



*Part of the New Charter Housing Trust Group*

**NEW CHARTER BUILDING COMPANY LIMITED**

**(Company Number 3807120)**

**REPORT**

**&**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

## **NEW CHARTER BUILDING COMPANY LIMITED**

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## **NEW CHARTER BUILDING COMPANY LIMITED**

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

#### **Board of Directors**

Chair	Vincent Ricci
Vice Chair	Kieran Quinn
Other Members	Andrew Stafford Liliane Laine-Slater Geoff Howarth

**Group Chief Executive** Ian Munro

#### **Executive Officers**

Group Director of Finance &  
Deputy Chief Executive Martin Frost

Group Company Secretary Martin Frost

Managing Director of  
Building Company Andrew Stafford

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

**External 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

## **REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

The Directors present the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2011.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the provision of a building maintenance operation within the Tameside district. New Charter Building Company is a Company limited by guarantee.

### **FUTURE DEVELOPMENT**

The Company was established for the purpose of receiving the Building Maintenance Direct Service Organisation from Tameside Metropolitan Borough Council, and for the provision of a building maintenance operation within the New Charter Housing Group. Due to the recent completion of the large scale investment programme for the Group the Building Company now secures external contracts to secure employment for its skilled workforce.

### **CHARITABLE DONATION**

A charitable donation has been made to Aksa Housing Association Limited, a registered charity, under 'Gift Aid' for the sum of £100,000 (2010 £120,000).

A charitable donation has been made to Great Neighbourhoods, a registered charity, under 'Gift Aid' for the sum of £450,000 (2010 £nil).

A charitable donation has been made to the New Charter Academy, a registered charity, under 'Gift Aid' for the sum of £250,000 (2010 £400,000).

No charitable donation has been made to Gedling Homes, a registered charity (2010 £550,000).

Donations have been made in the sum total of £1,850 to Tameside MBC, City West Housing Trust Limited, City South, Manchester Housing Trust Limited, the Caribbean carnival of Manchester and Tameside Athletics Development Group.

### **REVIEW OF 2010/11**

There has been a recurring similarity in each of the annual Business Plans produced by New Charter Building Company Limited in recent years. We continue to drive the company forward to success, using our fully engaged team who possess the necessary skills and experience to deliver continual improvement and full assurance, within the repairs and maintenance function deemed essential in a service provider.

Each year's results, measured either by financial or other key performance indicators, clearly highlights an upward trend is expected which is essential to a company that wants to be the best in the field of construction service provision.

Consistent improvement year on year has been achieved or sustained in the following activity areas relevant to the continual growth of a unique corporate/commercial building company:

- Financial performance
- Customer satisfaction levels
- Responsive and void property repairs delivery
- Number of kept appointments
- Gas servicing outputs
- Repair timescales across all categories of repair
- Investment work delivery
- External business growth

Our external marketing conversion rate showed a commendable 45.7% success rate (2010 57.37%) which is an excellent achievement in the present challenging economic climate. Our commitment to be the preferred partner of choice in delivering bespoke services and products to our customers has aligned and strengthened our position to compete and win additional income and work.

Despite continued economic uncertainty, the Building Company has taken a significant step towards its vision of becoming the region's largest service provider.

Business critical decisions continue to be evaluated and interrogated by all the management team to ensure the Company remains competitive, profitable and adaptable to meet the expectations and aspirations of customers and employees. This requirement is fully understood, communicated and transparent throughout, in order to ensure we remain a strong business.

As a result the report for 2011/12 is presented with confidence, illustrating the commitment and reality that all employees remain fully engaged in achieving future success and growth, whilst meeting the challenging targets and demands within an ever increasing competitive market.

Financial monitoring, forecasting and planning are embedded within the culture of New Charter Building Company and play a fundamental role in ensuring that we continue to be financially viable. We continually review all risks facing the organisation and the potential impact this may have on our business, through a comprehensive risk register.

The success of any company can only be achieved by true partnership working. As a consequence thanks and praise are rightly extended to customers, suppliers, employees, trade unions, board members and partners for their outstanding contribution to the continuing growth of New Charter Building Company.

## **ACHIEVEMENTS OVER THE YEAR**

- Named National Gas Installer of the year
- Named North of England Gas Installer of the year
- Gas servicing delivering 100% certification
- Record levels of external business Income
- Void levels at their lowest level in our history through partnership working with New Charter Homes
- Responsive repairs delivering further improvements across all categories
- Highest ever number of appointments offered
- Integration of caretaking service, resulting in reduced costs and increased productivity
- Substantial reduction in internal charges to maximise improvements to our homes
- Accreditation achieved for the 3<sup>rd</sup> consecutive year ROSPA Gold for Health & Safety
- Improving our health & safety record by reducing the accident numbers from the previous year
- Increased awareness and contribution to our Value For Money strategy
- Lifting the bar on equality & diversity, supported with the issue of multi lingual flashcards including brail
- Full participation and contribution to the Groups Best Companies Award – 16<sup>th</sup> position
- Supporting the community by continuing to donate to our local charities
- Positive progress in diversifying our current client base to ensure future employment security

All personnel readily accept their corporate/social responsibility regarding community issues, which the Company has eagerly supported through various initiatives and feel a real sense of achievement in playing an active role, by investing in local communities and the economy where we work and live.

Examples of some of these are listed below:

- 26 Work experience placements from Tameside schools

- 2 work experience placements from Tameside Leaving Care Team for young people who have been in foster care
- 3 long term Placements studying at college for professional trade qualifications - 2 of the students have now fully qualified and have gained employment with ourselves
- Working in partnership with Building Schools for the Future programme, 6 work placement opportunities secured for residents from our Gibson Terrace homeless unit and 2 new build experience opportunities secured for our modern apprentices
- Continued support for the Progress through Practice Disability schools event
- Charitable support to clubs, youth groups, schools, elderly and vulnerable groups
- Real jobs to local people giving long term employment prospects
- Increased support of local suppliers and contractors
- Development and communication of the business case for worklessness, gender and ethnic equality initiatives within the construction industry

The Company is mindful of its unique role within its neighbourhood and community and considers it a privilege to return something to the areas we proudly serve.

### **EMERGING ISSUES FOR 2011/12**

- Deliver external income of £5.3m as a minimum
- Increase the reserve fund in line with Risk Management Policy
- Remain profitable to support the growth agenda
- Review further efficiencies to ensure value for money (VFM) remains a high priority
- Further development of our strategic partnership alliances
- Fully engage with the staff to support potential TUPE transfers
- Support the Green Agenda initiatives and develop into potential future income streams
- Review and deliver suitable technological advances to sustain maximum productivity
- Explore viability of expanding into new build properties

## **FOCUS FOR 2011/12**

Our present order book and operational structure are strong. The Building Company looks forward to the future with confidence in the clear knowledge that we can and will deliver sustainable works and services to present and future customers.

We have built a secure foundation, suitable reserves and a strong desire to progress further, which is underpinned by:-

- Attention to excellent performance
- Monitored sustained growth
- Safeguard and enhance employment prospects for our colleagues
- Continuous improvement in customer satisfaction and involvement
- Broader reputational growth to ensure we remain fit for the future
- Increased listening and learning through shared best practice
- Ensure VFM is considered in all our activities and operations
- Remain proactive to change

## **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 it is compliant with the Equality Act 2010 and that there is no harassment, victimisation or discrimination in respect of the protected characteristics contained within the Act including age, disability, gender re-assignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity, 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 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.

## **FINANCIAL REVIEW**

The financial position and results for the year are set out on pages **18** to **31** of these statements.

The performance for the year shows a profit before interest and tax of **£789k** (2010 - £377k).

It should be noted that this profit level is after donating **£250k** Gift Aid to New Charter Academy, **£100k** Gift Aid to Aksa Housing Association Limited and **£450k** Gift Aid to Great Neighbourhoods in line with the Group Financial Strategy.

Income generated externally to the Group has increased in this financial year by 8%, and the income generated from work done for internal customers has decreased by 21.5%.

Direct costs and operating expenses have been tightly managed and controlled, leading to a consistent gross profit margin when compared against previous accounting periods.

A minimum annual sum of **£200k** from profit for the year is retained for reinvestment within the Company. This will be used to fund future initiatives referred to in the 'Operating Review – emerging issues 2011/12'.

The improving financial position of the Company must be noted. This base will provide the framework for developing the strategic direction and give assurance that the profitability can be maintained and delivered in line with the Group Business Plan.

## **AUDITORS**

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

## **Statement of directors' responsibilities in respect of the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the surplus or deficit of the company for that period.

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 are sufficient to show and explain the company's transactions and 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 2006, 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 company and to prevent and detect fraud and other irregularities.

### **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 Director has confirmed that they have taken all the steps that they ought to have taken as Director's 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 Tenant Services Authority (TSA) has clear expectations with regard to internal controls and seeks to ensure that the Trust Board's overall responsibilities with regard to matters relating to internal control are properly discharged. To assist in this duty the Trust Board has appointed an Audit Committee to provide a group wide view of risk and assurance management. The Committee on behalf of all the Companies within the group carries out amongst other things the following:

- An understanding of internal control
- Management 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 the fraud register has been reviewed
- Confirmation action taken in respect of any significant matters identified and any supervisory action required by the TSA

There is no longer any regulatory requirement to include a statement of this nature in the Annual Report and Accounts, however I consider it is good practice to continue so to do.

### **Group Chief Executive's Statement of Internal Control 2010-11**

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 New Charter Homes, Aksa and Gedling Homes. 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 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 4 entries in the fraud register for the period April 2010 to date. These are detailed later in my report.

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 2010-11. They are in place in respect of the whole group and as such this statement. 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. 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 and Homes and for Gedling require formal annual approval by funders of the relevant Business Plans. These approvals were given 2010-11. Loan covenants are regularly reviewed – there have been no breaches.
- 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 boards. This process has been scrutinised by 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 2010-11.
- The fraud-register and whistle blowing policy are in place. The fraud register is considered at every Audit Committee. All policies & procedures are programmed for regular review including Health & Safety and IT Disaster Recovery; these now include Business Continuity Planning.
- There is on-going development of a continual improvement culture across the Group.
- 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 2010-11**

- The Audit Committee has continued to meet on a regular basis to consider reports from officers and auditors.
- Membership of the Audit Committee is drawn from across the boards of the Group, includes co-opted members and is chaired by an independent Director of the Trust Board.
- Internal and external auditors have unfettered access to Audit Committee members.
- In line with best practice, Audit Committee members hold an annual meeting with internal and external auditors in the absence of officers.
- Audit Committee have agreed and monitored an annual audit programme, which has been determined against an analysis of known and anticipated risk.
- All internal audit reports are presented to Audit Committee who take responsibility for ensuring recommendations are implemented. Internal audit also undertake follow up assignments, as appropriate.
- Audit Committee are kept informed of developing best practice and effectiveness of the committee is reviewed annually via a self assessment which helps to inform development plans for non-executive directors.
- Internal audit remains a contracted out service.
- Risk register 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 Audit Committee.
- The external auditors are anticipating issuing an unqualified audit opinion of the accounts.
- Baker Tilly presented their Audit Strategy to the February 2011 Audit Committee, the Committee did not identify any additional risk for the Group.
- The Tenant Service Authority Assessment for the Group places all factors effectively at “green” (although the TSA have stopped using “traffic lights” in their assessments).
- The Tenant Services Authority Annual Viability Statement makes clear that the Group remains viable. The Group has satisfactory financial condition and exposures are mitigated to an acceptable degree.

- A number of threats were identified which have been addressed within the Business Planning process:
  - Management cost savings need to be achieved
  - There is a need to tightly control responsive repairs expenditure
  - The investment programme is at risk of cost inflation pressures including the effects of deflation i.e. Impact of negative RPI on available resources
  
- Overall Group exposure as a consequence of the 'Credit Crunch' was 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
  - Building Company viability is managed through ensuring a significant forward order book linked to reducing reliance upon direct employees to deliver external work.
  - Action plans implemented for disinflation during 2010-11
  
- Exposure to the effects of the Comprehensive Spending Review is being considered and subsequent effects on benefit payments will ultimately have an impact across the Group. This area is still rated a high risk on our risk registers and controls and monitoring mechanisms are applied as appropriate.
  
- 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 in 2009 saw overall premium fall reflecting a good claims record. Premiums have also reduced for the coming year due to a more proactive risk based approach and gave expenditure savings of around £90,000. Further negotiations with Zurich Municipal based on our recent claims history and repudiation rates have also generated a reduction in premiums of around £60,000 + insurance premium tax.
  
- There has been no instance of substantial fraud during the year. Only 4 entries have been made in the Fraud Register.
  - 1 related to New Charter Homes (attempt to fraudulently cash a cheque valued at £3,000)
  - 1 related to the Building Company (theft of copper cylinders – approx £150)
  - 2 related to Trust (fraudulent transaction on company credit card - £262 & theft of gift items from tambour unit -approx £70)

- No regulatory or supervisory action by the Tenant Services Authority has been taken during the year, beyond normal, planned, regulatory engagement.
- Significant risk to good governance identified during the course of the year were identified and dealt with in a timely and satisfactory manner
- The Company/Group have received external accreditation in such areas as
  - Customer Service Excellence 1 star organisation (formerly Chartermark)
  - Investors in People Gold Award
  - Investors in People Well Being Award
  - Best Companies 3 Star – Exceptional Organisation
  - No. 16 in Times Top 100 Best Companies to work for
  - Best Training and Development – Sunday Times Best Companies
  - TPAS accreditation for Tenant Involvement
  - Housemark Accreditation for dealing with anti-social behaviour
  - ROSPA Gold Award
  - Gas safe; NICEE FENSA etc. accreditations up to date
  - ISO14001 (environmental systems) for the Building Company

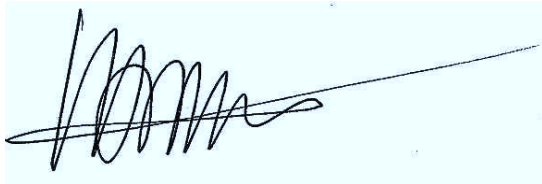
This gives an external validation of a variety of controls in place throughout the organisation.

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. Only one area was identified as having limited assurance through the year, all bar one of the recommendations contained within this area have now been implemented satisfactorily.

A review of the recommendations implemented within the year, identified from the follow up work undertaken, showed an implementation rate of **100%** for the year 2009/10 and a figure of **95%** for 2010/11. An acceptable level of performance in this area would be around 75%.

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.

The report of the Board of Management was approved on 24<sup>th</sup> August 2011 and signed by order of the board by:

A handwritten signature in black ink, appearing to read 'I H Munro', is written over a light blue rectangular background.

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

**24<sup>th</sup> August 2011**

Mr M Frost  
Company Secretary  
New Charter Building Company Limited  
Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
OL6 7AT

## **Independent Auditor's Report to the Members of New Charter Building Company Limited**

We have audited the financial statements on pages 18 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As more fully explained in the Directors' Responsibilities Statement set out on pages 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Ward ACA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

**NEW CHARTER BUILDING COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDING 31 MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	30,042	34,034
Cost of sales	(24,531)	(28,480)
<b>Gross Profit</b>	<u>5,511</u>	<u>5,554</u>
Net operating expenses	(4,722)	(5,177)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>	<u>3</u> 789	<u>377</u>
Interest payable and similar charges	2 (22)	(22)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>767</u>	<u>355</u>
<b>TAXATION</b>		
Taxation on ordinary activities	6 (208)	(101)
<b>PROFIT FOR THE YEAR</b>	<u><u>559</u></u>	<u><u>254</u></u>

All of the above results derive from continuing operations.

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

The notes on pages 20 to 31 form an integral part of the financial statements.

**NEW CHARTER BUILDING COMPANY LIMITED**  
(Company Number 3807120)  
**BALANCE SHEET**

**AS AT 31 MARCH 2011**

		2011		2010	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible fixed assets	7		-		-
<b>CURRENT ASSETS</b>					
Stock	8		646		494
Debtors	9		7,327		8,368
			7,973		8,862
<b>CREDITORS</b>					
Amounts falling due within one year	10		(3,943)		(5,365)
Short Term Provisions	11		(136)		(188)
<b>NET CURRENT ASSETS</b>			3,895		3,309
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			3,895		3,309
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		(411)		(411)
<b>NET ASSETS</b>			3,484		2,898
<b>CAPITAL AND RESERVES</b>					
Profit and Loss Account	13		3,287		2,814
Designated Reserve			86		-
Long Term Provisions	11		111		84
			3,484		2,898

The notes on pages 20 to 31 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board on the 24th August 2011 and signed on its behalf by:

**V Ricci** (Chair)

**M Frost** (Company Secretary)

## NEW CHARTER BUILDING COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2011

#### I ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. 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 and comply with the Companies Act 2006.

##### **Going Concern**

The Company's activities together with the factors likely to affect its future development and position are set out in the report of the Board of Directors. On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and they continue to adopt the Going Concern basis of accounting in preparing the annual financial statements.

##### **Pension Costs**

The Company participates in a pension scheme providing benefits based on final pensionable pay. The assets 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. Details of the scheme are set out in note 15. 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 the contributions.

The pension scheme managers are unable to identify the underlying assets and liabilities belonging to the employees of individual group companies. Accordingly the full defined benefit or liability of the Group is recognised in the accounts of New Charter Housing Trust Limited. New Charter Building Company Limited is recharged its proportion of the employer contribution payable to the scheme for the accounting period.

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.

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

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

##### **Cashflow Statement**

The directors have taken advantage of the exemption available under Financial Reporting Standard No.1 from including a cashflow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cashflow.

##### **Turnover**

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

##### **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:

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)



NEW CHARTER BUILDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
<b>2 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On intercompany loans at a fixed rate of 5.25% (5.46% 2009) and are repayable within 30 years.	22	22
	<u>22</u>	<u>22</u>

	2011 £'000	2010 £'000
<b>3 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		
Is stated after charging:		
Depreciation	-	-
Auditors remuneration (inc VAT)		
- in their capacity as auditors	13	12
Operating lease charges (Other)	9	6
Charitable donation	800	1,071
	<u>800</u>	<u>1,071</u>

**4 DIRECTORS' EMOLUMENTS**

The remuneration paid to the Building Company Director/s, and members of the Boards of Management was:

	2011 £'000	2010 £'000
Aggregate emoluments payable to Director/s excluding pension contributions	130	153
Pension contributions payable to Director/s (including pension contributions & benefits in kind)	<u>27</u>	<u>23</u>
	<u>157</u>	<u>176</u>
Emoluments payable to the highest paid member of GMT (excluding pension contributions but includes benefits in kind)	<u>65</u>	<u>153</u>
Aggregate amount of highest paid Director's pension	<u>14</u>	<u>24</u>

**NEW CHARTER BUILDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

The Executive Director of Homes is remunerated through the Building Company, and 50% of his salary is recharged to New Charter Homes following a Group Management Team restructure, and the appointment of a new Managing Director.

<b>DIRECTORS EMOLUMENTS (continued)</b>	<b>2011</b>	<b>2010</b>
The number of directors, including the highest paid director, who received emoluments (exc pension contributions) in the following ranges were as follows:	Number	Number
£70,001 - £80,001	2	-
£150,001 - £160,000	-	1
	<u>2</u>	<u>1</u>

The Company's Operations Director is a normal member of the Greater Manchester Pension Fund scheme and does not receive enhanced rates.

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

<u>£42,766</u>	<u>£42,823</u>
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**5 EMPLOYEE INFORMATION**

	<b>2011</b>	<b>2010</b>
The average number of persons employed during the year expressed in full time equivalent employees, was:		
Management	23	22
Administrative	24	27
Direct labour	166	186
	<u>213</u>	<u>235</u>
Full time	210	230
Part time	3	5
	<u>213</u>	<u>235</u>

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs for the above persons were:		
Wages and salaries	6,416	7,130
Social security costs	486	645
Other pension costs	1,300	1,242
	<u>8,202</u>	<u>9,017</u>

NEW CHARTER BUILDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
<b>6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>		
<b>a Analysis of tax charge in the year</b>		
<b>UK corporation tax</b>		
Current tax on income for the year/period	204	94
Adjustments in respect of prior periods	4	1
	<u>208</u>	<u>95</u>
<b>Deferred tax</b>		
Accelerated capital allowances	-	6
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>6</u>
<b>Total current tax</b>	<u><u>208</u></u>	<u><u>101</u></u>

**b Factors affecting the tax charge for the year**

The tax assessed is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below :

	£'000	£'000
Surplus on ordinary activities before tax	767	355
Current tax at 28%	215	99
Effects of:		
Expenses not deductible for tax purposes	-	1
Capital allowances for period in excess of depreciation	(11)	(7)
Prior year Adjustment	4	1
<b>Current tax charge</b>	<u><u>208</u></u>	<u><u>94</u></u>

A potential deferred tax asset of £39,285 (2010 - £55,331) in relation to fixed asset timing differences has not been recognised on the basis that the timing of receipt is uncertain.

**NEW CHARTER BUILDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

**7 FIXED ASSETS - OTHER TANGIBLE ASSETS**

	<b>Plant &amp; Machinery £'000</b>	<b>IT equipment £'000</b>	<b>Furniture &amp; equipment £'000</b>	<b>Total £'000</b>
<b>COST</b>				
At 1st April 2010 and at 31 March 2011	242	18	11	271
<b>DEPRECIATION</b>				
At 1st April 2010 and at 31 March 2011	242	18	11	271
<b>NET BOOK VALUE</b>				
At 31st March 2011	-	-	-	-
<b>NET BOOK VALUE</b>				
At 31st March 2010	-	-	-	-

NEW CHARTER BUILDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
<b>8 STOCK</b>		
Raw materials and consumables	646	494
	<u>646</u>	<u>494</u>
<b>9 DEBTORS</b>		
Trade Debtors	2,541	1,923
Less Provision for bad and doubtful debts	(4)	(5)
	<u>2,537</u>	<u>1,918</u>
Amount due from parent and from fellow subsidiaries - Trade	4,011	5,100
Prepayments and accrued income	778	1,350
	<u>7,327</u>	<u>8,368</u>
<b>10 CREDITORS - Amounts falling due within one year</b>		
Amount due to parent undertakings	113	117
Amount due to fellow subsidiary undertakings	-	897
Trade creditors	2,061	2,686
Other Creditors	394	410
Other taxation and social security	403	196
Accruals and deferred income	971	1,059
	<u>3,942</u>	<u>5,365</u>
<b>11 PROVISIONS</b>		
	2011 £'000	2010 £'000
Opening Provision		
Defects Liability	189	139
Week 53 payroll	55	167
Vehicle Off-hire Damage	29	-
	<u>273</u>	<u>333</u>
Provision in year		
Defects Liability	(53)	49
Week 53 payroll	22	25
Vehicle Off-hire Damage	21	18
	<u>(10)</u>	<u>92</u>
Adjustment in year		
Defects Liability	-	-
Week 53 payroll	-	(137)
Vehicle Off-hire Damage	(16)	(16)
	<u>(16)</u>	<u>(153)</u>
Closing Provision		
Defects Liability	136	189
Week 53 payroll	77	55
Vehicle Off-hire Damage	35	29
	<u>247</u>	<u>273</u>
<b>12 CREDITORS - Amounts falling due after more than one year</b>		
Amounts owed to fellow subsidiary undertakings	411	411
	<u>411</u>	<u>411</u>

**NEW CHARTER BUILDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

**13 RESERVES**

	2,011	2,010
	£'000	£'000
As at 1st April 2010	2,814	2,560
Long Term Provisions	111	84
Designated Reserve	86	-
Profit for the year	474	254
At 31st March 2011	<u>3,484</u>	<u>2,898</u>

**14 OPERATING LEASE COMMITMENTS**

	2011	2010
	£'000	£'000
At 31st March 2011 annual commitments under non-cancellable operating leases were as follows:		
Within one year or on demand	<u>9</u>	<u>6</u>

**15 NEW CHARTER GROUP PENSION NOTE**

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 results and assumptions for the Group as at 31st March 2011 are as follows :

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 pension scheme is accounted for through the Parent Company accounts.

Valuation date	31st March 2011
Valuation method	Projected unit
Value of assets	£96,037,000
Investment return per annum	6.60%
Salary scale increases per annum	4.30%
Pension increases per annum	2.80%

The Pension contributions made by the Trust in the year to 31st March 2011 totalled **£3.586m covering 795 employees** (2010 - £3.586m, 795 employees). The employers contribution rate was 23.2% of pensionable salary. From 1st April 2011 the level of employer's contribution will increase to 22.8% of pensionable salary. The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31st March 2010 for FRS17 by a qualified independent actuary who was not an employee or officer of the Company.

The estimated Employers contributions for the year to 31st March 2012 is approximately £3,352,000.

The major assumptions used in this valuation were:

	2011	2010	2009
Rate of increase in salaries	4.30%	5.30%	5.10%
Rate of increase in pensions in payment and deferred pensions	2.80%	3.80%	3.60%
Discount rate applied on scheme liabilities	5.50%	5.50%	6.90%
Inflation assumption	2.80%	3.80%	3.60%

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 are thus inherently uncertain were:

NEW CHARTER BUILDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	Value at 2011 £000	Value at 2010 £000	Value at 2009 £000
Equities	54,979	50,253	37,643
Bonds	14,161	12,001	11,148
Other - property	4,165	4,500	5,190
Cash	9,996	8,250	5,677
Total market value of assets	83,301	75,004	59,658
Present value of scheme liabilities	96,037	127,339	68,574
Surplus/deficit in the scheme - pension asset/(liability)	-	-	-
Related deferred tax liability asset	-	-	-
Surplus/deficit in the scheme - pension asset/(liability)	<b>(12,736)</b>	<b>(52,335)</b>	<b>(8,916)</b>

A deferred tax asset has not been recognised due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

	Long term rate of return 2011	Long term rate of return 2010	Long term rate of return of return 2009
Equities	7.50%	7.80%	7.00%
Bonds	4.90%	5.00%	5.40%
Other - property	5.50%	5.80%	4.90%
Cash	4.60%	4.80%	4.00%

	2011 £'000	2010 £'000
<b>Reconciliation of defined benefit obligation</b>		
Opening Defined Benefit Obligation	127,339	67,917
Current service cost	3,017	1,707
Interest Cover	6,528	4,755
Contributions by members	971	1,021
Actuarial gain/(loss)	(27,573)	52,652
Past service cost	(12,053)	720
Losses/(Gains) on Curtailments	-	135
Actuarial gain/(loss)	(2,192)	(1,568)
Closing Defined Benefit Obligation	96,037	127,339

	2011 £'000	2010 £'000
<b>Reconciliation of Fair Value of Employer Assets</b>		
Opening Fair Value of Employer Assets	75,004	52,182
Expected return on assets	5,246	3,378
Contributions by members	971	1,021
Contributions by the employer	3,445	4,152
Actuarial gain/(loss)	827	15,839
Benefits Paid	(2,192)	(1,568)
Closing Fair Value of Employer Assets	83,301	75,004
Net closing balance	(12,736)	(52,335)

**NEW CHARTER BUILDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of pension costs charged in arriving at operating profit/(loss).</b>		
Current service cost	3,017	1,707
Past service cost	(12,053)	720
Gains/(losses) on settlements or curtailments	-	135
	<u>(9,036)</u>	<u>2,562</u>

Gains on settlements or curtailments recorded as non operating items totalled £135k and NIL respectively.

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Analysis of amounts included in other finance income/costs</b>		
Expected return on pension scheme assets	5,246	3,378
Interest on pension scheme liabilities	(6,528)	(4,755)
	<u>(1,282)</u>	<u>(1,377)</u>

**Analysis of amount recognised in statement of total recognised gains and losses**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Actual gain/loss recognised in STRGL	<u>28,400</u>	<u>(36,813)</u>
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	-	-
Cumulative Actuarial Gains and Losses	<u>(9,176)</u>	<u>(37,576)</u>

NEW CHARTER BUILDING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

History of experience gains and losses

	Year ended 31st March	Year ended 31st March	Year ended 31st March	Year ended 31st March	Year ended 31st March
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets:	827	15,839	(14,727)	(8,613)	370
Percentage of year end scheme assets	12.44%	12.44%	(21.68%)	(12.56%)	0.60%
Experience gains and losses on scheme liabilities:	9,635	-	-	896	68
Percentage of year end present value of scheme liabilities	10.03%	0.00%	0.00%	1.31%	0.10%
Total amount recognised in statement of total recognised gains and losses:	28,400	(36,813)	(6,459)	9,645	6,485
Percentage of year end present value of scheme liabilities	29.57%	28.10%	(9.50%)	14.10%	8.10%

Reconciliation to the balance sheet of the

Consolidated Group

	2011 £'000	2010 £'000	2009 £'000
Net assets excluding pension liability	125,432	111,140	96,451
Pension liability	(12,736)	(53,795)	(8,916)
Net assets including pension liability	<u>112,696</u>	<u>57,345</u>	<u>87,535</u>

**16 CHARITABLE DONATION**

A charitable donation has been made to Great Neighbourhoods, a registered charity, under "Gift Aid" for the sum of £450,000.

A charitable donation has been made to the AKSA Housing Association Limited a fellow group undertaking and registered charity, under "Gift Aid" for the sum of £100,000.

A charitable donation has been made to the New Charter Academy, a registered charity, under "Gift Aid" for the sum of £250,000. Members of the New Charter Housing Trust Board are also members of the New Charter Academy Board.

**NEW CHARTER BUILDING COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2011**

**17 ULTIMATE PARENT UNDERTAKING**

Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
Cheshire

The smallest and largest group of which New Charter Building Company Limited is a member of and which group accounts are drawn up is that headed by New Charter Housing Trust Limited. New Charter Housing Trust Limited is the ultimate controlling party of New Charter Building Limited.

**18 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.

**19 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemptions under FRS 8 from the requirement to disclose relations with the Group companies on the grounds that it is a 100% subsidiary and that the Parent entity prepares Consolidated financial statements.