



**GEDLING HOMES LIMITED**

**(Company Number 5975258)**

**REPORT**

**AND**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2009**

## **GEDLING HOMES LIMITED**

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## **GEDLING HOMES LIMITED**

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

#### **DIRECTORS**

##### **Board of Management**

Chair	Adam Jacobs
Vice Chair	Doreen Richardson
Other directors	Paul Stone Ronald Hodges Stephen White Roger Palmer Lindy Mee Violet Anne Parten Marguerite Anne Wright Jim (Seamus) Creamer Robert Tait Richard Goodwin

**Group Chief Executive** Ian Munro

##### **Executive Officers**

Group Director of Finance &  
Deputy Chief Executive Martin Frost

Group Company Secretary &  
Director of Legal Services Danny McLoughlin

Managing Director of Gedling Homes Lynn Clayton

##### **Registered Office**

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

##### **Registered by**

**The Tenant Services Authority [L4532]**

##### **Auditor**

**Baker Tilly UK Audit LLP**  
3 Hardman Street  
Manchester  
M3 3HF

**Internal Auditor**

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

**Principal Bankers**

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

**Funders**

**Lloyds TSB**  
Faryners House  
25 Monument Street  
London  
EC3R 8BQ

## **REPORT OF THE BOARD OF MANAGEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2009**

The Board of Management presents its annual report and the audited accounts for the period ended 31<sup>st</sup> March 2009.

### **PRINCIPAL ACTIVITIES**

The Association's aim is to provide and manage high quality housing at an affordable cost to meet a wide range of housing needs in Nottinghamshire.

The Association is a non-profit making body administered by a Board of Management. The Association's principal activity continues to be that of residential letting. Gedling Homes is a company limited by guarantee.

### **FUTURE DEVELOPMENT**

The Company took on the transfer of Gedling Borough Council's housing stock on the 3<sup>rd</sup> November 2008. There was no trading activity in the intervening period and as a consequence these accounts are for the last five months of the financial year. The first five years of our operation will be to ensure delivery of the promises made to tenants at transfer and in particular the completion of the investment programme.

### **REVIEW OF THE PERIOD**

#### **Background**

Gedling Homes joined the New Charter Housing Trust Group as a charitable subsidiary on the 3<sup>rd</sup> of November 2008 following the transfer of 3362 properties from Gedling Borough Council after an extensive consultation process. The stock transfer took place after a successful ballot of tenants where 78.2% of those who voted, voted in favour of the move.

Around 126 promises were made to tenants, the key promises being around security of tenure, right to buy, rent increases, service improvements and the key promise – a comprehensive programme of repairs and improvements.

As a stock-owning subsidiary, Gedling Homes is responsible for ensuring housing services are provided within its locality in order to discharge the Company's responsibilities to its tenants. The Company is also responsible for ensuring compliance with Group policies, preparing a local Business Plan and allocating resources to fulfil its functions.

The development and implementation of delivery plans have been key to ensuring that the priorities of the organisation are both identified, made clear and transparent and ultimately met. These reflect the organisational aspirations developed in consultation with employees, tenants and the Board of Directors.

## **(Report of the Board of Management continued)**

Our organisational vision is:

### **'Gedling Homes – Where People Matter – Pride in our Homes and our Neighbourhoods'**

This was drawn up in consultation with tenants, employees and the Shadow Board Members.

The vision will be delivered through Gedling Homes' Values:

**G**reat homes in great neighbourhoods

**E**fficient and effective, giving value for money

**D**edicated to working together with our tenants, our people and our partners

**L**ocally accountable and accessible, embracing equality and diversity

**I**nvesting in sustainable, high quality, affordable homes

**N**ew, innovative and forward thinking

**G**reat people delivering excellent customer service

Gedling Homes will use these to underpin all that we do and drive through the necessary changes to ensure Gedling Homes becomes an excellent organisation and delivers the promises made to tenants in the Consultation Document.

### **Gedling Homes – Our First 5 Months**

Gedling Homes has had a successful first 5 months. It has delivered substantial improvements to its service and feedback from main stakeholders, Tenants, MP's, Elected Members, the Police and Gedling Borough Council, has been positive and we are well on track to deliver the transfer promises.

### **Governance and Management**

During the build up to transfer, considerable work was undertaken to lay the building blocks for the organisation. This included the formation of a Board of Non Executive Directors who received comprehensive training together with the development of Financial Regulations, Standing Orders, Code of Conduct and Memorandum and Articles of Association. This has ensured that the organisation has been properly governed from the start. The board is well skilled and strong and continues to develop well. A Tenant Non Executive Director Capacity Group has been established and a training programme is being delivered to prepare for the forthcoming vacancy on the board at the 2009 AGM.

Arrangements were put in place to ensure Information Technology systems were operational from day one.

In addition, many policies in relation to local operational issues were developed pre-transfer, reflecting current legislation and good practice and were approved by the Board of Non Executive Directors. Further key policy developments have been approved by the Board since transfer.

Temporary offices have been secured whilst the permanent office accommodation is being renovated. Employees were successfully relocated on the day of transfer and the organisation, with support from the Group, has been fully operational from day one. Occupation of Gedling House the prestigious new Head Office for Gedling Homes is anticipated by mid to late autumn.

## **(Report of the Board of Management continued)**

### **Employees**

Since transfer there has been an extensive programme of employee recruitment. This has included a new Director of Housing Services and Director of Business Services. This gives the organisation a strong Executive Management Team, with the skills and experience to make Gedling Homes a successful organisation. The Managing Director is part of the Group Management Team ensuring effective links to the Group.

A Leadership Development Programme for all managers has been developed with the Group and the delivery of this has been received well by the management team, thus enabling them to enhance their leadership skills to role model the New Charter values and behaviours.

All employees have received induction training and have taken part in the highly successful Group Employee Conference at Manchester Central, in addition to initial role specific training.

Customer Focus training is now being developed in consultation with employees and will be delivered to all employees over the coming weeks.

All job profiles are now in the process of being revised in order to develop core competencies for all posts within the organisation. Responsibility and accountability is being devolved to the lowest level.

All employees have undergone the Group Performance Review process and Key Work Objectives have been developed for all. The emergent training and development needs have now been encompassed into a comprehensive Training Plan which will be delivered during the 09/10 financial year.

### **Information Systems**

As previously mentioned, Gedling Homes has had full access to the Group's IT systems, including the Northgate Housing Management system and the Mentor Financial Management system from inception. This has enabled the organisation to be totally independent from Gedling Borough Council from day one.

This has been a huge advantage to Gedling Homes in establishing its own identity and enabling it to hit the ground running in terms of service delivery and performance.

An extensive Information Systems training programme has been delivered to ensure Gedling Homes' employees are equipped with the skills and confidence required to deliver the service.

### **Income Management**

Analysis of the KPI's for income collection is positive. The direction of travel for the income collection KPI's has showed continual improvement.

Whilst the outturn for 2008/9 at 98.48% is under target, this figure represents the inclusion of arrears for the whole financial year, compared to only 5 months income collection, which is due to the transfer of current arrears from the council. This factor has made it difficult to achieve the targets for this area. It is expected that performance will improve on a monthly basis during the 2009/10 financial year. Whilst overall performance is improving the

## **(Report of the Board of Management continued)**

department is focusing resources on further improvement to ensure targets are met.

### **Repairs and Investment**

The organisation has engaged specialist consultants Savills to assist in the procurement, development and delivery of the Repair and Investment services. Contractor partners have been selected and have already delivered a substantial window and door programme and a successful pilot kitchen and bathroom programme. Following an extensive consultation process with tenants with regard to component choices and the scheduling of the investment programme, contractors are now on site to deliver the planned works for 09/10.

Gedling Homes has outperformed its initial targets for the delivery of the investment programme at 112% and an initial Value Engineering exercise has delivered anticipated savings to the original business plan of approximately £800,000 for the heating programme and £400,000 for the windows and doors programme. Responsive repair performance is currently underperforming. Performance is generally low with only around 75% of repairs of all repairs being completed on time. Repairs satisfaction, however, is relatively high at around 88%.

The section is working to improve the processing of repairs and performance issues identified with contractors. This should yield a positive effect in future months. Improvement in void turnaround time is positive at 28.7 days as at 31 March 2009 and compares well to RSL sector performance. The total number of voids at the year end 31 March 2009 was 111. This does however represent an increase of 14 properties since transfer.

This area is recognised as key area for improvement and in response to this a Void Action plan was agreed by the board 7 April 2009. Actions identified in that plan are progressing on target.

The Gedling Homes Executive Team, in liaison with the Group Management Team, are currently considering options for the future delivery and improvement of the Responsive Repairs service.

### **Neighbourhood Services**

Resident consultation is ongoing with a newly formed Tenant Service, Improvement Neighbourhood Management, Group to develop the Gedling Homes Neighbourhood Management Model. This will enable the organisation to deliver true tenant led services to the heart of its communities. Early wins have included the introduction of multi-agency estate walkabouts, ASB surgeries and the establishment of neighbourhood surgeries in the more remote areas of the borough, thus bringing the service closer to tenants and communities. The section has developed strong links with key stakeholders including the council and the Crime and Disorder Reduction Partnership (CDRP), with the section playing a key role in the CDRP Tactical Group, the Local Strategic Partnership and the Police.

The Resident Involvement Service Improvement Group is now reviewing the Resident Involvement Strategy and structure developed pre-transfer to ensure the organisation has the mechanisms to enable tenants and residents to get involved in the development of the service at a level which suits their needs and aspirations.

## **(Report of the Board of Management continued)**

### **Tenant Satisfaction**

An initial test of Tenant Satisfaction has been carried out in line with the Group's Annual Tenant Satisfaction survey programme. We are delighted to report very pleasing results for an organisation, so early in its development. With tenant satisfaction of the overall service standing at **83.4%**, this represents an improvement on the last Status Survey undertaken by the Council in 2006 which found that general satisfaction was 77%. Satisfaction with Tenant involvement, at **73.7%** is also a very good opening score. This compares well with the previous council survey of 63% and gives us a good foundation on which to develop the business.

### **EMPLOYMENT PRACTICES**

As a member of New Charter Housing Trust Group we adhere to Group wide employment practices. The Group Equality and Diversity Policy has ensured that every reasonable effort is made to ensure that 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 of 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 were 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.

We are committed to ensuring the health, safety and welfare of all employees and others who maybe affected by our acts or omissions so far as is reasonably practicable. Works carried out by us will so far as is reasonably practicable comply with the requirements of the Health and Safety at Work Act 1974 and other legislation.

**(Report of the Board of Management continued)**  
**GEDLING HOMES FINANCIAL REVIEW**

The financial position and results for the period are set out on pages 19 to 34 of these statements.

**Results for the period**

Gedling Homes deficit for the year, before movements in reserves, was **£2.271m** which was within the approved plan.

The main reasons for the deficit were:

- This period was the first five months of operation which included set up costs.
- Inclusion of costs relating to the development agreement/investment programme.
- The nature of the business where the Company will make deficits until the completion of the investment programme and peak debt is reached.

**Surplus/reserves**

Total deficit on reserves as at 31st March 2009 were **£2.271m, £2.405m** including the pension deficit. This balance represents the accounting deficit for the five months of operations and movement on the designated reserves.

**Summary Balance Sheet**

Gedling's Balance Sheet as at 31st March 2009 is summarised on page **20** of these financial statements. The key factor affecting the balance sheet is the provision for liabilities and charges representing the future investment works and the VAT Shelter.

The financial statements show a net deficit revenue reserve of **£2.405m**.

**Cash flows**

Cash flows are summarised on page **21**.

The principal sources of cash inflows in the year were:

- rental and other income of **£4.860m**.

The principal cash outflows were:

- operating costs of **£7.111m**, including investment in assets, particularly housing stock, of **£3.347m** and
- servicing of debt of **£35k**.

**Capital structure and treasury policy**

The Association's financial strategy is underpinned by a Business Plan, which acknowledges the requirements and promises set out in the stock transfer agreement in relation to rental income in line with the rent plan and the Investment Strategy which is to deliver the investment promises. This has been used to secure long term funding, over a thirty year period to enable it to invest in future development. The current facility is £35m of which £3.615m has been drawn down. The funders are Lloyds TSB and all covenants have been achieved during the year.

**(Report of the Board of Management continued)**  
**DIRECTORS**

<b>Board of Management</b>	<b>Appointed</b>
Adam Jacobs	11/9/08
Paul Stone	11/9/08
Ronald Hodges	11/9/08
Stephen White	22/9/08
Roger Palmer	11/9/08
Doreen Richardson	11/9/08
Lindy Mee	11/9/08
Violet Anne Parten	22/9/08
Marguerite Anne Wright	11/9/08
Jim (Seamus) Creamer	11/9/08
Robert Tait	11/9/08
Richard Goodwin	22/9/08

**AUDITOR**

A resolution to reappoint Baker Tilly UK Audit LLP as the Group's auditor will be proposed at the AGM. Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

**(Report of the Board of Management continued)**  
**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 Company 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 Company 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 2000. 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 Company'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 auditor**

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

**(Report of the Board of Management continued)**  
**Internal Controls**

The Tenant Services Authority (TSA), formerly the Housing Corporation, amended the requirements with regard to the Trust Board's overall responsibilities with regard to matters relating to internal control. The Trust Board, through the Audit committee must be satisfied that measures are in place which cover such matters as;

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

To assist in this work the TSA indicates that it would be appropriate for the Board to provide assurance 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 New Charter Building Company.

**Group Chief Executive's Statement of Internal Control 2008/9**

No system of internal control can possibly seek to eliminate all risks. The system adopted at New Charter is designed to manage risk insofar as possible given the present understanding of the internal and external risks faced by the Group.

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

I can report that there have been no significant changes in levels of risk without concomitant management measures 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.

The Group carried out significant constitutional changes during the year and as a consequence has aligned risk and its management much more clearly with overall

### **(Report of the Board of Management continued)**

governance arrangements. Subsidiaries, particularly New Charter Homes, are now more focused and clearly responsible for their operational areas.

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

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

I have reviewed the systems and policies designed to deliver internal control and I am satisfied that these have remained in place throughout the financial year 2008/9. 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 the formulation and approval of the Business Plan. This has been scrutinised and given a level of full assurance by our internal auditors Beever and Struthers.
- Boards and Committees have a clear understanding of risk and risk management and have demonstrated a desire to ensure risk management features in all deliberations. We have also reviewed the risk management strategy and relevant risk registers to embed risk management in the day to day management of the business.
- The Loan Facilities for New Charter Trust, New Charter Homes, Aksa Housing and for Gedling Homes require formal annual approval by Funders of relevant Business Plans. These approvals were given unconditionally in 2008/9.
- Monitoring of control systems by Audit Committee, Internal Audit and GMT.
- All Board reports are required to show a Risk Evaluation in terms of Financial and Legal/Governance implications.
- Management information and performance control systems are in place to regularly report financial results and other performance indicators to Group management team and to Boards. This process has been scrutinised by our internal auditors and has been given a level of full assurance.
- Contract Standing Orders, Financial Regulations and Scheme of Delegations are in place and were reviewed during 2008/9.
- 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; these now include Business Continuity Planning.
- There is on-going development of a continual improvement culture across the Group.

### **(Report of the Board of Management continued)**

- Culture of risk awareness developed through individual Key Work Objectives, with performance managed through a regular review process.

### **Process for assessing and managing risk during 2008/9**

- 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, including 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 are kept informed of developing best practice including Housing Corporation Risk Management Topic Papers.
- Internal Audit remains a contracted out service.
- Risk register produced and a revised process for managing the risk appetite introduced to identify, evaluate and manage risks to organisational objectives. Presented to and monitored by Audit Committee.
- Work with external auditors both before and during closure of accounts meant an unqualified opinion was offered.
- Baker Tilly presented their Audit Strategy to the February 2008 Audit Committee which did not identify any additional risk for the Group. Audit Committee considered their Audit highlights Memorandum in August 2008.
- The Tenant Service Authority Regulatory Judgement for the Group places all factors effectively at “green” (although the TSA have stopped using “traffic lights” in their assessments).
- The Tenant Services Authority recognises viability as a key issue and the Judgement states that **“The Group meets the expectations set out in the**

**(Report of the Board of Management continued)**

**Regulatory Code in terms of financial viability”.** This has been further reinforced by notification that the judgement is sufficient to not require a formal Annual Viability Review to be undertaken.

- As part of the planning for the entry of Gedling Homes into the Group, external independent validation of the consolidated Business Plan was carried out by Baker Tilly.
- 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
- Overall Group exposure as a consequence of the ‘Credit Crunch’ is limited.
  - The Group has not developed any shared ownership or for sale products
  - Interest rates are largely fixed and so costs of borrowing are known and managed over significant periods of time and this approach formed a key feature of the funding facility for Gedling Homes
  - The Building Company viability is managed through ensuring a significant forward order book which is linked to reducing the reliance upon direct employees to deliver external work
  - Scenario planning well in hand for future disinflation during 2009/10
- Management reports on operational and financial matters have continued to be provided to all relevant Boards and Committees.
- There has continued to be timely and regular reporting of key business information and performance indicators at Management and Board meetings.
- Insurance risk remains well managed; retendering during the year saw overall premia fall reflecting a good claims record.
- There has been no instance of substantial fraud during the year. Only one entry, relating to the theft of a door, was made in 2008/9.
- No Regulatory or Supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.
- The Company has received external accreditation in such areas as
  - Investors in People
  - Best Companies 2 Star – Outstanding Organisation
  - Times Top 100 Best Companies to work for
  - ROSPA Gold Award

**(Report of the Board of Management continued)**

- In a Mock Audit Commission Inspection in September 2007, 2 Star “Good” service with “Promising Prospects for Improvement”
- Gas safe; NICEE FENSA etc accreditations up to date

This gives an external validation of a variety of controls in place throughout the organisation.

The very few significant compliance weaknesses identified by Internal Auditors during the course of the year were either promptly attended to or clear plans developed to minimise risk. Of the fifteen reports considered by the Committee, one gave limited, ten were substantial and four were full assurance. A review of the 65 recommendations made during the year showed an implementation rate of 75.2% for the year. Whilst Internal Audit advice suggests that this is an acceptable level of performance and the actual number of outstanding ‘significant’ recommendations is five, I am taking steps to improve this rate of compliance.

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.



**I H MUNRO**  
GROUP CHIEF EXECUTIVE  
NEW CHARTER HOUSING TRUST Ltd

**4<sup>th</sup> August 2009**

The report of the Board of Management was approved on 4<sup>th</sup> August 2009 and signed by order of the board by:

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

## **Independent Auditor's Report to the Members of Gedling Homes Limited**

We have audited the financial statements on pages 19 to 34.

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 the report of the board of management and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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.

## **(Independent Auditor's Report continued)**

### **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 Company's affairs as at 31 March 2009 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  
3 Hardman Street  
Manchester  
M2 5BL

**GEDLING HOMES LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE PERIOD ENDED 31 MARCH 2009**

		Period Ended 31/03/2009	Year Ended 31/10/2008
		£'000	£'000
<b>Turnover</b>	2	4,860	-
Operating costs	2	(7,111)	-
<b>Operating deficit</b>	2	(2,251)	-
Loss on sale of fixed assets	4	-	-
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		(2,251)	-
Interest receivable and other income	5	16	-
Interest payable and similar charges	6	(35)	-
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,271)	-
<b>TAXATION</b>			
Taxation on ordinary activities	10	-	-
<b>DEFICIT FOR THE YEAR</b>		(2,271)	-
<b>REVENUE RESERVE BROUGHT FORWARD</b>		-	-
<b>TRANSFER TO DESIGNATED RESERVES</b>		-	-
<b>TRANSFER FROM DESIGNATED RESERVES</b>		-	-
<b>REVENUE RESERVE CARRIED FORWARD</b>		(2,271)	-
 <b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>			
Surplus for the financial year		(2,271)	-
Actuarial loss recognised in the pension scheme	21	(134)	-
Total recognised gains and losses for the year		(2,405)	-

All of the above results derive from continuing operations.

There were no recognised gains or losses other than those shown in the Income and Expenditure account for the year.

The notes on pages 22 to 34 form an integral part of the financial statements.

**GEDLING HOMES LIMITED**

**BALANCE SHEET**

**AS AT 31 MARCH 2009**

		31/3/2009	31/10/2008
		£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets - housing properties	11	-	-
Less Social Housing Grant		-	-
Less depreciation		-	-
		<u>-</u>	<u>-</u>
Other tangible assets	12	-	-
		<u>-</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Debtors	13	13,171	-
Debtors due after more than one year	13	65,135	-
Cash at Bank		2,319	-
		<u>80,625</u>	<u>-</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(2,262)</u>	<u>-</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		78,363	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>78,363</u>	<u>-</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	3,442	-
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Pension Deficit		129	
<b>CAPITAL AND RESERVES</b>			
Revenue reserve	18	<u>(2,405)</u>	<u>-</u>
		(2,405)	-
		<u>78,363</u>	<u>-</u>

The financial statements on pages 19 to 34 were approved by the Board of Directors and authorised for issue on the 4th August 2009 and are signed on its behalf by:

A Jacobs (Chair)

D O McLoughlin (Company Secretary)

The notes on pages 22 to 34 form an integral part of the financial statements.

**GEDLING HOMES LIMITED**

**CASHFLOW STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2009**

		Period Ended 31/3/2009	Year Ended 31/10/2008
	£'000	£'000	£'000
<b>NET CASH OUTFLOW/INFLOW FROM OPERATING ACTIVITIES</b>	19	(1,099)	-
<b>RETURNS ON INVESTMENTS AND SERVICING FINANCE</b>			
Interest received	16	-	-
Interest paid	(35)	-	-
	<hr/>	<hr/>	<hr/>
<b>CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		(19)	-
<b>CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		-	-
	<hr/>	<hr/>	<hr/>
<b>CASHFLOW BEFORE FINANCING</b>		(1,118)	-
<b>FINANCING</b>			
Loans Received	3,442	-	-
	<hr/>	<hr/>	<hr/>
<b>CASH INFLOW FROM FINANCING</b>		3,442	-
	<hr/>	<hr/>	<hr/>
<b>MOVEMENT (OR INCREASE) IN CASH</b>		<u>2,324</u>	<u>-</u>

The notes on pages 22 to 34 form an integral part of the financial statements.

## GEDLING HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD ENDED 31 MARCH 2009

#### I ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords" updated in 2008. A summary of the 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 and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

##### **Turnover**

The majority of Company turnover is generated from Rental and Service Charge income which is exempt from VAT and charged evenly to the Income and Expenditure Account over a 48 week period which accounts for 4 rent free weeks. Income is also generated from a Supporting People contract with Gedling BC where income is received monthly and a home contents insurance scheme where tenants are charged weekly.

##### **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.

The Capitalisation Policy includes the capitalisation of roofs, doors and windows, with the balance being expended through the Income & Expenditure Account. Although this policy exists no amounts have been put through during the period as it was not relevant to do so.

##### **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. Although this policy exists no amounts have been put through during the period as it was not relevant to do so.

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

##### **Impairment**

In accordance with Financial Reporting Standard 11 (FRS 11) Impairment of Fixed Assets and Goodwill, for assets with a remaining economic life greater than 50 years an impairment review is undertaken. For those assets with a lower economic life, an impairment review is undertaken where there is an indication that the assets may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in the note 3 analysis to the income and expenditure account. Although this policy exists no amounts have been put through during the period as it was not relevant to do so.

##### **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 the recycling of capital grant funds included 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. Although this policy exists no amounts have been put through during the period as it was not relevant to do so.

##### **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
Office furniture & equipment	5 years

## GEDLING HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD ENDED 31 MARCH 2009

Computer equipment - infrastructure	5 years
Computer equipment - new acquisitions	5 years
Leasehold premises	Over life of lease

Although this policy exists no amounts have been put through during the period as it was not relevant to do so.

#### **Pension Costs**

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

Defined benefit schemes are funded, with the assets held separately from the Group in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. A full valuation of the liability is calculated by an independent actuary every 3 years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses are recognised in reserves in the year in which they arise. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

#### **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.

#### **Bad and Doubtful Debts**

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

#### **Provision for Liabilities and Charges**

Gedling Homes has a development agreement (VAT Shelter) in place with Gedling Borough Council where investment works have been identified and any VAT incurred can be reclaimed. On the Balance Sheet the long term debtor and long term creditor balances show the commitment to carry out the work and the liability for the cost of the work. These will both be released to the Income and Expenditure Account as the work is completed over the life of the agreement.

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

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

	2009			2008		
	Turnover	Operating costs	Operating surplus	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure from social housing lettings</b>						
Housing accommodation	4,860	7,111	(2,251)	-	-	-
	4,860	7,111	(2,251)	-	-	-
<i>See Note 3 for further detail.</i>						
<b>Other income and expenditure from social housing lettings</b>						
Supporting People Contract Income	-	-	-	-	-	-
Other activities	-	-	-	-	-	-
	-	-	-	-	-	-
	4,860	7,111	(2,251)	-	-	-

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

<b>3 INCOME FROM SOCIAL HOUSING LETTINGS</b>	<b>2009</b>		<b>2008</b>	
	<b>General needs £'000</b>	<b>Total £'000</b>	<b>General needs £'000</b>	<b>Total £'000</b>
Gross rent receivable net of voids	3,815	3,815	-	-
Charges for Support Services	149	149	-	-
Service charges receivable	331	331	-	-
Gross rents and service charges receivable	4,295	4,295	-	-
Net rents receivable	4,295	4,295	-	-
Other income	565	565	-	-
Turnover from social housing lettings	4,860	4,860	-	-
<b>EXPENDITURE ON SOCIAL HOUSING LETTING ACTIVITIES</b>				
Management	2,726	2,726	-	-
Services	28	28	-	-
Routine maintenance	891	891	-	-
Planned maintenance	187	187	-	-
Major repairs expenditure	3,160	3,160	-	-
Rent losses from bad debts	119	119	-	-
Depreciation of housing properties	-	-	-	-
Depreciation of other assets	-	-	-	-
Operating costs on social housing lettings	7,111	7,111	-	-
Operating surplus on social housing lettings	(2,251)	(2,251)	-	-
Rent loss from voids	(159)	(159)	-	-

Service Charge income is fully eligible for housing benefit.

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>4 LOSS ON SALE OF FIXED ASSETS</b>		
There were no Sales of Fixed Assets for the period	<u>-</u>	<u>-</u>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>5 INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank interest receivable	11	-
Associated pension income/costs	5	-
	<u>16</u>	<u>-</u>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>6 INTEREST PAYABLE</b>		
On bank loans, overdrafts and other loans	<u>35</u>	<u>-</u>
	<u>35</u>	<u>-</u>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Is stated after charging:		
Depreciation	-	-
Auditor remuneration (inc VAT)		
- in their capacity as auditor	<u>18</u>	<u>-</u>
	<u>18</u>	<u>-</u>
<b>8 DIRECTORS EMOLUMENTS</b>		
Aggregate emoluments payable to Director (including pension contributions & benefits in kind)	56	-
Emoluments payable to the Director (excluding pension contributions but includes benefits in kind)	<u>47</u>	<u>-</u>
Aggregate amount of highest paid director's pension	<u>9</u>	<u>-</u>
The Managing Director is a member of the Nottinghamshire Local Government Pension Scheme.		
<b>9 EMPLOYEE INFORMATION</b>		
	<b>2009</b>	<b>2008</b>
The average number of persons employed during the year		
Management / Director	1	-
Administrative	9	-
Financial services	8	-
Operational housing services	<u>60</u>	<u>-</u>
	<u>78</u>	<u>-</u>
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs for the above persons were:		
Wages and salaries	573	-
Social security costs	40	-
Other pension costs	<u>102</u>	<u>-</u>
	<u>715</u>	<u>-</u>
<b>10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES</b>		
No tax is payable due to the status of the Association.		

**GEDLING HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2009**

**II 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>			
Due to the nature of the transfer the Fixed Assets of Gedling Homes currently have a negative valuation which is why there was the need to undertake the stock improvement programme			
<b>NET BOOK VALUE AT 31st MARCH 2009</b>	-	-	-

A full 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 3rd November 2008 and the valuations were undertaken in accordance with the RICS Appraisal and Valuation Manual.

**GEDLING HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2009**

**12 FIXED ASSETS - OTHER TANGIBLE ASSETS**

	<b>Office Building £'000</b>	<b>Property Improvements £'000</b>	<b>Motor Vehicles £'000</b>	<b>Furniture &amp; equipment £'000</b>	<b>Total £'000</b>
<b>COST</b>					
Currently Gedling Homes Limited has no Tangible Fixed Assets					
<b>NET BOOK VALUE</b>					
<b>At 31st March 2009</b>	-	-	-	-	-

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

	<b>2009</b>	<b>2008</b>
<b>13 DEBTORS</b>	<b>£'000</b>	<b>£'000</b>
Arrears of rent and service charges	210	-
less Provision for bad and doubtful debts	<u>(37)</u>	<u>-</u>
	173	-
Trade Debtors	211	-
less Provision for bad and doubtful debts	<u>(98)</u>	<u>-</u>
	113	-
Amount due from parent and from fellow subsidiaries - Trade	283	-
Prepayments and accrued income	121	-
Other debtors	12,481	-
	<u>13,171</u>	<u>-</u>
<b>Total due within one year</b>		
	13,171	-
<b>Due after more than one year</b>	65,135	-
	<u>65,135</u>	<u>-</u>
<b>Total Debtors</b>	<u><u>78,306</u></u>	<u><u>-</u></u>

The debtor due after more than one year represents £65.135m obligation to have refurbishment work carried out to the properties transferred to Gedling Homes net of £12.060m budgeted to be spent 2009-2010 shown within other debtors. Gedling Borough Council entered into a contract with Gedling Homes for the Company to carry out these improvement works on its behalf. Essentially the 'benefit' (commitment owed) to the Company under the contract has created a debtor which is effectively offset by the provision stated in note 17. The debtor will reduce as the Company completes the contracted work.

	<b>2009</b>	<b>2008</b>
<b>14 CREDITORS - Amounts falling due within one year</b>	<b>£'000</b>	<b>£'000</b>
Amount due to fellow subsidiary undertakings	260	-
Trade creditors	821	-
Accruals and deferred income	1,036	-
Rent and service charges paid in advance	145	-
	<u>2,262</u>	<u>-</u>
	<u><u>2,262</u></u>	<u><u>-</u></u>

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>15 CREDITORS - Amounts falling due after more than one year</b>		
Bank loan	3,442	-
	3,442	-
	3,442	-

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>16 LOANS</b>		
	<b>Housing Loans</b>	<b>Housing Loans</b>
	<b>by instalments</b>	<b>by instalments</b>
In more than five years	3,442	-
	3,442	-
	3,442	-

The housing loans are drawn down from total facilities for Gedling Homes Limited of £35m. At 31st March 2009, all funds drawn were on a fixed rate of interest. The £3.615m drawdown from Lloyds TSB was at a rate of 5.365%. Fees associated with the set-up of the loan facility have been netted off in line with accounting standards. Loans are secured on the property portfolio of Gedling Homes.

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>17 PROVISION for Liabilities and Charges</b>		
Opening Balance as at 1st April 2009	-	-
Transferred at 3rd November 2008	80,356	-
Development Agreement with Gedling Borough Council		
Less:		
Income & Expenditure Account - Investment expenditure	3,160	-
	77,196	-
	77,196	-

The provision represents the best estimate of the costs of contracted works for the repair and improvement of transferred properties incurred under the Development Agreement. The provision will be utilised as the works are actually completed.

	<b>Revaluation</b>	<b>Revenue</b>	
	<b>Reserve</b>	<b>Reserve</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>18 RESERVES</b>			
As at 3rd November 2008	-	-	-
Deficit for the period	-	(2,271)	(2,271)
Associated pension costs	-	(5)	(5)
Pension Deficit		(129)	(129)
At 31st March 2009	-	(2,405)	(2,405)
	-	(2,405)	(2,405)

**GEDLING HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2009**

**19 NOTES TO THE CASHFLOW STATEMENT**

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

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Operating deficit	(2,251)	-
Depreciation charges	-	-
Increase in debtors	(78,306)	-
Increase in creditors	79,458	-
Net cash inflow from operating activities	<u>(1,099)</u>	<u>-</u>

b Reconciliation of net cash outflow to movement in net debt

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
Increase in cash in year	2,324	-
Change in net debt resulting from cash flows	(3,442)	-
Change in net debt	<u>(1,118)</u>	<u>-</u>
New finance leases	-	-
Net debt at beginning of year	-	-
Net debt at end of year	<u>(1,118)</u>	<u>-</u>

c Analysis of changes in net debt

	<b>At 31st March</b> <b>2009</b> <b>£'000</b>	<b>Cash Flows</b> <b>£'000</b>	<b>At 31st March</b> <b>2008</b> <b>£'000</b>
Cash	2,324	2,324	-
	<u>2,324</u>	<u>2,324</u>	<u>-</u>
Debt due within one year	-	-	-
Debt due after one year	(3,442)	(3,442)	-
	<u>(3,442)</u>	<u>(3,442)</u>	<u>-</u>
	<u>(1,118)</u>	<u>(1,118)</u>	<u>-</u>

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

<b>20 CAPITAL COMMITMENTS</b>		<b>2009</b>	<b>2008</b>
		<b>£'000</b>	<b>£'000</b>

Capital expenditure that has been contracted for, but has not been provided for in the financial statements.	176	-
--------------------------------------------------------------------------------------------------------------	-----	---

Capital expenditure that has been authorised by the Board of Management, but has not yet been contracted for	4,190	-
--------------------------------------------------------------------------------------------------------------	-------	---

**21 PENSIONS**

Gedling Homes participates as a contributing member of the Local Government Pension Scheme, (administered by Nottinghamshire County Council 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.

The results and assumptions for Gedling Homes as at 31st March 2009 are as follows :

Valuation date	31st March 2009
Valuation Method	Projected unit
Salary scale increases per annum	4.50%
Pension increases per annum	3.00%

The Pension contributions made by the Gedling Homes in the year to 31st March 2009 totalled £97k covering 61 employees.

The employer's contribution rate was 23.6% of pensionable salary. From 1st April 2009 the level of employer's contribution will stay the same at 23.6%

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

The major assumptions used in this valuation were:	<b>March</b>	<b>November</b>
	<b>2009</b>	<b>2008</b>
Rate of increase in salaries	4.50%	4.50%
Rate of increase in pensions in payment and deferred pensions	3.00%	3.00%
Discount rate applied on scheme liabilities	6.70%	6.70%
Inflation assumption	3.00%	3.00%

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**

There is not currently a breakdown of Scheme Assets for Gedling Homes but the estimated percentage split for the whole scheme is as follows:

	<b>2009</b>	<b>2008</b>
Equities	65.90%	-
Gilts	21.87%	-
Property	9.4%	-
Cash	3.0%	-
	£000	£000
Total market value of assets	2,864	2,710
Present value of scheme liabilities	2,735	2,681
Fair Value of Scheme Assets (bid value)	(2,735)	(2,681)
<b>Net pension asset/(liability)</b>	<b>129</b>	<b>29</b>

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

	Long term rate of return 2009	Long term rate of return 2008
Equities	6.90%	0.00%
Gilts	4.00%	0.00%
Bonds	0.00%	0.00%
Other - property	6.40%	0.00%
Cash	3.00%	0.00%
	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of defined benefit obligation</b>		
Opening defined benefit obligation transferred in	2,710	-
Current service cost	67	-
Interest Cover	58	-
Contributions by members	27	-
Actuarial gain/(loss)	2	-
Closing Defined Benefit Obligation	<u>2,864</u>	<u>-</u>
Movement of fair value of Scheme assets at end of period		
Opening Fair Value of Employer Assets transferred in	2681	-
Expected return on Assets	62	-
Contributions by members	27	-
Contributions by the Employer	97	-
Actuarial gain/(loss)	(132)	-
Benefits Paid	-	-
Fair value of Scheme assets at end of period	<u>2,735</u>	<u>-</u>
<b>Analysis of other pension costs charged in arriving at operating profit/loss</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	67	-
	<u>67</u>	<u>-</u>
<b>Analysis of amounts included in other finance income/costs</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	62	-
Interest on pension scheme liabilities	(58)	-
	<u>4</u>	<u>-</u>
<b>Analysis of amount recognised in statement of total recognised gains and losses</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	(132)	-
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	(2)	-
Actuarial deficit recognised in statement of total recognised gains and losses	<u>(134)</u>	<u>-</u>
<b>Reconciliation to the balance sheet</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
Net assets excluding pension liability	(2,271)	-
Actuarial loss recognised in the pension scheme	(134)	-
Net assets including pension liability	<u>(2,405)</u>	<u>-</u>

**GEDLING HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2009**

**22 LEGISLATIVE PROVISIONS**

The Association is registered with the Tenant Services Authority under the Housing Act 1996 .  
Registration L4532

**23 HOUSING STOCK**

**2009**

**2008**

Dwellings owned and in management:

General needs

3,362

-

3,362

-

**24 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.

**25 ULTIMATE PARENT UNDERTAKING**

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

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

**26 RELATED PARTY TRANSACTIONS**

The Association has taken advantage of the exemptions under FRS8 from the requirement to disclose relations with the Group companies on the grounds that it is a wholly controlled subsidiary and that the Parent entity prepares Consolidated financial statements, although due to the nature of the development agreement with Gedling Borough Council, would like to acknowledge them as a related party.