



Part of the New Charter Housing Trust Group

NEW CHARTER HOUSING TRUST LIMITED

(Company Number 3807262)

REPORT

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2008

NEW CHARTER HOUSING TRUST LIMITED

CONTENTS	Page
Members, Senior Staff, Advisors, Bankers and Lead Funders	2
Report of the Board of Management	4
Auditors Report	19
Income and Expenditure	21
Balance Sheet	23
Cash Flow Statement	25
Notes to the Financial Statements	26

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>Independent</i>) Abdul Quayum (<i>Independent</i>) Vincent Ricci (<i>Local Authority</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)

Auditor **BAKER TILLY UK AUDIT LLP**
Brazennose House
Lincoln Square
Manchester
M2 5BL

Internal Auditors

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

Principal Bankers

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

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 2008

The Directors present the Financial Statements of the Company and Group for the year ended 31st March 2008.

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. The Group has since included Aksa Housing Association, a BME Association based in Oldham, delivering a housing service in Oldham, Bury, Tameside and Manchester. There is a transfer pending of around 3,500 properties from Gedling Council due to be transferred in November 2008 to the Group.

EMPLOYMENT PRACTICES

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

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

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

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

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

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 overall (measured independently) in January 2008 was 91.7%.

We are delivering our pledge at transfer that tenants would have more say in the ownership and management of their homes and 85.6% of customers are happy with the opportunities available to participate in New Charter. This is very good and still the best result of all large RSLs in England.

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.

The total number of voids for the end of March 2008, was the lowest number of year end voids ever recorded for New Charter and we aim to improve on this in the coming year.

We made further improvements to our investment programme and enhanced our activity on environmental works in our neighbourhoods. Both our windows and doors programmes are nearing completion, two years ahead of schedule.

Much of our success on investment and repairs is attributable to our own Building Company. It remains in great demand as an effective 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 that we are dealing with issues important to the locality. Our work tackling anti social behaviour continues to make headlines, and we have successfully sold our professional services to other landlords. We have also sold our systems improvement skills; marketing our skills is an area of future development for us.

Our maturity as an organisation meant that we are able to move into and lead regeneration initiatives affecting our neighbourhoods.

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 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 a mixture of new development opportunities which included New Build properties, properties purchased and refurbished and properties bought back which were initially sold under the Right to Buy Scheme. We have undertaken these developments without the support of a 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 around 3,500 homes to a new subsidiary of the Group, Gedling Homes. This is planned to take place in November 2008.

In summary, there has been significant achievement during the year. The directors are pleased to commend 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 People

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.

A charitable donation of £1.1m has been made from the New Charter Building Company to Aksa Housing Association and a charitable donation of £317k has been made from New Charter Housing Trust to the New Charter Academy.

GROUP OPERATING REVIEW – Our Performance in 2007/08

1 IMPROVE

Improvements to the void process have consistently delivered results. This year we set a target of 285 homes or under (1.95%); by March void numbers were at an all-time low of 236. Void turnaround times however, remain above our target at 42 days, but we have substantially reduced turnaround times throughout the year by systems improvement. Low demand properties still detrimentally affect turnaround times, as we turn round many recently emptied properties close to our 32-day target.

Our rent collection rate of 100.44% exceeded the Business Plan target of 99.8%. This performance means we not only collected all rent due but made inroads into historic debt by £233,000.

We maintained 100% performance on attending to all urgent repairs, and only in one month did we fail to achieve 100% for our (4-hour) emergency standard. Our routine repairs performance once again comfortably exceeded Housing Corporation targets. Our own improvement processes means we are monitoring completion in this category at an internal target of 15 days as well as the published 20 days. It is pleasing to report around 80% of routine repairs are completed within our 15-day target, close to the target for 20-day responses!

The average time to complete ‘all repairs’ has fallen once again because of this improvement. It is now 5.44 days, from 6.17 days as at March 2007. The remedial action we reported as taking last year has clearly been effective.

Year-end figures for 2007/8 for gas servicing show a slight drop in performance with just under 99% of homes having a valid Gas Certificate at the end of March. Access to some homes remains a problem, and power of entry notices have been backed up by possession proceedings where necessary. Several tenants were evicted in the last quarter for failure to let us in. Our building company successfully took over the gas servicing responsibilities for the stock of Aksa Housing Association throughout the year.

2 INVEST

Overall performance towards meeting the investment target increased from 92% to 99%. We came close to completing all planned window and door replacement and are now only left with a small number of odd windows to replace. A large part of this improvement arose from system improvements to kitchens progress, which rose from 82% to 108%. Investment works performance was well over most original targets: bathrooms 103%, heating 93%, windows 99%, doors 99%, roofing 97% and painting 99%. When all void responsive and cyclical work is added, the scale of replacement is even more dramatic, for kitchens 143%, bathrooms 125% and heating 100%.

For the first time in our history, stock levels increased. The net gain was a modest 17 homes, as new acquisitions and developments exceeded the loss from sales under the Right to Buy/Right to Acquire. We bought back 19 homes previously sold under the RTB. A significant growth opportunity took a step forward as tenants of Gedling Borough Council in Nottinghamshire voted to transfer their homes to a new Group member, Gedling Homes. We expect the transfer to add around 3,500 homes to our ownership by the end of 2008.

We commissioned a £9.5m development programme, delivering around 115 new homes across Tameside and Oldham.

New Charter Building Company external income targets are on track. Contracts are in place with many clients including Bowlee, Beth Johnson, English Churches (Riverside), the Sanctuary project, Tameside Sports Trust, Green Vale (Rossendale), Tameside MBC, Manchester City Council and Vokera.

3 IMAGE

We had another good set of results on satisfaction from our existing customers. The January 2008 customer satisfaction recorded impressive figures which maintain the New Charter position as the best performing large landlord in England. The overall satisfaction level actually reduced slightly from 92.8% last year to 91.7%, although the percentage 'very satisfied' increased again. Sector leading performance on participation (85.6% satisfied) and repairs (86.5% satisfied) completed our published rating and other areas in the survey also demonstrated real confidence from customers.

Aksa's tenants were surveyed separately but at the same time. It posted impressive and improved results with overall satisfaction and satisfaction with participation both increasing to 87% and 89% respectively. This puts Aksa well ahead of the BME association average and among the best in the country.

New Charter Building Company's partnership with the Wai Yin Chinese Women's Society attracted a lot of interest. This provides practical learning and encouragement to women of all backgrounds to take up careers and trades in construction.

Heads of Service and The Group Management Team took forward our improvement programme "From Good to Great", and brought in all managers and supervisors. We continued to develop an 'Employer of Choice' strategy. Our performance management allowed us to value all employees and identify the best. We ran the first full year of our Flexible Benefits scheme which allows employees to vary working and contractual arrangements as well as introducing a range of special benefits.

We continued to improve the environmental attractiveness of our neighbourhoods. Large-scale schemes have been tendered and started on site. Multiple small-scale sites are also in progress. We report progress to our North and South Board meetings. Tenants have enthusiastically contributed to the area's efforts in the regional contest for Britain in Bloom. One of our tenants won the accolade of Tameside's top gardener.

4 INVOLVE

We reviewed our resident involvement strategy and introduced new ways to involve our customers. We recruited tenants to a Black and Minority Ethnic forum and to a Disability Forum. Both will allow us to test service delivery as well as ensuring we remain ahead of legislative obligations.

Our 2008 New Charter customer satisfaction rating for participation and involvement went down to 85.6% although it still maintained our position at the top of the league table of large landlords. We introduced a range of different involvement techniques including town forums and celebrated European Neighbours Day. Aksa's rating soared to 89%, which places it at the forefront of BME housing associations.

The survey also showed a further increase in satisfaction with neighbourhood management services. Over the last two years this has increased from 73% to 84%. We maintain regular consultation arrangements with tenants and leaseholders to understand their opinions and needs; and have shaped services accordingly.

We have stepped up our work on inclusivity and reviewed targets in our Equality and Diversity Action Plan. We began a drive to profile customers, especially on their communication needs and expect the data collection, as well as our service responses to this, to continue throughout 2008/09.

We further increased involvement in community leadership by funding specific regeneration activities. Residents have been supported to engage in community initiatives such as Britain in Bloom, as well as learning, development and worklessness initiatives.

Our Aksa staff took housing support work to benefit more residents of Oldham than in previous years, and supported households in several high-profile cases which featured in local media.

We worked with Tameside Sports Development to promote healthy living, especially among young people, with the Great Sports initiative.

5 INNOVATE

Our lettings process went through a successful change to Choice Based Lettings, allowing applicants to bid for properties advertised each week. This has proved successful for both us and customers, with 1,243 homes advertised, producing 63,350 bids from 5,970 bidders. Bidding over the web proved the most popular way of registering interest. It has reduced time taken to relet homes, and follow up survey evidence shows higher satisfaction with choice of home.

Our consultancy services enjoyed a good year. Tenancy Compliance worked with six other RSLs, bringing in income, as did our business improvement, training and revenues functions.

Our customer focus training, compulsory for all employees and featuring the direct involvement of tenants, was recognised in 2007 with a National Training Award (NW region). We were shortlisted in two categories for the NHF Neighbourhood Awards, and yet again were awarded two RoSPA silver medals for Health and Safety effectiveness in our Building Company and for the Trust.

Our Investors in People reaccreditation surpassed our own expectations. We undertook 4 different IiP assessments and achieved superb results in all. Excellence was achieved in the IiP Profile assessment, individual awards for Worklife Balance and Recruitment and Selection for the Group, and retention of IiP status was retained for Aksa.

We developed a scheme for market renting. We refurbished Hatton Court, Hattersley as our first high-quality scheme, providing 12 apartments aimed at a different market.

Our sponsorship of an Academy remains one of the most innovative steps we have taken. The New Charter Academy will open in September 2008 on the sites of two predecessor schools, before a new campus is built at Broadoak for occupation in two years time. We are the first RSL to take steps which further reinforces our proposition that we are 'in business for neighbourhoods'.

GROUP FINANCIAL REVIEW

The financial position and results for the year are set out on pages **21** to **49** of these statements.

Results for the year

New Charter Group's deficit for the year, before movements in reserves, was **£15.798m** which was within the approved plan. This compares with a deficit of **£19.631m** in the previous year.

The main reasons for the decreased deficit were:

- A reduction in repairing, maintaining and improvement costs reflecting the continuing delivery of the ten year investment plan; where the majority of work has been completed.
- Additional company income

Surplus/reserves

Total reserves as at 31st March 2008 were **£87.535m** (2007 - £71.854m).

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 **£4.415m** negative goodwill due to the acquisition of Aksa Housing Association on 8th November 2005. This negative goodwill will be amortised over 50 years, matching the future benefits from goodwill.

Summary Balance Sheet

New Charter's consolidated Balance Sheet as at 31st March 2008 is summarised on page **23** of these financial statements. The key factor affecting the balance sheet is the inclusion of our housing stock at valuation (rather than at cost less depreciation). In our view, the valuation approach provides a more relevant and meaningful representation of our financial position. The valuation was carried out by Savills (L&P) Limited, an independent and professionally qualified surveying firm.

New Charter is a debt funded organisation and has a facility of £290m to be repaid over 30 years. Funds are drawn down 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 **£746k** as at 31st March 2008 (2007 – net current liability £4.930m).

The group has also fully implemented FRS17 which means the total pension liability of £8.916m is shown on the face of the Balance Sheet.

Cash flows

New Charter's consolidated cash flows are summarised on page **25**. The principal sources of cash inflows in the year were:

- rental and other income of **£59.218m** (2007 - £52.346m),
- the sale of housing properties under RTB of **£2.735m** (2007 - £5.301m) and
- total draw downs on the Group Loan Facility of **£22.600m** (2007 - £24.950m).

The principal cash outflows were:

- operating costs of **£60.337m** (2007 - £60.365m),
- investment in assets, particularly housing stock, of **£15.0m** (2007 - £18.8m), and
- servicing of debt of **£15.8m** (2007 - £13.4m).

The New Charter Group ended the year with cash balances of **£1.033m** (2007 - £2.614m).

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 **£290m**), 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 **£239.1m** (2007 - £216.6m).

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 Group wide basis, by the application of a series of Loan Covenant requirements on a quarterly basis. These relate to the basic drivers of the business, and include tests on income, expenditure, interest, the security valuation of the Company's assets, and in summary 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 Group wide basis were fully met.

New Charter continues to maintain a risk-averse approach towards the management of its loan portfolio and at the year end had **84.15%** 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 nd August 1999	
Julie Hardman	(T)	2 nd August 1999	
Jed Hassid	(I)	31 st January 2000 (co-opted)	
		18 th December 2001	
Hamid Ghafoor – Vice-Chair	(I)	18 th July 2001 (co-opted)	
		18 th December 2001	
James Burns	(I)	10 th December 2002	
Philip Smith	(T)	8 th December 2003	
Desmond Jeffery	(T)	16 th December 2003	
Gordon Tow	(C)	8 th November 2004	
Martin Wareing	(C)	2 nd June 2004	
Ann Whittam	(I)	16 th November 2004 (co-opted)	
		15 th November 2005	
Aslam Khan	(A)	15 th November 2005	
Abdul Quayum	(A)	15 th November 2005	
Vincent Ricci (co-opted)	(I)	15 th August 2006	

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

AUDITOR

The external audit service was tendered in September 2007 and Baker Tilly UK Audit LLP was appointed as the Groups' auditor at the AGM on Tuesday 25th September 2007. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

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 judgements 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. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Internal Controls

The Trust Board acknowledges its overall responsibility with regard to matters relating to internal control. The Trust Board must be satisfied that measures are in place, which cover such matters as:

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

The Audit committee provides central assurance on these matters and acts on behalf of the trust Board for all audit related issues but the Trust board remains ultimately accountable

There is a requirement to provide personal assurance to the Trust Board in respect of these matters. This report is designed to provide the foundation for the statement which will need to be included in the Annual Report and accounts.

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

Internal Control – Report of the Chief Executive

No system of internal control can eliminate all risks. Indeed it would be naive to expect or even wish that to be the case. What must be in place is an arrangement whereby risks are understood and their likelihood and subsequent impact on the business explored and managed.

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

I can report that there have been no significant changes in levels of risk during the course of the year nor have there been any significant failings during the period. There has been no evidence of substantial fraudulent activity. There have been no entries in the fraud register this year.

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 2007/08. 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. We have also reviewed the risk management strategy and relevant risk registers to embed risk management into the day to day management of the business.
- The Group Loan Facility provides for a formal annual approval by Funders of the Business Plan.
- Monitoring of control systems by Audit Committee, Internal Audit and Group Management Team.
- 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 the Boards
- Contract Standing Orders, Financial Regulations and Scheme of Delegations are in place and were reviewed during 2007/08.
- The fraud register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee.
- All policies and procedures are programmed for regular review including Health and 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 2007/8

- 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.
- Steps were taken during the year to refresh the contracts for internal and external audit work and this has resulted in two new firms replacing the previous contractors.
- Internal and External Auditors have unimpeded 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.
- The Audit Committee has agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All Internal Audit reports are considered by the Group Management Team and presented to the The Audit Committee which take responsibility for ensuring recommendations are implemented. Internal audit also undertake follow up assignments to ensure compliance, as appropriate.
- The Audit Committee is kept informed of developing best practice including Housing Corporations Risk Management Topic Papers.
- The Audit Committee took control and ownership of the recruitment process for the replacement of internal and external auditors by October 2007.
- The Risk register is produced and a revised process for developing a risk appetite introduced to identify, evaluate and manage risks to organisational objectives. Presented to and monitored by the Audit Committee.
- Work with external auditors both before and during closure of accounts might suggest an unqualified opinion will be offered.
- Baker Tilly UK Audit LLP presented their Audit Strategy Memorandum to the February 2008 Audit Committee which did not identify any additional risk for the group. The Audit Committee considered KPMG's (the previous external Auditor) Audit Highlights Memorandum from August 2007 and throughout the year.
- 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 2007/8.
- No Regulatory or Supervisory action by the Housing Corporation has been taken during the year, beyond the normal, planned, regulatory engagement.
- The company has received external accreditation in such areas as
 - Investors in People
 - ROSPA Gold Award
 - 2 Star “Good” service with “Promising Prospects for Improvement” in a Mock Audit Commission Inspection in September 2007.

This gives an external validation of controls in place throughout the organization.

- The very few significant compliance weaknesses identified by Internal Auditors during the course of the year were either promptly attended to or clear plans developed to minimize risk. A review of the recommendations implemented within the year identified from the following work undertaken showed an implementation rate of 82% for the year. An acceptable level of performance in this area would be around 75%.
- The work of the Internal Audit team demonstrates good progress in relation to the implementation of their recommendations and supports their opinion of **substantial** controls assurance for the Group.

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

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

A handwritten signature in black ink, appearing to read 'I H Munro', with a long horizontal line extending to the right.

I H MUNRO
GROUP CHIEF EXECUTIVE
NEW CHARTER HOUSING TRUST LIMITED

21st August 2008

The report of the Board of Management was approved on 21st August 2008 and signed by order of the board:

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

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

We have audited the financial statements on pages 21 to 49.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

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

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs at 31 March 2008 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for registered social landlords Determination 2006; and
- the information given in the Report of the Board is consistent with the financial statements.

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
Brazenose House
Lincoln Square
Manchester
M2 5BL.

NEW CHARTER HOUSING TRUST LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007
		£'000	£'000
Turnover	2	59,218	52,346
Operating costs	2	(60,337)	(60,365)
Operating (deficit)	2	<u>(1,119)</u>	<u>(8,019)</u>
Surplus on sale of fixed assets	4	1,650	3,102
Surplus/(deficit) on ordinary activities before interest and taxation		<u>531</u>	<u>(4,917)</u>
Interest receivable and other income	5	112	77
Interest payable and similar charges	6	(15,858)	(13,415)
Other Finance Costs	6	(373)	(1,154)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	<u>(15,588)</u>	<u>(19,410)</u>
TAXATION			
Taxation on ordinary activities	10	<u>(210)</u>	<u>(221)</u>
DEFICIT FOR THE YEAR		(15,798)	(19,631)
DESIGNATED RESERVE	18	(1,216)	(1,613)
REVENUE RESERVE BROUGHT FORWARD		(63,943)	(42,699)
REVENUE RESERVE CARRIED FORWARD		<u><u>(80,957)</u></u>	<u><u>(63,943)</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE GROUP			
Deficit for the financial year		(15,798)	(19,631)
Actuarial gain recognised in the pension scheme	22	<u>9,645</u>	<u>6,485</u>
Total recognised deficit relating to the period	22	<u>(6,153)</u>	<u>(13,146)</u>
Total recognised surplus/(deficit) recognised since last annual report		(6,153)	(13,146)
Unrealised surplus on the revaluation of properties		21,834	9,939
Total recognised gains and losses for the year		<u><u>15,681</u></u>	<u><u>(3,207)</u></u>
NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE GROUP			
Deficit on ordinary activities before taxation		(15,588)	(19,410)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount		(20)	1,457
Historical cost deficit on ordinary activities before taxation		<u><u>(15,608)</u></u>	<u><u>(17,953)</u></u>

All of the above results derive from continuing operations.

The notes on pages 26 to 49 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDING 31 MARCH 2008

		2008	2007
		£'000	£'000
Turnover	2	20,329	19,686
Operating costs	2	(20,543)	(19,724)
DEFICIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(214)	(38)
Interest receivable and other income	5	11	10
Interest payable and similar charges	6	(114)	(114)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(317)	(142)
TAXATION			
Taxation on ordinary activities	10	(28)	(108)
(DEFICIT)/SURPLUS FOR THE YEAR		(345)	(250)
ACCUMULATED (DEFICIT)/SURPLUS BROUGHT FORWARD		(650)	(400)
REVENUE RESERVE CARRIED FORWARD		(995)	(650)

All of the above results derive from continuing operations.

The notes on pages 26 to 49 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2008

		2008	2007
		£'000	£'000
FIXED ASSETS			
Tangible assets - housing properties	11	373,398	347,441
Less grant funding	11	(2,684)	(2,056)
Less Social Housing Grant	11	(32,082)	(32,082)
Less depreciation	11	<u>(3)</u>	<u>(1,063)</u>
		338,629	312,240
Other tangible assets	12	<u>12,852</u>	<u>13,417</u>
		351,481	325,657
CURRENT ASSETS			
Stock	13	381	403
Debtors	14	7,568	5,556
Cash at bank and in hand		<u>1,033</u>	<u>2,614</u>
		8,982	8,573
CREDITORS			
Amounts falling due within one year	15	<u>(9,727)</u>	<u>(13,503)</u>
NET CURRENT LIABILITIES			
		(746)	(4,930)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>350,735</u>	<u>320,726</u>
CREDITORS			
Amounts falling due after more than one year	16	254,284	230,590
PENSIONS LIABILITY			
	22	8,916	18,282
CAPITAL AND RESERVES			
Revaluation reserve	18	157,670	137,157
Designated reserve	18	3,891	5,107
Revenue reserve	18	(69,525)	(56,636)
Pension liability reserve	22	(8,916)	(18,282)
Negative goodwill	18	<u>4,415</u>	<u>4,509</u>
		87,535	71,854
		<u>350,735</u>	<u>320,726</u>

The financial statements on pages 21 to 49 were approved on behalf of the Board and authorised for issue on the 21st August 2008 and were signed by:

G Cooney

(Chair)

The notes on pages 26 to 49 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST

COMPANY BALANCE SHEET

AS AT 31 MARCH 2008

		£'000	2008 £'000	£'000	2007 £'000
FIXED ASSETS					
Other tangible assets	12		<u>3,568</u>		<u>3,747</u>
			3,568		3,747
CURRENT ASSETS					
Debtors	14	8,261		4,384	
Cash at Bank		<u>(2,305)</u>		<u>(1,638)</u>	
		5,955		2,746	
CREDITORS					
Amounts falling due within one year	15	<u>(8,637)</u>		<u>(5,261)</u>	
NET CURRENT LIABILITIES					
			(2,681)		(2,515)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>886</u>		<u>1,232</u>
CREDITORS					
Amounts falling due after more than one year	16		(1,882)		(1,882)
NET LIABILITIES					
			<u>(995)</u>		<u>(650)</u>
CAPITAL AND RESERVES					
Revenue reserve		<u>(995)</u>		<u>(650)</u>	
			(995)		(650)
			<u>(995)</u>		<u>(650)</u>

The financial statements on pages 21 to 49 were approved on behalf of the Board and authorised for issue on the 21st August 2008 and were sig

G Cooney

Chairman

The notes on pages 26 to 49 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED
GROUP CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	£'000	2008 £'000	£'000	2007 £'000
NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES	19	7,977		(5,510)
RETURNS ON INVESTMENTS AND SERVICING FINANCE				
Interest received	113		78	
Interest paid	<u>(15,858)</u>		<u>(13,415)</u>	
		(15,745)		(13,337)
TAXATION		(210)		(221)
CAPITAL EXPENDITURE				
Developments, improvements and other capital works	(19,180)		(11,643)	
Other capital expenditure	<u>(386)</u>		<u>(411)</u>	
	(19,566)		(12,054)	
Sale of housing properties	4	<u>2,735</u>	<u>5,301</u>	
		(16,831)		(6,753)
CASHFLOW BEFORE FINANCING		<u>(24,809)</u>		<u>(25,821)</u>
FINANCING				
Loans advances received	22,600		24,950	
Grant received	628		628	
Finance lease payments	<u>-</u>		<u>-</u>	
		23,228		25,578
INCREASE/(DECREASE) IN CASH		<u><u>(1,581)</u></u>		<u><u>(243)</u></u>

The notes on pages 26 to 49 form an integral part of the financial statements.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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

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 company. 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.

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.

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 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.

Capitalisation Policy

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

Depreciation of Housing Properties

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

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

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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 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.

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	

Loss on Disposal on Improvements to Housing Properties

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

Pension Costs

The Trust operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 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. Akxa 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 employee's service. The assets of the scheme are held separately from those of the Association in an independently administered fund; the 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.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

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 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.

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 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP	2008		2007	
	General needs £'000	Temporary social £'000	General needs £'000	Temporary social £'000
3 INCOME FROM SOCIAL HOUSING LETTINGS				
Gross rent receivable (net of service charges)	44,171	148	41,897	150
Charges for Support Services	602	-	788	-
Service charges receivable	3,030	171	2,960	147
	<u>47,803</u>	<u>319</u>	<u>45,644</u>	<u>296</u>
Gross rents and service charges receivable		<u>48,122</u>		<u>45,942</u>
Net rents receivable	<u>47,803</u>	<u>319</u>	<u>45,644</u>	<u>296</u>
Other income	917	-	1,208	-
Turnover from social housing lettings	<u>48,720</u>	<u>319</u>	<u>46,852</u>	<u>296</u>
		<u>49,039</u>		<u>47,150</u>
EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES				
Management	17,438	379	17,317	257
Services	545	-	665	-
Routine maintenance	14,831	53	15,749	5
Planned maintenance	960	-	915	-
Major repairs expenditure	11,938	-	13,785	-
Rent losses from bad debts	475	2	720	3
Depreciation of housing properties	5,774	22	5,310	20
Loss on investment programme disposals	694	-	1,559	-
Depreciation of other assets	450	-	363	-
Operating costs on social housing lettings	<u>53,105</u>	<u>456</u>	<u>56,383</u>	<u>284</u>
Operating (deficit)/surplus on social housing lettings	<u>(4,385)</u>	<u>(137)</u>	<u>(9,531)</u>	<u>12</u>
Rent loss from voids	<u>(933)</u>	<u>(39)</u>	<u>(1,100)</u>	<u>(55)</u>
Service Charge income is fully eligible for Housing Benefit.		<u>(971)</u>		<u>(1,155)</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

COMPANY

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2008 Operating costs	Operating surplus	Turnover	2007 Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Intercompany recharges	19,010			18,348		
Supporting People Contract Income	411			401		
Other income	908			937		
	<u>20,329</u>			<u>19,686</u>		
LESS: EXPENDITURE						
Management overheads						
Employee costs		13,462			12,708	
Employee related expenses		518			625	
Insurance costs		1,324			1,375	
Premises costs		703			871	
Transport costs		355			319	
Supplies & services		3,521			3,054	
Agency & contracted services		-			-	
Central support charges		97			128	
Intercompany recharges		31			27	
Depreciation of assets		537			525	
Bank charges		(5)			92	
Overheads		<u>20,543</u>			<u>19,724</u>	
Operating surplus/(deficit)			<u>(212)</u>			<u>(38)</u>

Note:

Included within the 2007 Supplies and Services is a charitable donation of £250k to Akxa Housing Association Limited.
Included within the 2008 Supplies and Services is a charitable donation of £317k to The New Charter Academy

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP	2008	2007
	£'000	£'000
4 SURPLUS ON SALE OF FIXED ASSETS		
Proceeds of sale	2,735	5,301
Cost of sales (including amount due to Tameside MBC)	(1,085)	(2,199)
Surplus on disposal of assets	<u>1,650</u>	<u>3,102</u>

GROUP	2008	2007
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	112	76
Staff car loans interest receivable	0	1
	<u>112</u>	<u>77</u>

COMPANY	2008	2007
	£'000	£'000
INTEREST RECEIVABLE AND OTHER INCOME		
Bank interest receivable	11	9
Inter company loan interest receivable		
Staff car loans interest receivable	0	1
	<u>11</u>	<u>10</u>

GROUP	2008	2007
	£'000	£'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	15,858	13,415
Other Finance Costs	373	1,154
	<u>16,231</u>	<u>14,569</u>

COMPANY	2008	2007
	£'000	£'000
INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	114	114
	<u>114</u>	<u>114</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP	2008	2007
	£'000	£'000
7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	6,786	6,259
Auditors remuneration (inc VAT)		
- in their capacity as auditors	63	62
Internal Audit Costs	21	21
Deficit on disposal of items replaced as part of investment programme	694	1,565
Charitable Donation	1,428	1,687
Operating lease charges	7	8
	<u>7</u>	<u>8</u>

COMPANY	2008	2007
	£'000	£'000
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	537	525
Auditors remuneration (inc VAT)		
- in their capacity as auditors	15	15
Charitable Donation	317	250
	<u>317</u>	<u>250</u>

GROUP

8 DIRECTORS EMOLUMENTS

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

	2008	2007
	£'000	£'000
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£860</u>	<u>£838</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£194</u>	<u>£169</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
£80,001 - £90,001	1	2
£90,001 - £100,000	1	-
£100,001 - £110,000	2	2
£120,001 - £130,000	-	1
£130,001 - £140,000	2	-
£160,001 - £170,000	-	1
£190,000 - £200,000	1	-
	<u>7</u>	<u>7</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

8 DIRECTORS EMOLUMENTS (CONTINUED)	2008	2007
	£'000	£'000
Aggregate amount of highest paid director's pension	<u>£48</u>	<u>£37</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	£'000	£'000
	<u>£212</u>	<u>£149</u>

COMPANY

DIRECTORS EMOLUMENTS

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

	2008	2007
	£'000	£'000
	<u>£657</u>	<u>£557</u>

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

	2008	2007
	£'000	£'000
Aggregate emoluments payable to GMT (including pension contributions & benefits in kind)	<u>£697</u>	<u>£594</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but inc NIC's and benefits in kind)	<u>£194</u>	<u>£169</u>

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

	Number	Number
£70,001 - £80,001	-	1
£80,001 - £90,001	1	2
£90,001 - £100,000	1	-
£100,001 - £110,000	2	2
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1
£130,001 - £140,000	2	-
£140,001 - £150,000	-	-
£160,001 - £170,000	-	1
£170,000 - £180,000	-	-
£180,000 - £190,000	-	-
£190,000 - £200,000	1	-
	<u>7</u>	<u>7</u>
Aggregate amount of highest paid director's pension	<u>£28,050</u>	<u>£21,432</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	£165,758	£116,262
	<u>£165,758</u>	<u>£116,262</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP

9 EMPLOYEE INFORMATION

	2008	2007
The average number of persons employed during the year		
Management and administration	63	64
Financial services	57	56
Strategic housing services	297	302
Corporate & administrative services	147	123
Manual	57	56
Direct labour	<u>206</u>	<u>230</u>
	<u><u>827</u></u>	<u><u>831</u></u>
Full time	702	723
Part time	<u>125</u>	<u>108</u>
	<u><u>827</u></u>	<u><u>831</u></u>
Staff costs for the above persons were:	2008	2007
	£'000	£'000
Wages and salaries	18,313	19,268
Social security costs	1,402	1,593
Other pension costs	<u>3,041</u>	<u>2,582</u>
	<u><u>22,756</u></u>	<u><u>23,443</u></u>

COMPANY

EMPLOYEE INFORMATION

	2008	2007
The average number of persons employed during the year		
Management	6	6
Financial services	54	53
Strategic housing services	294	299
Corporate & administrative services	120	96
Manual	<u>57</u>	<u>55</u>
	<u><u>531</u></u>	<u><u>509</u></u>
Full time	419	415
Part time	<u>112</u>	<u>94</u>
	<u><u>531</u></u>	<u><u>509</u></u>
Staff costs for the above persons were:	2008	2007
	£'000	£'000
Wages and salaries	10,745	10,134
Social security costs	822	745
Other pension costs	<u>1,775</u>	<u>1,457</u>
	<u><u>13,342</u></u>	<u><u>12,336</u></u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP	2008	2007
	£'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	210	141
Adjustments in respect of prior periods	-	80
	<u>210</u>	<u>221</u>
Deferred tax		
Origination /reversal of timing difference	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>210</u>	<u>221</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	(15,588)	(19,409)
Current tax at 30%	(4,676)	(5,823)
Effects of:		
Expenses not deductible for tax purposes	309	276
Capital allowances for period in excess of depreciation	(192)	(87)
Effects of tax free income due to charitable activities	(331)	(462)
Non qualifying depreciation	1,473	1,399
Adjustment to tax charge in respect of prior periods	-	80
Excess of taxable profits over book profits on sale of properties	497	845
Creation of tax losses not recognised	3,131	3,993
Current tax charge	<u>210</u>	<u>221</u>

A potential deferred tax asset of £365,376 (2007 - £248,754) in respect of accelerated capital allowances has not been recognised.

COMPANY	2008	2007
	£'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	28	108
	<u>28</u>	<u>108</u>
Deferred tax		
Origination /reversal of timing difference	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>28</u>	<u>108</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

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
Deficit on ordinary activities before tax	(317)	(142)
Current tax at 30%	(95)	(43)
Effects of:		
Expenses not deductible for tax purposes	117	3
Capital allowances for period in excess of depreciation	(154)	(89)
Non qualifying depreciation	161	158
Adjustment to tax charge in respect of prior periods	-	79
Current tax charge	<u>28</u>	<u>108</u>

A potential deferred tax asset of £365,376 (2007 - £248,754) in respect of accelerated capital allowances has not been recognised.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Housing Properties Completed £'000	Under Construction £'000	Total £'000
As at 1st April 2007	345,064	2,377	347,441
Additions in year:			
Improvements	3,748	26	3,774
Completed	5,751	(2,376)	3,375
Under construction	-	3,614	3,614
Revaluation	17,108	-	17,108
Disposals	(1,914)	-	(1,914)
At 31st March 2008	<u>369,757</u>	<u>3,641</u>	<u>373,398</u>
LESS GRANT FUNDING			
At 1st April 2007	(2,056)	-	(2,056)
Completed schemes in year	-	-	-
Received during the year	(628)	-	(628)
At 31st March 2008	<u>(2,684)</u>	<u>-</u>	<u>(2,684)</u>
LESS SOCIAL HOUSING GRANT			
At 1st April 2007	(32,082)	-	(32,082)
Completed schemes in year	-	-	-
At 31st March 2008	<u>(32,082)</u>	<u>-</u>	<u>(32,082)</u>
LESS DEPRECIATION			
At 1st April 2007	(1,063)	-	(1,063)
Charge for year	(5,795)	-	(5,795)
Disposals	9	-	9
Revaluation	6,846	-	6,846
At 31st March 2008	<u>(3)</u>	<u>-</u>	<u>(3)</u>
NET BOOK VALUE AT 31 MARCH 2008	<u>334,988</u>	<u>3,641</u>	<u>338,629</u>
NET BOOK VALUE AT 31 MARCH 2007	<u>309,863</u>	<u>2,377</u>	<u>312,240</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:

	£	£	£
Historic cost	184,138	3,641	187,778
Depreciation	(5,635)	-	(5,635)
Revaluation reserve	156,486	-	156,486
	<u>334,988</u>	<u>3,641</u>	<u>338,629</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 2008.

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP	Freehold Premises £'000	Leasehold Premises £'000	Plant & Machinery £'000	Equipment £'000	IT £'000	Furniture & equipment £'000	Other Assets £'000	Total £'000
COST								
As at 1st April 2007	12,997	1,220	242	9,342	166	429	24,396	
Additions in year	39	-	-	358	31	-	428	
Disposals	(3)	-	-	(21)	-	-	(24)	
At 31st March 2008	13,033	1,220	242	9,679	197	429	24,800	
DEPRECIATION								
As at 1st April 2007	1,231	317	237	8,595	168	429	10,977	
Charge for year	381	120	5	469	6	-	981	
Disposals	-	-	-	(10)	-	-	(10)	
At 31st March 2008	1,612	437	242	9,054	174	429	11,948	
NET BOOK VALUE								
At 31st March 2008	11,422	783	(0)	625	23	-	12,852	
NET BOOK VALUE								
At 31st March 2007	11,766	903	5	747	(1)	-	13,419	

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

COMPANY

FIXED ASSETS - OTHER TANGIBLE ASSETS

	Freehold premises £'000	Leasehold Premises £'000	Plant & Machinery £'000	IT equipment £'000	Furniture & equipment £'000	Other assets £'000	Total £'000
COST							
At 1st April 2007	3,340	-	-	9,223	21	429	13,013
Additions in year	-	-	-	358	-	-	358
Disposals	-	-	-	-	-	-	-
At 31st March 2008	3,340	-	-	9,580	21	429	13,371
DEPRECIATION							
At 1st April 2007	329	-	-	8,487	21	429	9,266
Charge for year	58	-	-	479	-	-	537
Disposals	-	-	-	-	-	-	-
At 31st March 2008	387	-	-	8,966	21	429	9,803
NET BOOK VALUE							
At 31st March 2008	2,953	-	-	615	-	-	3,568
NET BOOK VALUE							
At 31st March 2007	3,011	-	-	736	-	-	3,747

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

GROUP	2008	2007
	£'000	£'000
13 STOCK		
Raw materials and consumables	381	403
	<u>381</u>	<u>403</u>
GROUP		
14 DEBTORS	2008	2007
	£'000	£'000
Arrears of rent and service charges	4,399	4,734
less Provision for bad and doubtful debts	<u>(2,436)</u>	<u>(2,392)</u>
	1,963	2,342
Housing benefit overpayments	481	510
less Provision for bad and doubtful debts	<u>(241)</u>	<u>(255)</u>
	240	255
Rechargeable repairs	1,687	1,321
less Provision for bad and doubtful debts	<u>(844)</u>	<u>(661)</u>
	843	660
Trade Debtors	1,311	1,792
less Provision for bad and doubtful debts	<u>(18)</u>	<u>(35)</u>
	1,293	1,757
Staff Car Loans	5	8
Prepayments and accrued income	1,772	281
Other debtors	1,454	254
	<u>7,568</u>	<u>5,557</u>

Rent and service charge arrears, net of provision for bad and doubtful debts, represents 4.08% (2006 - 5.1%) of the annual rent and service charge receivable.

COMPANY	2008	2007
	£'000	£'000
14 DEBTORS		
Amount due from subsidiary undertakings	7,311	3,973
Staff Car Loans	5	8
Prepayments and accrued income	250	197
Other debtors	695	206
	<u>8,261</u>	<u>4,384</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

GROUP		
	2008	2007
	£'000	£'000
15 CREDITORS - Amounts falling due within one year		
Obligations under finance leases	0	115
Trade creditors	4,048	4,058
Accruals for properties under construction	416	332
Grants received in advance	-	-
Repairs and maintenance accruals	730	668
Other taxation and social security	1,488	747
Accruals and deferred income	2,398	3,082
RTB Clawback	0	3,806
Rent and service charges paid in advance	647	695
	<u>9,727</u>	<u>13,503</u>

COMPANY		
	2008	2007
	£'000	£'000
15 CREDITORS - Amounts falling due within one year		
Amount due to group undertakings	6,690	3,550
Trade creditors	943	1,072
Other taxation and social security	744	468
Accruals and deferred income	260	170
	<u>8,637</u>	<u>5,261</u>

GROUP		
	2008	2007
	£'000	£'000
16 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	248,967	226,368
Funds held on behalf Oldham HIP	84	84
Disposal Proceeds Fund	3,188	2,576
Obligations under finance leases	2,045	1,562
(We do not anticipate to make payments in the next 12 months as the group are negotiating the buyout of the leases)	<u>254,284</u>	<u>230,590</u>

COMPANY		
	2008	2007
	£'000	£'000
CREDITORS - Amounts falling due after more than one year		
Housing and development loans	1,882	1,882
	<u>1,882</u>	<u>1,882</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

GROUP

17 **LOANS**

The housing loans are drawn down from total facilities of £290m (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 .

	2008 £'000	2007 £'000
	Housing Loans by instalments	Housing Loans by instalments
In more than five years	239,149	227,930
	<u>239,149</u>	<u>227,930</u>

Borrowing facilities

Undrawn committed borrowing facilities at 31st March 2008 (New Charter) were £50,850,000 (2007 - £53,450,000). Increased facility to £290m
Undrawn committed borrowing facilities at 31st March 2008 (Aksa) were £800,000 (2007 - £3,182,000).

COMPANY

LOANS

	2008 £'000	2007 £'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 (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.

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

GROUP

18 **RESERVES**

	Revenue £'000	Designated £'000	Revaluation £'000	Total £'000
As at 1st april 2007	(70,409)	5,107	137,157	71,854
Deficit for the year	(15,798)		-	(15,798)
Revaluation	2,772		20,514	23,286
Designated Reserve	(142)	(1,216)		(1,358)
Actuarial losses	9,645			9,645
Negative Goodwill	(94)			(94)
At 31st March 2008	<u>(74,026)</u>	<u>3,891</u>	<u>157,670</u>	<u>87,535</u>

	2008 £'000	2007 £'000
Revenue reserve excluding pension liability	(65,110)	(52,127)
Pension asset Liability	(8,916)	(18,282)
Revenue reserve including pension liability	<u>(74,026)</u>	<u>(70,409)</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

19 NOTES TO THE CASHFLOW STATEMENT

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

	2008 £'000	2007 £'000
Operating deficit	(1,119)	(8,019)
Depreciation charges	6,786	6,229
(Increase) in debtors	(2,010)	(1,657)
(Increase)/Decrease in stock	-	(23)
Increase in creditors	3,626	(3,601)
Loss on disposal on improvements to housing properties	694	1,561
Net cash inflow from operating activities	<u>7,977</u>	<u>(5,510)</u>

b Reconciliation of net cash inflow to movement in net debt

	2008 £'000	2007 £'000
(Decrease) in cash in year	(1,581)	(244)
Change in net debt resulting from cash flows	(23,974)	(22,897)
Change in net debt	<u>(25,555)</u>	<u>(23,141)</u>
New finance leases	-	-
Net debt at beginning of year	(226,318)	(203,177)
Net debt at end of year	<u>(251,873)</u>	<u>(226,318)</u>

c Analysis of changes in net debt

	At 31st March 2006 £'000	Cash Flows £'000	At 31st March 2007 £'000
Cash & investments	1,033	(1,581)	2,614
	<u>1,033</u>	<u>(1,581)</u>	<u>2,614</u>
Debt due within one year	(1,391)	(783)	(608)
Debt due after one year	(251,515)	(23,191)	(228,324)
	<u>(252,906)</u>	<u>(23,974)</u>	<u>(228,932)</u>
	<u>(251,873)</u>	<u>(25,555)</u>	<u>(226,318)</u>

NEW CHARTER HOUSING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

20 CAPITAL COMMITMENTS

	2008	2007
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>2</u>	<u>2</u>
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	<u>333</u>	<u>277</u>

The amount contracted for at 31st March 2008 will be funded from grants and loans approved by local authorities and the Housing Corporation or will be financed from private finance loans. The Board expect the expenditure they have authorised to be fully financed by the local authorities, the Housing Corporation or from private finance loans.

21 OPERATING LEASE COMMITMENTS

	2008	2007
	£'000	£'000
At 31st March 2008 annual commitments under non-cancellable operating leases were as follows:		
Within one year or on demand	<u>7</u>	<u>8</u>

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

22 PENSIONS

The Trust participates as a contributing member of the Greater Manchester Pension Fund, (administered by Tameside MBC in accordance with the Local Government Pension Fund Regulations). The scheme is a defined benefit scheme providing benefits on final pensionable pay. The pension cost is assessed in accordance with the advice of an independent professionally qualified actuary using the projected unit method of valuation. Assets and liabilities have been identified on a group basis but the split between each individual Company is not available.

The results and assumptions for the Group as at 31st March 2008 are as follows :

Valuation date	31st March 2008
Valuation Method	Projected unit
Value of assets	£59,658,000
Investment Return per annum	7.20%
Salary scale increases per annum	5.10%
Pension increases per annum	3.60%

The Pension contributions made by the Trust in the year to 31st March 2008 totalled £2,997m covering 812 employees (2007 - £2,585m, 806 employees). The employers contribution rate was 18.7% of pensionable salary. From 1st April 2008 the level of employer's contribution will increase to 20.2% 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 20.2% of pensionable pay will apply in future years.

The major assumptions used in this valuation were:

	2008	2007	2006
Rate of increase in salaries	5.10%	4.70%	4.60%
Rate of increase in pensions in payment and deferred pensions	3.60%	3.20%	3.10%
Discount rate applied on scheme liabilities	6.90%	5.40%	4.90%
Inflation assumption	3.60%	3.20%	3.10%

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 2008 £000	value at 2007 £000	value at 2006 £000
Equities	37,643	41,034	35,685
Bonds	11,148	9,783	8,659
Other - property	5,190	6,053	5,059
Cash	5,677	4,556	5,072
Total market value of assets	<hr/> 59,658	<hr/> 61,426	<hr/> 54,475
Present value of scheme liabilities	68,574	79,708	78,088
Net pension asset/(liability)	<hr/> (8,916)	<hr/> (18,282)	<hr/> (23,613)

	Long term rate of return 2008	Long term rate of return 2007	Long term rate of return 2006
Equities	7.70%	7.80%	7.40%
Bonds	5.70%	4.90%	4.60%
Other - property	5.70%	5.80%	5.50%
Cash	4.80%	4.90%	4.60%

Movement in Deficit during the year	2008 £'000	2007 £'000
(deficit) in scheme at beginning of year		(23,613)
Current service cost		(2,968)
Contributions paid		2,945
Past service cost		(28)
Other finance income/(cost)		(228)
Actuarial gain/(loss)		9,645
Surplus/(deficit) in the scheme at the end of the year	<hr/> (8,916)	<hr/> (18,282)

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

Analysis of other pension costs charged in arriving at operating profit/loss	2008	2007
	£'000	£'000
Current service cost	2,968	3,488
Past service cost	28	100
Gains/(losses) on settlements or curtailments	190	96
	<hr/>	<hr/>
	3,186	3,684

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

Analysis of amounts included in other finance income/costs	2008	2007
	£'000	£'000
Expected return on pension scheme assets	4,340	3,645
Interest on pension scheme liabilities	(4,378)	(3,916)
	<hr/>	<hr/>
	(38)	(271)

Analysis of amount recognised in statement of total recognised gains and losses	2008	2007
	£'000	£'000
Actual return less expected return on scheme assets	(6,659)	370
Experience gains and losses arising on scheme liabilities	(1,058)	68
Changes in assumptions underlying the present value of scheme liabilities	17,362	6,047
	<hr/>	<hr/>
Actuarial gain recognised in statement of total recognised gains and losses	9,645	6,485

History of experience gains and losses

	Year ended 31st March 2008 £000	Year ended 31st March 2007 £000	Year ended 31st March 2006 £000	Year ended 31st March 2005 £000	Year ended 31st March 2004 £000
Difference between the expected and actual return on scheme assets:					
Amount	(6,659)	370	6,839	1,900	5,310
Percentage of year end scheme assets	(11.20%)	0.60%	12.60%	4.50%	13.90%
Experience gains and losses on scheme liabilities:					
Amount	(1,058)	68	122	(6,580)	(30)
Percentage of year end present value of scheme liabilities	(1.50%)	0.10%	0.20%	(10.90%)	0.10%
Total amount recognised in statement of total recognised gains and losses:					
Amount	9,645	6,485	(4,414)	(6,020)	1,700
Percentage of year end present value of scheme liabilities	14.10%	8.10%	(5.70%)	(10.00%)	3.50%

Reconciliation to the balance sheet

	2008	2007	2006
	£'000	£'000	£'000
Net assets excluding pension liability	96,451	90,136	98,674
Pension liability	(8,916)	(18,282)	(23,613)
	<hr/>	<hr/>	<hr/>
Net assets including pension liability	87,535	71,854	75,061

NEW CHARTER HOUSING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2008

23 On 8th November 2005 New Charter Housing Trust acquired Aksa Housing Association Limited by virtue of control for nil consideration creating negative goodwill

Net Assets Acquired	Book Value £000	Adjustments £000	Fair Value £000
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	1,715	2,794	4,509
Negative Goodwill			4,509
Satisfied by consideration			-

Freehold Housing Properties have been valued by Countrywide Chartered Surveyors as reflected above.

Aksa Housing Association Limited participates in the Social Housing Pension Scheme

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

	2008	2007
Dwellings owned and in management:	Units	Units
General needs	14,558	14,570
Supported housing	430	430
Temporary social housing	55	55
	15,043	15,055

27 RELATED PARTY TRANSACTIONS

The following Board members of New Charter are also board members of the Academy, Hamid Ghafoor, Anne Whittan, Ian Munro, Jimmy Burns and Christine Amyes. New Charter is the main sponsor of £2m to the Academy.

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 £1.1m and a charitable donation of £317k to the New Charter Academy by the Trust. Donations have also been made in the sum total of £16,639 to various charitable and non-charitable organ

30 LIMITED BY GUARANTEE

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