 and have Targets established in the Equality and Diversity Action Plan. We have also recruited two Community Development Worker posts through Aksa to work within the Tameside area.

We have continued to increase involvement in community leadership through funding specific regeneration activities and resourcing a regeneration team. Specific regeneration schemes in place are

- Youth Diversion Project
- Community Sporting Events
- Garden Tool Box
- Skills for Life Training at Neighbourhood Offices

We have studied and attempted to respond to the issues raised by customers on this Business Plan consultation such as reviewing Digital TV coverage and possibilities for provision of Interactive services. Family fun days have been held on a number of estates and other events have been sponsored – Central Estate/ Britain in Bloom etc.

## **5 INNOVATE**

In terms of developing and launching a range of consultancy services, we have carried out a number of market testing exercises including external training in Revenues and continual improvement/Management development, carried out a number of pieces of work for other landlords in terms of anti-social behaviour issues, tendered (and been shortlisted) for a significant customer first training project for Housing Hartlepool and have jointly developed a product for performance improvement services in conjunction with the Northern Housing Consortium which was launched in April 2007.

In developing the use of the internet and new technology to address low percentage accessibility of service and improved business processes, we have looked at a number of areas. The IT strategic plan has been agreed by Boards and it includes an e-business plan. Some simple transactions such as reporting repairs and basic contacts are already available and personal Digital Assistants (PDAs) have been developed for Property Maintenance Officers, Gas Servicing and Neighbourhood Management Officers.

## FINANCIAL REVIEW

The financial position and results for the year are set out on pages **23** to **51** of these statements.

### Results for the year

New Charter Group's deficit for the year, before movements in reserves, was **£19.628m** which was within the approved plan. This compares with a deficit of **£17.951m** in the previous year.

The main reasons for the increased deficit were:

- An increase in the repairing, maintaining and improvement costs reflecting the continuing delivery of the investment plan, and
- An increased amount of capital costs expended through the Income and Expenditure Account
- Additional spend on Environmental Improvements.

### Surplus/reserves

Total reserves as at 31st March 2007 were **£71.857m** (2006 - £75.061m).

These reserves represent accounting surpluses/deficits from previous years, and movements on the valuation of our housing properties. This amount also includes an amount of **£4.509m** negative goodwill due to the acquisition of Aksa Housing Association on 8<sup>th</sup> November 2005. This negative goodwill will be amortised over 50 years.

### Summary Balance Sheet

New Charter's consolidated Balance Sheet as at 31st March 2007 is summarised on page **25** of these financial statements. The key factor affecting the balance sheet is the inclusion of our housing stock at valuation (rather than at cost less depreciation). In our view, the valuation approach provides a more relevant and meaningful representation of our financial position. The valuation was carried out by Savills (L&P) Ltd an independent and professionally qualified surveying firm.

New Charter is a debt funded organisation and has a facility of £270m to be repaid over 30 years. Funds are drawdown in accordance with the group business plan which is updated and approved annually. A separate facility of £13m is held by Aksa for the purpose of future development.

The financial statements demonstrate a net current liability position of **£4.930m** as at 31<sup>st</sup> March 2007 (2006 – net current liability £5.539m).

The group have also fully implemented FRS17 which means the total pension liability of £18.2m is shown on the face of the Balance Sheet.

### Cash flows

New Charter's consolidated cash flows are summarised on page **27**. The principal sources of cash inflows in the year were:

- Rental and other income of **£52.348m** (2006 - £46.420m),
- the sale of housing properties under RTB of **£5.301m** (2006 - £8.662m) and
- total drawdowns on the Group Loan Facility of **£24.950m** (2006 - £12.0m).

The principal cash outflows were:

- operating costs of **£60.365m** (2006 - £56.737m),
- investment in assets, particularly housing stock, of **£18.8m** (2006 - £22.3m), and
- servicing of debt of **£13.4m** (2006 - £11.7m).

The New Charter Group ended the year with cash balances of **£2.614m** (2006 - £2.856m).

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

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

The funding profile (amounting in total to a facility for the transfer element of the group of **£270m**), reflects the fact that in the initial years of the Group, accrued deficits will be recorded, as the repairs, maintenance and improvement programme is undertaken.

Thereafter, surpluses are projected which enable the repayment of all outstanding loans.

Long-term borrowings at the year-end totalled **£216.6m** (2006 - £191.6m).

Aksa has a separate facility of **£13m** of which **£9.9m** is currently drawn.

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.

New Charter continues to maintain a risk-averse approach towards the management of its loan portfolio and at the year-end had **72%** of its debt on a fixed rate basis, leaving it relatively well protected against potential adverse movements in interest rates.

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

## DIRECTORS

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

		<u>Appointed</u>	<u>Resigned</u>
Gerald Cooney - Chair	(C)	2 <sup>nd</sup> August 1999	
Hamid Ghafoor – Vice-Chair	(I)	18 <sup>th</sup> July 2001 (co-opted)	
		18 <sup>th</sup> December 2001	
James Burns	(I)	10 <sup>th</sup> December 2002	
Ann Whittam	(I)	16 <sup>th</sup> November 2004 (co-opted)	
		15 <sup>th</sup> November 2005	
Julie Hardman	(T)	2 <sup>nd</sup> August 1999	
Jed Hassid	(I)	31 <sup>st</sup> January 2000 (co-opted)	
		18 <sup>th</sup> December 2001	
Martin Wareing	(C)	2 <sup>nd</sup> June 2004	
Philip Smith	(T)	8 <sup>th</sup> December 2003	
Desmond Jeffery	(T)	16 <sup>th</sup> December 2003	
Gordon Tow	(C)	8 <sup>th</sup> November 2004	
Stephen Hall (co-opted)	(I)	31 <sup>st</sup> January 2000	
Aslam Khan	(A)	15 <sup>th</sup> November 2005	
Abdul Quayum	(A)	15 <sup>th</sup> November 2005	
Vincent Ricci (co-opted)	(I)	15 <sup>th</sup> August 2006	

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

## **AUDITORS**

At the Board meeting of New Charter Housing Trust Ltd on 25<sup>th</sup> 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 22<sup>nd</sup> November 2001. Following the conversion of KPMG into a limited liability partnership, the Board of the Company on 8<sup>th</sup> 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 26<sup>th</sup> September 2006.

The Auditors, KPMG LLP, are willing to continue in office however a resolution will be to appoint auditors following the outcome of the tender process at the next Annual General Meeting.

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

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

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

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

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

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

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

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

### **Disclosure of information to auditors**

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

## **Internal 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 31<sup>st</sup> March 2007, 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.

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

I have reviewed the systems & policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2006/07. They can be summarised as follows: -

- The Group has a well-designed and robust business planning process, which clearly sets out business aims and objectives and has outcomes against which progress can be demonstrated. Non-Executives staff and tenants are closely involved in formulation and approval of the Business Plan.
- 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 Group Loan Facility provides for a formal annual approval by Funders of the Business Plan.
- Monitoring of control systems by Audit Committee, Internal Audit & GMT.
- All Board reports are required to show a Risk Evaluation in terms of Financial & Legal/Governance implications.
- Management information & performance control systems are in place to regularly report financial results and other performance indicators to Group management team and to Boards
- Contract Standing Orders, Financial Regulations and Scheme of Delegations are in place and were reviewed during 2006/7.

- The fraud-register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee.
- All policies & procedures are programmed for regular review including Health & Safety and IT Disaster Recovery.
- There is on-going development of continual improvement culture across the Group.
- Culture of risk awareness developed through individual Key Work Objectives, with performance managed through regular review process.

### **Process for assessing and managing risk during 2006/7**

- The Audit Committee has continued to meet on a regular basis to consider reports from Officers and Auditors.
- Membership of the Audit Committee is drawn from across the Boards of the Group, includes co-opted members and is chaired by an independent Director of the Trust Board.
- Internal and External Auditors have unfettered access to Audit Committee members.
- In line with best practice, Audit Committee members hold an annual meeting with Internal and External Auditors in the absence of officers.
- Audit Committee have agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All Internal Audit reports are presented to Audit Committee who take responsibility for ensuring recommendations are implemented. Internal audit also undertake follow up assignments to ensure compliance, as appropriate.
- Audit Committee kept informed of developing best practice including Housing Corporations Risk Management Topic Papers.
- Internal Audit remains a contracted out service.
- Audit Committee has taken control and ownership of the recruitment process for the replacement of internal and external auditors by October 2007.
- Risk register produced to identify, evaluate & manage risks to organizational objectives. Presented to & monitored by Audit Committee.
- Work with external auditors both before and during closure of accounts meant an unqualified opinion was offered.
- KPMG LLP presented their Audit Strategy Memorandum to the February 2007 Audit Committee. The Audit Committee considered their Audit Highlights Memorandum in August 2007.
- The Housing Corporation Assessment for the Group places all factors at “green”.
- The Housing Corporation’s Annual Viability Statement makes clear that the Group “complies with the Regulatory code. The Group has satisfactory financial condition and exposures are mitigated to an acceptable degree”
- A number of weaknesses and threats were identified which must be addressed. within the Business Planning process:

- Management cost savings are to be achieved
  - There is a need to tightly control responsive repairs expenditure
  - The investment programme is at risk of cost inflation pressures
- Management reports on operational and financial matters have continued to be provided to all relevant Boards and Committees.
  - There has continued to be timely and regular reporting of key business information and performance indicators at Management and Board meetings.
  - Insurance risk remains well managed.
  - There has been no instance of substantial fraud during the year; indeed there are no entries in the fraud register for the year 2006/7.
  - No Regulatory or Supervisory action by the Housing Corporation has been taken during the year, beyond normal, planned, regulatory engagement.

The very few significant control weaknesses identified by, Internal Auditors, during the course of the year, 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  
NEW CHARTER HOUSING TRUST Ltd

**1<sup>st</sup> August 2007**

The report of the Board of Management was approved on 25<sup>th</sup> September 2007 and signed on its behalf by:

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

kpmg

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 of New Charter Housing Trust for the year ended 31<sup>st</sup> March 2007 which comprise the Income and Expenditure Account, the Statement of Total Recognised Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Group and Company's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Group'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'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 Directors and Auditors**

As described on page 14 the Group and Company's Directors are responsible for the preparation of the Directors' report, and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act, the Housing Act 1996, and the Accounting Requirements for Registered Social Landlords General Determination 2006. 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of

evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and 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, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Company as at 31<sup>st</sup> March 2007 and of the Group and Company's deficit for the year then ended;
- the financial statements 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 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

**KPMG LLP**  
Chartered Accountants  
Registered Auditors

**NEW CHARTER HOUSING TRUST LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

		<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>2</b>	52,348	46,420
Operating costs	2	(60,365)	(56,737)
<b>Operating (deficit)/surplus</b>	<b>2</b>	<u>(8,017)</u>	<u>(10,317)</u>
Surplus on sale of fixed assets	4	3,102	4,635
<b>Surplus on ordinary activities before interest and taxation</b>		<u>(4,915)</u>	<u>(5,682)</u>
Interest receivable and other income	5	77	118
Interest payable and similar charges	6	(13,415)	(11,697)
Other Finance Costs	6	(1,154)	(366)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(19,407)</u>	<u>(17,627)</u>
<b>TAXATION</b>			
Taxation on ordinary activities	10	<u>(221)</u>	<u>(324)</u>
<b>DEFICIT FOR THE YEAR</b>		(19,628)	(17,951)
<b>TRANSFER FROM REVALUATION RESERVE</b>		-	(136)
<b>DESIGNATED RESERVE</b>		(1,613)	(2,184)
<b>REVENUE RESERVE BROUGHT FORWARD</b>		(42,699)	(22,428)
<b>REVENUE RESERVE CARRIED FORWARD</b>		<u><u>(63,940)</u></u>	<u><u>(42,699)</u></u>
 <b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE GROUP</b>			
			<b>Restated</b>
Deficit for the financial year		(19,628)	(17,951)
Actuarial (loss) / gain recognised in the pension scheme	23	<u>6,485</u>	<u>(4,414)</u>
Total recognised deficit relating to the period		(13,143)	(22,365)
Prior Year Adjustment	23	<u></u>	<u>(11,010)</u>
<b>Total recognised surplus/(deficit) recognised since last annual report</b>		<b>(13,143)</b>	<b>(33,375)</b>
Unrealised surplus/(deficit) on the revaluation of properties		9,939	92,300
Total recognised gains and losses for the year		<u><u>(3,204)</u></u>	<u><u>58,925</u></u>
 <b>NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE GROUP</b>			
Deficit on ordinary activities before taxation		(19,407)	(17,627)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		1,457	1,567
Historical cost deficit on ordinary activities before taxation		<u><u>(17,950)</u></u>	<u><u>(16,060)</u></u>

The notes on pages 28 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LTD**  
**COMPANY INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDING 31 MARCH 2007**

		2007	2006
		£'000	£'000
<b>Turnover</b>	<b>2</b>	19,686	18,615
Operating costs	2	(19,724)	(18,685)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		(38)	(70)
Interest receivable and other income	5	10	61
Interest payable and similar charges	6	(114)	(125)
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(142)	(134)
<b>TAXATION</b>			
Taxation on ordinary activities	10	(108)	(152)
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		(250)	(286)
<b>ACCUMULATED (DEFICIT)/SURPLUS BROUGHT FORWARD</b>		(400)	(114)
<b>REVENUE RESERVE CARRIED FORWARD</b>		(650)	(400)

All of the above results derive from continuing operations.

[The notes on pages 28 to 51 form an integral part of the financial statements.](#)

**NEW CHARTER HOUSING TRUST LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 MARCH 2007**

		<b>2007</b>	<b>Restated</b>
		<b>£'000</b>	<b>2006</b>
			<b>£'000</b>
<b>FIXED ASSETS</b>			
Tangible assets - housing properties	<b>11</b>	347,441	336,106
Less grant funding		(2,056)	(2,056)
Less Social Housing Grant		(32,082)	(32,179)
Less depreciation		<u>(1,063)</u>	<u>(919)</u>
		312,240	300,952
Other tangible assets	<b>12</b>	<u>13,419</u>	<u>13,953</u>
		325,659	314,905
<b>CURRENT ASSETS</b>			
Stock	<b>13</b>	403	377
Debtors	<b>14</b>	5,556	4,186
Cash at bank and in hand		<u>2,614</u>	<u>2,856</u>
		8,573	7,419
<b>CREDITORS</b>			
Amounts falling due within one year	<b>15</b>	<u>(13,503)</u>	(12,958)
<b>NET CURRENT LIABILITIES</b>		(4,930)	(5,539)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>320,729</u>	<u>309,366</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	<b>16</b>	230,590	210,692
<b>PENSIONS LIABILITY</b>		18,282	23,613
<b>CAPITAL AND RESERVES</b>			
Revaluation reserve	<b>19</b>	137,157	123,102
Designated reserve		5,107	3,469
Revenue reserve	<b>19</b>	(56,634)	(41,928)
Pension liability reserve	<b>23</b>	(18,282)	(23,613)
Negative goodwill	<b>19</b>	<u>4,509</u>	<u>14,031</u>
		71,857	75,061
		<u>320,729</u>	<u>309,366</u>

The financial statements on pages 28 to 51 were approved on behalf of the Board on the 23rd August 2007 and were signed by :

G Cooney (Chair)

D O McLoughlin (Group Company Secretary)

The notes on pages 28 to 51 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST

COMPANY BALANCE SHEET

AS AT 31 MARCH 2007

		2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Other tangible assets	12	<u>3,747</u>	<u>4,085</u>
		3,747	4,085
<b>CURRENT ASSETS</b>			
Debtors	14	4,384	5,240
Cash at Bank		<u>(1,638)</u>	<u>(1,409)</u>
		2,746	3,831
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>(5,261)</u>	<u>(6,434)</u>
<b>NET CURRENT LIABILITIES</b>			
		(2,515)	(2,603)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,232</u>	<u>1,482</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(1,882)	(1,882)
<b>NET LIABILITIES</b>			
		<u>(650)</u>	<u>(400)</u>
<b>CAPITAL AND RESERVES</b>			
Revenue reserve		<u>(650)</u>	<u>(400)</u>
		(650)	(400)
		<u>(650)</u>	<u>(400)</u>

The financial statements on pages 23 to 51 were approved on behalf of the Board on the 31st August 2007 and were signed by:

D O McLoughlin

(Group Company Secretary)

The notes on pages 28 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LIMITED**  
**GROUP CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2007**

		2007 £'000	2006 £'000	Restated 2006 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>20</b>		(5,508)	2,013
<b>RETURNS ON INVESTMENTS AND SERVICING FINANCE</b>				
Interest received		78		119
Interest paid		<u>(13,415)</u>		<u>(11,757)</u>
			(13,337)	(11,638)
<b>TAXATION</b>			(221)	(323)
<b>CAPITAL EXPENDITURE</b>				
Developments, improvements and other capital works		(11,643)		(9,650)
Other capital expenditure		<u>(412)</u>		<u>(1,034)</u>
		(12,055)		(10,684)
Sale of housing properties		<u>5,301</u>		<u>8,662</u>
			(6,754)	(2,022)
<b>CASHFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>			<u>(25,820)</u>	<u>(11,970)</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			-	-
<b>FINANCING</b>				
Loans advances received		24,950		12,000
Grant received		628		-
Finance lease payments		<u>0</u>		<u>(270)</u>
			25,578	11,730
<b>INCREASE/(DECREASE) IN CASH</b>			<u><u>(242)</u></u>	<u><u>(240)</u></u>

The notes on pages 28 to 51 form an integral part of the financial statements.

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**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" updated in 2005. 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**

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
- Aksa Housing Association Limited

**Turnover**

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

**Housing Properties**

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

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

**Depreciation of Housing Properties**

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

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

## NEW CHARTER HOUSING TRUST LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

#### 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 of 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 Trust 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.

The Association operates a pension scheme providing benefits based on final pensionable pay. The asset of the scheme are held separately from those of the Trust. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Aksa operates a defined contribution pension scheme. The cost of providing pensions and related benefits is charged to management expenses over the periods benefiting from the employees service. The assets of the scheme are held separately from those of the Association in an independently administered fund; Social Housing Pension Scheme.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### Provisions

Provisions are made to the extent that the Trust 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'.

**NEW CHARTER HOUSING TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2007**

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

**Stock**

Stock is valued at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

**Long Term Contracts**

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated 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.

**Capitalisation Policy**

A revised Capitalisation Policy has been adopted by the Group inline with FRS15 and the revised SORP. The Capitalisation Policy includes the capitalisation of roofs, doors and windows, with the balance being expended through the Income & Expenditure Account.

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**GROUP**

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

	Turnover	2007 Operating costs	Operating surplus	Turnover	2006 Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure from social housing lettings</b>						
Housing accommodation	47,151	49,779	(2,628)	43,965	48,816	(4,851)
Depreciation of housing properties	-	5,330	(5,330)	-	5,321	(5,321)
Loss on investment programme disposals	-	1,559	(1,559)	-	1,357	(1,357)
	<u>47,151</u>	<u>56,668</u>	<u>(9,517)</u>	<u>43,965</u>	<u>55,494</u>	<u>(11,529)</u>
<i>See Note 3 for further detail.</i>						
<b>Other income and expenditure from social housing lettings</b>						
Garages rental	203	57	146	153	70	83
Supporting People Contract Income	660	-	660	660	-	660
Home contents insurance scheme	119	91	28	121	79	42
Other activities	694	414	280	237	165	72
	<u>1,676</u>	<u>562</u>	<u>1,114</u>	<u>1,171</u>	<u>314</u>	<u>857</u>
<b>Other income and expenditure from non social housing lettings</b>						
Building company	3,521	3,135	386	1,284	929	355
	<u>52,348</u>	<u>60,365</u>	<u>(8,017)</u>	<u>46,420</u>	<u>56,737</u>	<u>(10,317)</u>

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**COMPANY**

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

	Turnover	2007 Operating costs	Operating surplus	Turnover	2006 Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>						
Intercompany recharges	18,348			17,030		
Supporting People Contract Income	401			401		
Other income	938			1,184		
	<u>19,686</u>			<u>18,615</u>		
<b>EXPENDITURE</b>						
Management overheads						
Employee costs		12,708			11,392	
Employee related expenses		625			706	
Insurance costs		1,375			1,392	
Premises costs		871			808	
Transport costs		319			293	
Supplies & services		3,054			3,086	
Agency & contracted services		-			-	
Central support charges		128			94	
Intercompany recharges		27			27	
Depreciation of assets		525			846	
Bank charges		92			41	
Overheads		<u>19,724</u>			<u>18,685</u>	
Operating surplus			<u>(38)</u>			<u>(70)</u>

Note: Included within the 2007 Supplies & Services is a Charitable Donation of £250k to Aksa Housing Association Limited.

NEW CHARTER HOUSING TRUST LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

GROUP	2007			2006		
	General needs £'000	Temporary social £'000	Total £'000	General needs £'000	Temporary social £'000	Total £'000
<b>3 INCOME FROM SOCIAL HOUSING LETTINGS</b>						
Gross rent receivable (net of service charges)	42,997	205	43,202	39,320	154	39,474
Charges for Support Services	788	-	788	793	-	793
Service charges receivable	2,960	147	3,107	2,167	147	2,314
Gross rents and service charges receivable	<u>46,745</u>	<u>352</u>	<u>47,097</u>	<u>42,279</u>	<u>301</u>	<u>42,580</u>
Net rents receivable	<u>46,745</u>	<u>352</u>	<u>47,097</u>	<u>42,279</u>	<u>301</u>	<u>42,580</u>
Other income	1,208	-	1,208	1,385	-	1,385
Turnover from social housing lettings	<u>47,953</u>	<u>352</u>	<u>48,305</u>	<u>43,664</u>	<u>301</u>	<u>43,965</u>
<b>EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES</b>						
Management	17,317	257	17,574	18,219	116	18,335
Services	665	-	665	568	-	568
Routine maintenance	15,749	5	15,754	12,346	7	12,353
Planned maintenance	915	-	915	782	-	782
Major repairs expenditure	13,785	-	13,785	15,699	-	15,699
Rent losses from bad debts	720	3	723	729	3	732
Depreciation of housing properties	5,310	20	5,330	5,302	19	5,321
Loss on investment programme disposals	1,559	-	1,559	1,357	-	1,357
Impairment of housing properties	-	-	-	-	-	-
Depreciation of other assets	363	-	363	347	-	347
Operating costs on social housing lettings	<u>56,383</u>	<u>285</u>	<u>56,668</u>	<u>55,349</u>	<u>145</u>	<u>55,494</u>
Operating (deficit)/surplus on social housing lettings	<u>(8,430)</u>	<u>67</u>	<u>(8,363)</u>	<u>(11,685)</u>	<u>156</u>	<u>(11,529)</u>
Rent loss from voids	<u>(1,100)</u>	<u>(55)</u>	<u>(1,155)</u>	<u>(1,190)</u>	<u>(54)</u>	<u>(1,244)</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 2007**

<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>4 SURPLUS ON SALE OF FIXED ASSETS</b>		
Proceeds of sale	5,301	8,662
Cost of sales (including amount due to Tameside MBC)	(2,199)	(4,027)
Surplus on disposal of assets	<u>3,102</u>	<u>4,635</u>

<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>5 INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank interest receivable	76	116
Staff car loans interest receivable	1	2
	<u>77</u>	<u>118</u>

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank interest receivable	9	59
Inter company loan interest receivable		
Staff car loans interest receivable	1	2
	<u>10</u>	<u>61</u>

<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>6 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans	13,415	11,696
On finance leases	-	1
Other Finance Costs	1,154	366
	<u>14,569</u>	<u>12,063</u>

The adoption of FRS17 has resulted in an increase in staff costs by £100k (2006: £224k) and other finance costs/income of £96k (2006: £45k), a decrease in profit for the year of £196k (2006: £269k).

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans	114	124
On finance leases	-	1
	<u>114</u>	<u>125</u>

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Is stated after charging:		
Depreciation	6,259	6,563
Auditors remuneration (inc VAT)		
- in their capacity as auditors	39	73
Other audit costs	44	25
Deficit on disposal of items replaced as part of investment programme	1,565	1,357
Charitable Donation	1,687	19
Operating lease charges	8	9
	<u>8</u>	<u>9</u>

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Is stated after charging:		
Depreciation	525	846
Auditors remuneration (inc VAT)		
- in their capacity as auditors	15	10
Other audit costs		
Charitable Donation	250	400
	<u>250</u>	<u>400</u>

**GROUP**

**8 DIRECTORS EMOLUMENTS**

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

	<b>2007</b>	<b>2006</b>
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£838,437</u>	<u>£786,536</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£168,930</u>	<u>£162,985</u>

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

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

**NEW CHARTER HOUSING TRUST LTD**  
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<b>8</b>	<b>DIRECTORS EMOLUMENTS (CONTINUED)</b>	<b>2007</b>	<b>2006</b>
	Aggregate amount of highest paid director's pension	<u>£36,602</u>	<u>£17,898</u>

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

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

	<u>£148,510</u>	<u>£46,904</u>
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**COMPANY**

**DIRECTORS EMOLUMENTS**

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

	<b>2007</b>	<b>2006</b>
	<u>£557,496</u>	<u>£541,511</u>

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

	<b>2007</b>	<b>2006</b>
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£594,403</u>	<u>£578,145</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£168,930</u>	<u>£162,985</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	-	-
£70,001 - £80,001	1	1
£80,001 - £90,001	2	2
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£130,001 - £140,000	-	-
£160,001 - £170,000	1	1
	<u>5</u>	<u>5</u>

Aggregate amount of highest paid director's pension	<u>£21,432</u>	<u>£17,898</u>
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The Group's Chief Executive is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates

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

	<u>£116,262</u>	<u>£30,581</u>
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**NEW CHARTER HOUSING TRUST LTD**  
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**GROUP**

**9 EMPLOYEE INFORMATION**

	<b>2007</b>	<b>2006</b>
The average number of persons employed during the year		
Management and administration	64	77
Financial services	56	54
Strategic housing services	302	304
Corporate & administrative services	123	82
Manual	56	54
Direct labour	<u>230</u>	<u>244</u>
	<u>831</u>	<u>815</u>
Full time	723	736
Part time	<u>108</u>	<u>79</u>
	<u>831</u>	<u>815</u>
	<b>2007</b>	<b>2006</b>
Staff costs for the above persons were:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	19,268	17,839
Social security costs	1,593	1,351
Other pension costs	<u>2,582</u>	<u>2,225</u>
	<u>23,443</u>	<u>21,415</u>

**COMPANY**

**EMPLOYEE INFORMATION**

	<b>2007</b>	<b>2006</b>
The average number of persons employed during the year		
Management	6	5
Financial services	53	51
Strategic housing services	299	299
Corporate & administrative services	96	67
Manual	<u>56</u>	<u>54</u>
	<u>509</u>	<u>476</u>
Full time	415	400
Part time	<u>94</u>	<u>76</u>
	<u>509</u>	<u>476</u>
	<b>2007</b>	<b>2006</b>
Staff costs for the above persons were:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	10,134	9,224
Social security costs	745	672
Other pension costs	<u>1,457</u>	<u>1,164</u>
	<u>12,336</u>	<u>11,060</u>

**NEW CHARTER HOUSING TRUST LTD**  
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<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>		
<b>a Analysis of tax charge in the year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year/period	141	250
Adjustments in respect of prior periods	80	74
	<u>221</u>	<u>324</u>
<b>Deferred tax</b>		
Origination /reversal of timing difference	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax</b>	<u><u>221</u></u>	<u><u>324</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	(19,407)	(17,626)
Current tax at 30%	(5,822)	(5,288)
Effects of:		
Expenses not deductible for tax purposes	276	26
Capital allowances for period in excess of depreciation	(87)	7
Effects of tax free income due to charitable activities	(462)	-
Non qualifying depreciation	1,399	1,126
CGT accounts/accounts profit re non qualifying properties	-	-
Adjustment to tax charge in respect of prior periods	80	74
Deferred tax not provided	-	-
Excess of taxable profits over book profits on sale of properties	845	(104)
Creation of tax losses not recognised	3,993	5,507
Finance lease depreciation	-	(85)
Renewals allowance	-	(939)
Rollover relief	-	-
<b>Current tax charge</b>	<u><u>221</u></u>	<u><u>324</u></u>

A deferred tax asset of £12,679,739 (2006 - £16,795,540) has not been recognised in respect of tax losses which are available to offset taxable surpluses in future periods.

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>		
<b>a Analysis of tax charge in the year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year/period	108	152
Adjustments in respect of prior periods	-	-
	<u>108</u>	<u>152</u>
<b>Deferred tax</b>		
Origination /reversal of timing difference	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax</b>	<u><u>108</u></u>	<u><u>152</u></u>

**NEW CHARTER HOUSING TRUST LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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 :

	<b>£'000</b>	<b>£'000</b>
Deficit on ordinary activities before tax	(142)	(134)
Current tax at 30%	(43)	(40)
Effects of:		
Expenses not deductible for tax purposes	3	3
Capital allowances for period in excess of depreciation	(89)	(179)
Finance lease depreciation		(85)
Non qualifying depreciation	158	349
CGT accounts/accounts profit re non qualifying properties		-
Adjustment to tax charge in respect of prior periods	79	104
Deferred tax not provided		
Excess of taxable profits over book profits on sale of properties		-
Deferred tax movement		-
<b>Current tax charge</b>	<u>108</u>	<u>152</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

**GROUP**

**11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES**

	<b>Housing Properties Completed £'000</b>	<b>Under Construction £'000</b>	<b>Total £'000</b>
<b>COST OR VALUATION</b>			
<b>As at 1st April 2006 Pre Valuation Adjustment</b>	355,027	-	355,027
	18,921	-	18,921
<b>As at 1st April 2006 Post Valuation Adjustment</b>	336,106	-	336,106
Additions in year:			
Improvements	4,652	-	4,652
Completed	2,345	-	2,345
Under construction	-	2,377	2,377
Revaluation	4,745	-	4,745
Disposals	(2,784)	-	(2,784)
At 31st March 2007	<u>345,064</u>	<u>2,377</u>	<u>347,441</u>
<b>LESS GRANT FUNDING</b>			
At 1st April 2006	(2,056)	-	(2,056)
Completed schemes in year	628	-	628
Received during the year	(628)	-	(628)
Disposals	-	-	-
At 31st March 2007	<u>(2,056)</u>	<u>-</u>	<u>(2,056)</u>
<b>LESS SOCIAL HOUSING GRANT</b>			
At 1st April 2006	(32,179)	-	(32,179)
Completed schemes in year	-	-	-
Received during the year	-	-	-
Disposals	97	-	97
At 31st March 2007	<u>(32,082)</u>	<u>-</u>	<u>(32,082)</u>
<b>LESS DEPRECIATION</b>			
At 1st April 2006	(919)	-	(919)
Charge for year	(5,401)	-	(5,401)
Disposals	19	-	19
Revaluation	5,238	-	5,238
At 31st March 2007	<u>(1,063)</u>	<u>-</u>	<u>(1,063)</u>
<b>NET BOOK VALUE AT 31 MARCH 2007</b>	<u>309,863</u>	<u>2,377</u>	<u>312,240</u>
<b>NET BOOK VALUE AT 31 MARCH 2006</b>	<u>319,873</u>	<u>-</u>	<u>319,873</u>

Improvement expenditure Capitalised is £4.576m, expensed as Revenue £13.482m. Total expenditure £18.058m.

**Comparable amounts determined according to the historical cost convention**

Cost and valuation is represented by:

	<b>£</b>	<b>£</b>	<b>£</b>
Historic cost	178,037	2,377	180,414
Depreciation	(5,329)	-	(5,329)
Revaluation reserve	137,155	-	137,155
	<u>309,863</u>	<u>2,377</u>	<u>312,240</u>

A valuation was performed in the year by Savills (L&P) Ltd, Chartered Surveyors, who are independent of the Group. The valuation was based on Existing Use Value (Social Housing) as at 31st March 2007.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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
<b>COST</b>								
As at 1st April 2006	12,772	-	1,220	242	9,170	177	429	24,010
Additions in year	225	-	-	-	187	-	-	412
Disposals	-	-	-	-	(15)	(11)	-	(26)
At 31st March 2007	12,997	-	1,220	242	9,342	166	429	24,396
<b>DEPRECIATION</b>								
As at 1st April 2006	851	-	258	225	8,128	166	429	10,057
Charge for year	380	-	59	12	467	14	-	932
Disposals	-	-	-	-	-	(12)	-	(12)
At 31st March 2007	1,231	-	317	237	8,595	168	429	10,977
<b>NET BOOK VALUE</b>								
At 31st March 2007	11,766	-	903	5	746	(1)	-	13,419
<b>NET BOOK VALUE</b>								
At 31st March 2006	11,921	-	962	17	1,042	11	-	13,953

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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
<b>COST</b>								
At 1st April 2006	3,340	-	-	-	9,036	21	429	12,826
Additions in year	-	-	-	-	187	-	-	187
Disposals	-	-	-	-	-	-	-	-
At 31st March 2007	3,340	-	-	-	9,223	21	429	13,013
<b>DEPRECIATION</b>								
At 1st April 2006	271	-	-	-	8,020	21	429	8,741
Charge for year	58	-	-	-	467	-	-	525
Disposals	-	-	-	-	-	-	-	-
At 31st March 2007	329	-	-	-	8,487	21	429	9,266
<b>NET BOOK VALUE</b>								
At 31st March 2007	3,011	-	-	-	736	-	-	3,747
<b>NET BOOK VALUE</b>								
At 31st March 2006	3,069	-	-	-	1,016	-	-	4,085

**NEW CHARTER HOUSING TRUST LIMITED**  
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<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>13 STOCK</b>		
Raw materials and consumables	403	377
	<u>403</u>	<u>377</u>
<b>GROUP</b>		
<b>14 DEBTORS</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Arrears of rent and service charges	4,734	5,090
less Provision for bad and doubtful debts	<u>(2,392)</u>	<u>(2,795)</u>
	2,342	2,295
Housing benefit overpayments	510	628
less Provision for bad and doubtful debts	<u>(255)</u>	<u>(314)</u>
	255	314
Rechargeable repairs	1,321	1,304
less Provision for bad and doubtful debts	<u>(661)</u>	<u>(652)</u>
	660	652
Trade Debtors	1,792	299
less Provision for bad and doubtful debts	<u>(35)</u>	<u>(2)</u>
	1,757	297
Staff Car Loans	8	19
Prepayments and accrued income	281	218
Other debtors	254	391
	<u>5,556</u>	<u>4,186</u>

Rent and service charge arrears, net of provision for bad and doubtful debts, represents 4.97% (2006 - 5.39%) of the annual rent and service charge receivable.

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>14 DEBTORS</b>		
Amount due from subsidiary undertakings	3,973	4,996
Staff Car Loans	8	19
Prepayments and accrued income	197	154
Other debtors	206	71
	<u>4,384</u>	<u>5,240</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
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<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>15 CREDITORS - Amounts falling due within one year</b>		
Amount due to parent undertakings	-	-
Obligations under finance leases	115	-
Trade creditors	4,058	3,027
Accruals for properties under construction	332	87
Grants received in advance	-	79
Repairs and maintenance accruals	668	1,341
Other taxation and social security	747	728
Accruals and deferred income	3,082	2,984
RTB Clawback	3,806	3,829
Rent and service charges paid in advance	695	883
	<u>13,503</u>	<u>12,958</u>

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>15 CREDITORS - Amounts falling due within one year</b>		
Amount due to fellow subsidiary undertakings	3,550	4,935
Obligations under finance leases	-	-
Trade creditors	1,073	742
Other taxation and social security	468	460
Accruals and deferred income	170	297
	<u>5,261</u>	<u>6,434</u>

<b>GROUP</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>16 CREDITORS - Amounts falling due after more than one year</b>		
Housing and development loans	226,368	205,354
RTB clawback	-	3,807
Funds held on behalf Oldham HIP	84	-
Disposal Proceeds Fund	2,576	1,531
Obligations under finance leases	1,562	-
	<u>230,590</u>	<u>210,692</u>

<b>COMPANY</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>CREDITORS - Amounts falling due after more than one year</b>		
Housing and development loans	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**GROUP**

**17 LOANS**

The housing loans are drawn down from total facilities of £270m (New Charter) 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 6.05%. Within 'loans payable in more than five years', there is a drawing of £85.00m under facility B bearing interest at an average rate of 6.01%.

Aksa, housing loans are drawn from total facilities of £13m .

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
	<b>Housing Loans by instalments</b>	<b>Housing Loans by instalments</b>
Within one year or on demand	-	-
In more than five years	227,930	205,354
	<u>227,930</u>	<u>205,354</u>

**Borrowing facilities**

Undrawn committed borrowing facilities at 31st March 2007 (New Charter) were £53,450,000 (2006 - £78,400,000).

Undrawn committed borrowing facilities at 31st March 2007 (Aksa) were £3,182,000 (2006 - £3,182,000).

**COMPANY**

**LOANS**

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
	<b>Housing Loans by instalments</b>	<b>Housing Loans by instalments</b>
In more than five years	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

The amount due in more than five years relates to loans made to New Charter Housing Trust Ltd, £1,882,099 (2006 - £1,882,099) from New Charter Housing (North) Limited and New Charter Housing (South) Limited. The loans are at a fixed interest rate of 6.05% and are repayable within 30 years.

**GROUP**

**18 ANALYSIS OF FINANCE LEASES**

Obligations under finance leases are repayable as follows:

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Within one year or on demand	-	-
Between two and five years	-	-
	<u>-</u>	<u>-</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**GROUP**

19 **RESERVES**

	Revenue £'000	Designated £'000	Revaluation £'000	Total £'000
As at 1st April 2006	(51,845)	3,469	142,358	93,982
Restatement	335	-	(19,256)	(18,921)
As at 1st April 2006 - Post restatement	(51,510)	3,469	123,102	75,061
Deficit for the year	(19,628)		-	(19,628)
Revaluation	5,381		14,055	19,436
Designated Reserve	(1,613)	1,638		25
Actuarial losses	6,485			6,485
Negative Goodwill	(9,522)			(9,522)
At 31st March 2007	<u>(70,407)</u>	<u>5,107</u>	<u>137,157</u>	<u>71,857</u>

	2007 £'000	2006 £'000
Revenue reserve excluding pension asset/liability	(52,125)	(47,431)
Pension asset Liability	(18,282)	(4,414)
Revenue reserve including pension asset/liability	<u>(70,407)</u>	<u>(51,845)</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**20 NOTES TO THE CASHFLOW STATEMENT**

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

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Operating surplus	(8,017)	(10,317)
Depreciation charges	6,229	6,490
(Increase) in debtors	(1,657)	(802)
(Increase)/Decrease in stock	(23)	41
Increase in creditors	(3,601)	5,242
Loss on disposal on improvements to housing properties	1,561	1,359
Net cash inflow from operating activities	<u>(5,508)</u>	<u>2,013</u>

b Reconciliation of net cash inflow to movement in net debt

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Increase/(reduction) in cash in year	(242)	(239)
Change in net debt resulting from cash flows	(22,897)	(25,914)
Change in net debt	<u>(23,139)</u>	<u>(26,153)</u>
New finance leases	-	-
Net debt at beginning of year	(203,177)	(177,024)
Net debt at end of year	<u>(226,316)</u>	<u>(203,177)</u>

**20 NOTES TO THE CASHFLOW STATEMENT (CONTINUED)**

c Analysis of changes in net debt

	<b>At 31st</b> <b>March 2006</b> <b>£'000</b>	<b>Cash Flows</b> <b>£'000</b>	<b>At 31st March</b> <b>2006</b> <b>£'000</b>
Cash & investments	2,614	(242)	2,856
	<u>2,614</u>	<u>(242)</u>	<u>2,856</u>
Debt due within one year	(608)	(89)	(519)
Debt due after one year	(228,322)	(22,808)	(205,514)
	<u>(228,930)</u>	<u>(22,897)</u>	<u>(206,033)</u>
	<u>(226,316)</u>	<u>(23,139)</u>	<u>(203,177)</u>

**NEW CHARTER HOUSING TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2007**

<b>21</b>	<b>CAPITAL COMMITMENTS</b>	<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
	Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>2</u>	<u>291</u>
	Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>277</u>	<u>55,713</u>

The amount contracted for at 31st March 2007 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.

<b>22</b>	<b>OPERATING LEASE COMMITMENTS</b>	<b>2007</b>	<b>2006</b>
		<b>£'000</b>	<b>£'000</b>
	At 31st March 2007 annual commitments under non-cancellable operating leases were as follows:		
	Within one year or on demand	<u>8</u>	<u>9</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

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 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 2007 are as follows :

Valuation date	31st March 2007
Valuation Method	Projected unit
Value of assets	£61,426 million
Investment Return per annum	7.20%
Salary scale increases per annum	4.70%
Pension increases per annum	3.20%

employees).

The employers contribution rate was 16.4% of pensionable salary. From 1st April 2007 the level of employer's contribution will increase to 18.7% of pensionable salary.

The Association operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31st March 2004 and was updated for FRS17 purposes to 31st March 2007 by a qualified independent actuary who was not an employee or officer of the company.

It has been agreed that an employer contribution rate of 18.7% of pensionable pay will apply in future years.

The major assumptions used in this valuation were:

	2007	2006	2005
Rate of increase in salaries	4.70%	4.60%	4.40%
Rate of increase in pensions in payment and deferred pensions	3.20%	3.10%	2.90%
Discount rate applied on scheme liabilities	5.40%	4.90%	5.40%
Inflation assumption	3.20%	3.10%	2.90%

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

**Scheme assets**

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

	value at 2007 £000	value at 2006 £000	value at 2005 £000
Equities	41,034	35,685	28,670
Bonds	9,783	8,659	5,960
Other - property	6,053	5,059	4,290
Cash	4,556	5,072	3,430
Total market value of assets	61,426	54,475	42,350
Present value of scheme liabilities	79,708	78,088	60,480
Surplus/deficit in the scheme - pension asset/liability			
Related deferred tax liability asset			
<b>Net pension asset/liability</b>	<b>(18,282)</b>	<b>(23,613)</b>	<b>(18,130)</b>

	Long term rate of return 2007	Long term rate of return 2006	Long term rate of return 2005
Equities	7.80%	7.40%	7.70%
Bonds	4.90%	4.60%	4.80%
Other - property	5.80%	5.50%	5.70%
Cash	4.90%	4.60%	4.80%

**Movement in deficit during the year**

	2007 £'000	2006 £'000
Surplus/deficit in scheme at beginning of year	(23,613)	(18,130)
Current service cost	(3,488)	(2,631)
Contributions paid	2,801	2,197
Past service cost	(100)	(224)
Other finance income/cost	(367)	(411)
Actuarial gain/loss	6,485	(4,414)
Surplus/(deficit) in the scheme at the end of the year	(18,282)	(23,613)

NEW CHARTER HOUSING TRUST LIMITED

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FOR THE YEAR ENDED 31 MARCH 2007

<b>Analysis of other pension costs charged in arriving at operating profit/loss</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	3,488	2,631
Past service cost	100	224
Previously unrecognised surplus deducted from past service cost		
Gains/losses on settlements or curtailments	96	45
Previously unrecognised surplus deducted from the settlement or curtailment losses		
	<u>3,684</u>	<u>2,900</u>

Gains/losses on settlements or curtailments, and previously unrecognised surplus deducted from the losses, recorded as non operating items totalled £120k and £45k respectively.

<b>Analysis of amounts included in other finance income/costs</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	3,645	2,980
Interest on pension scheme liabilities	(3,916)	(3,346)
	<u>(271)</u>	<u>(366)</u>

<b>Analysis of amount recognised in statement of total recognised gains and losses</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	370	6,839
Experience gains and losses arising on scheme liabilities	68	122
Changes in assumptions underlying the present value of scheme liabilities	6,047	(11,375)
Actuarial gain recognised in statement of total recognised gains and losses	<u>6,485</u>	<u>(4,414)</u>

**History of experience gains and losses**

	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31st March 2007</b>	<b>31st March 2006</b>	<b>31st March 2005</b>	<b>31st March 2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Difference between the expected and actual return on scheme assets:				
Amount	370	6,839	1,900	5,310
Percentage of year end scheme assets	0.60%	12.60%	4.50%	13.90%
Experience gains and losses on scheme liabilities:				
Amount	68	122	(6,580)	(30)
Percentage of year end present value of scheme liabilities	0.10%	0.20%	(10.90%)	(0.10%)
Total amount recognised in statement of total recognised gains and losses:				
Amount	6,485	(4,414)	(6,020)	1,700
Percentage of year end present value of scheme liabilities	8.10%	(5.70%)	(10.00%)	3.50%

**Reconciliation to the balance sheet**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Net assets excluding pension liability	90,139	98,674
Pension liability	(18,282)	(23,613)
Net assets including pension liability	<u>71,857</u>	<u>75,061</u>

On 8th November 2005 New Charter Housing Trust acquired Aksa Housing Association Limited by virtue of control.

<b>Net Assets Acquired</b>	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed Assets	13,457	2,859	16,316
Other Assets	816		816
Debtors	184		184
Cash	2,162		2,162
Creditors	(13,545)	(65)	(13,610)
Designated Reserves	(1,359)		(1,359)
Net Assets Acquired	<u>1,715</u>	<u>2,794</u>	<u>4,509</u>
Negative Goodwill			4,509
Satisfied by consideration			<u>-</u>

Housing Properties have been valued by Countrywide Chartered Surveyors

**Aksa Housing Association Limited participates in the Social Housing Pension Scheme**

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

24 LEGISLATIVE PROVISIONS

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

25 CONTINGENT LIABILITIES

*The company and Group has no contingent liabilities.*

26 HOUSING STOCK

Dwellings owned and in management:	Units	Units
General needs	14,570	13,965
Supported housing	430	431
Temporary social housing	55	53
	<u>15,055</u>	<u>14,449</u>

27 RELATED PARTY TRANSACTIONS

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

Enterprises,

Tameside MBC, Bury, Oldham, Sefton and Bolton MBC, The Employment and Regeneration Partnership, Calico Housing Limited, Tung Sing Housing Association, Ashton Regeneration Board, Groundwork Tameside, St Peters Community Partnership, Ashton Pioneer Homes Limited, Manchester Methodist Housing Association and Tame Valley Parnership. 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 CHARITABLE DONATION

A charitable donation has been made to Aksa Housing Association, a registered charity, under "Gift Aid" for the sum of £1,670,000  
Donations have also been made in the sum total of £16,639 to various charitable and non-charitable organisations