



GEDLING HOMES LIMITED

Registered Charity No. 1126523

(Company Number 5975258)

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2011

GEDLING HOMES LIMITED

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GEDLING HOMES LIMITED

MEMBERS, SENIOR STAFF, ADVISORS, BANKERS AND LEAD FUNDERS

DIRECTORS

Board of Directors

Chair	Adam Jacobs
Vice Chair	Roger Palmer
Other directors	Paul Stone Ron Hodges Stephen White Doreen Richardson Lindy Mee Anne Parten RESIGNED 30/09/10 Ray Ellis APPOINTED 30/09/10 Anne Wright Jim Creamer Richard Goodwin Vernon (Vic) Bradley

Group Chief Executive

Ian Munro

Executive Officers

Group Director of Finance &
Deputy Chief Executive

Martin Frost

Group Company Secretary

Martin Frost

Managing Director of Gedling Homes

Lynn Clayton

Registered Office

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

Registered by
Company Number
Charity Number

The Tenant Services Authority [L4532]
5975258
1126523

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

Funders

Lloyds TSB

Faryners House
25 Monument Street
London
EC3R 8BQ

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2011

The Board of Directors presents its annual report and the audited accounts for the year ended 31st March 2011.

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 Directors. The Association's principal activity continues to be that of residential letting. Gedling Homes is a company limited by guarantee and is a registered charity. The Association is constituted under the memorandum and articles of Association dated 3rd November 2008.

FUTURE DEVELOPMENT

The Company took on the transfer of Gedling Borough Council's housing stock on the 3rd November 2008. 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 YEAR

Background

Gedling Homes has embraced the New Charter culture and values to improve customer satisfaction from 79% in January 2009 to 85% in 2010-11. Our Employees have benefited from the delivery of an extensive Organisation & Development plan, which has ensured that our people have the right skills to undertake their roles and has furthered our aim to ensure that more of our employees are professionally qualified. Gedling Homes secured a 3 star 'exceptional' rating in the Best Companies to work for survey and we secured 16th place in the Sunday Times Top 100 Best Companies to work for, as part of the New Charter Housing Trust Group.

In our pursuit of excellence, Gedling Homes has already won service accreditations. These include the retention of both the Code of Practice for the Centre for Housing and Support for our services to older people and a RoSPA Gold award for health and safety.

Tenants have obviously seen many improvements to their homes. Our expertise has ensured the promised £42m improvement programme continues to be delivered on time and on budget, ensuring that the Gap Funding Milestones for 2010-11 have been achieved and the funding secured. The programme will ensure that all homes meet the Gedling Tenants' Standard by 2012/13 as outlined in our offer to tenants. The programme has developed choice for the customer and ensures they are at the heart of service delivery. The service has secured 99.3% tenant satisfaction. We have continued our programme of employment of local apprentices via our constructor partners, working with local schools and the introduction of a tenant-led Resident Inspection Service and scrutiny mechanisms to

ensure that Gedling Homes meets the expectations of the regulator in relation to co-regulation and scrutiny.

We successfully procured and mobilised a new Responsive Repairs contractor in 2010-11 and this has already resulted in improved performance. Satisfaction with the service has increased substantially to around 97%.

During 2010-11 Gedling Homes introduced the Family Intervention Project. This service is provided by Gedling Homes in partnership with Nottinghamshire County Council and is supported by a successful bid for government funding. The service has resulted in a number of vulnerable families receiving support from our support workers. The project has successfully prevented the need for other more costly interventions such as Anti-Social Behaviour Orders or ultimately eviction.

Also during 2010-11 Gedling Homes has successfully redesigned the support service delivered in our Sheltered Schemes. This has delivered efficiencies within the service and provided choice for our customers.

Gedling Homes has gone from strength to strength since its creation and continues to deliver excellent customer service.

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.

GEDLING HOMES FINANCIAL REVIEW

The financial position and results for the period are set out on pages 16 to 33 of these statements.

Results for the year

Gedling Homes deficit for the year, before movements in reserves, was **£761K** which was within the approved plan.

The main reasons for the deficit were:

- 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.

Deficit/reserves

Total deficit on reserves as at 31st March 2011 was **£4.497m**, b/fwd figure **£10.424m** including the pension deficit. This balance represents the accounting deficit for the twelve months of operations and movement on the designated reserves. During the year 2009/10 there was additional major repairs expenditure because this was the first full year of trading.

Summary Balance Sheet

Gedling's Balance Sheet as at 31st March 2011 is summarised on page **18** 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 **£9.694m**. (2010 - £10,424m)

Cash flows

Cash flows are summarised on page **19**.

The principal sources of cash inflows in the year were:

- rental and other income of **£15.835m**.

The principal cash outflows were:

- operating costs of **£16.356m** (2010 - £22.298m), including the investment programme expenditure on the housing stock, of **£8.724m** (2010 - £13.672m) and
- servicing of debt of **£485k** (2010 - £322k).

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 **£11.614m** has been drawn down. The funders are Lloyds TSB and all covenants have been achieved during the year.

(Report of the Board of Directors continued)

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. That they continue to adopt the going concern, basis of accounting in preparing the annual financial statements.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP as the Company's external 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

Company law and registered social landlord regulation requires the directors to prepare financial statements for each financial period. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 of the surplus or deficit of the company for that period.

In preparing these financial statements the board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Social Landlords" (update 2008) have been followed, subject to any material departures disclosed and explained in the financial statements. This has been done.
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Board is 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 it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. It is also responsible for taking reasonable steps to safeguard the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

(Report of the Board of Directors continued)

The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice 'Accounting by Registered Social Landlords' (updated 2008).

The Board is also responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Public Benefit

The Board confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and in planning future activities.

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.

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 fraud register has been reviewed
- Confirmation action taken in respect of any significant matters identified and any supervisory action required by the TSA. (Tenant Services Authority)

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 to do so.

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 Housing Group 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 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 this year 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-Executive 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/New Charter Homes and for Gedling Homes require formal annual approval by Funders of relevant Business Plans. These approvals were given for 2010-11. Loan covenants are regularly reviewed and 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 continual improvement culture across the group.
- Culture of risk awareness developed through individual Key Work Objectives, with performance managed through regular review process.

Process for assessing and managing risk during 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 which 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 are 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 managed through ensuring 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 cash flow 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 cheque valued at £3,000)
 - 1 related to the Building Co (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 risks to good governance identified during the course of the year were identified and dealt with in a timely and satisfactory manner
- The company has 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 Directors was approved on 23th 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

23rd August 2011

Mr M Frost
Company Secretary
Gedling Homes
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 of Gedling Homes Limited for the year ended 31 March 2011 (the "financial statements") on pages 16 to 33. 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 auditors

As explained more fully in the Trustee's Responsibilities Statement set out on pages 7 to 8 the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts.

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.

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 the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Opinion on other requirement of the Companies Act 2006

In our opinion the information in the Directors' Annual 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:

- the company has not kept adequate accounting records, or the returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the trustees' 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

3 Hardman Street

Manchester

M3 3HF

2011

GEDLING HOMES
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010
		£'000	£'000
Turnover: continuing activities	2	15,836	15,908
Operating costs	2	(16,356)	(22,298)
Operating deficit: continuing activities	2	<u>(520)</u>	<u>(6,390)</u>
Net operating expenses			
Sales of Fixed Assets	4	179	-
Interest receivable and other income	5	65	19
Interest payable and similar charges	6	(485)	(322)
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(761)</u>	<u>(6,693)</u>
TAXATION			
Taxation on ordinary activities	10	-	-
DEFICIT FOR THE FINANCIAL YEAR		<u><u>(761)</u></u>	<u><u>(6,693)</u></u>

All of the above results derive from continuing operations.

The notes on pages 20 to 33 form an integral part of the financial statements.

GEDLING HOMES

FOR THE YEAR ENDED 31 MARCH 2011

		2011	2010
		£'000	£'000
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011			
Deficit for the financial year		(761)	(6,693)
Unrealised surplus on the revaluation of housing properties	17	5,197	-
Actuarial gain/(loss) relating to pension scheme	17	1,491	(1,326)
Total recognised surpluses and deficits relating to the year		<u>5,927</u>	<u>(8,019)</u>

		2011	2010
		£'000	£'000
STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2011			
Reported deficit on ordinary activities before taxation		(761)	(6,693)
Difference between the historical cost depreciation charges and the actual depreciation charge for the year calculated on the revalued amount		(3)	-
Historical cost deficit on ordinary activities before taxation		<u>(764)</u>	<u>(6,693)</u>

		2011	2010
		£'000	£'000
RECONCILIATION OF MOVEMENTS IN FUNDS FOR THE YEAR ENDED 31 MARCH 2011			
Opening total funds as at 1 April 2010		(10,424)	(2,405)
Total recognised surpluses and deficits for the year		5,927	(8,019)
Closing total funds at 31 March 2011		<u>(4,497)</u>	<u>(10,424)</u>

GEDLING HOMES

Company Reg Number: 5975258

BALANCE SHEET

AS AT 31 MARCH 2011

		2011		2010
		£'000	£'000	£'000
Fixed Assets:				
Tangible assets - housing properties	11	5,235		-
		<u>5,235</u>		<u>-</u>
Current Assets:				
Debtors	12	13,133		10,694
Debtors due after more than one year	12	42,882		54,296
Cash at Bank		3,175		835
		<u>59,190</u>		<u>65,825</u>
Creditors:				
Amounts falling due within one year	13	<u>(2,311)</u>		<u>(3,637)</u>
NET CURRENT ASSETS			56,879	62,188
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>62,114</u>	<u>62,188</u>
Creditors:				
Amounts falling due after more than one year	14		11,452	7,237
Provision for liabilities and charges	16		55,190	63,915
Net pension liability			(31)	1,460
Capital and reserves:				
Revaluation Reserve	17	5,197		-
Revenue reserve	17	<u>(9,694)</u>		<u>(10,424)</u>
COMPANY DEFICIT			(4,497)	(10,424)
			<u>62,114</u>	<u>62,188</u>

The notes on pages 20 to 33 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board on the 23rd August 2011 and signed on its behalf by:

A Jacobs

(Chair)

M Frost

(Company Secretary)

GEDLING HOMES

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

		2011 £'000	2010 £'000
Net cash outflow from operating activities	18	(1,491)	(4,980)
Returns on investments and servicing of finance			
Interest received	65		19
Interest paid	<u>(485)</u>	<u>(420)</u>	<u>(303)</u>
Taxation paid		-	-
Capital expenditure			
Acquisition and construction of housing properties		(142)	-
Sales of fixed assets	4	<u>179</u>	<u>-</u>
		37	-
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>(1,874)</u>	<u>(5,283)</u>
FINANCING			
Loans advances received		4,215	3,794
		4,215	3,794
INCREASE/(DECREASE) IN CASH IN THE PERIOD		<u><u>2,341</u></u>	<u><u>(1,489)</u></u>

The notes on pages 20 to 33 form an integral part of the financial statements.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2011

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 key 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 and applicable Accounting Standards. Under the requirements of the SORP capital grants are shown as a deduction from the cost of housing properties on the Balance Sheet. This is a departure from the rules under companies legislation, but in the opinion of the Board is a relevant accounting policy, similar to that adopted by other Housing Associations in order to present a true and fair view.

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. That they continue to adopt the Going Concern basis of accounting in preparing the annual financial

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 Nottinghamshire County Council where income is received monthly and a home contents insurance scheme where tenants are charged weekly. There is also recognition for the receipt of Gap funding, subject to the achievement of agreed milestones, for works carried out in the development agreement.

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 (FRS11) Impairment of Fixed Assets and Goodwill, for assets with a remaining economic life greater than 50 years an impairment review is undertaken. For those assets with a lower economic life, an impairment review is undertaken where there is an indication 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.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2011

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 year as no funds were received.

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. Currently there are no tangible fixed assets

Pension Costs

The Company operates a defined benefit pension scheme based on final pensionable salary. Details of the scheme are set out in note 21, contributions from the Company 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 Company 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.

Currently there are no defined contribution schemes in place.

VAT

New Charter Housing Trust Group of which Gedling Homes is a member of 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	2011		2010	
	Turnover £'000	Operating costs £'000	Operating costs £'000	Operating deficit £'000
Income and expenditure from social housing lettings				
Social housing lettings	15,484	16,254	22,298	(6,761)
	15,484	16,254	22,298	(6,761)
<i>See Note 3 for further detail.</i>				
Income and expenditure from other social housing activities.				
Other Rental	352	102	-	371
	352	102	-	371
	15,836	16,356	22,298	(6,390)

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

3 TURNOVER, OPERATING COSTS AND OPERATING DEFICIT (Continued)
PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2011		2010	
	General needs £'000	Total £'000	General needs £'000	Total £'000
INCOME				
Rent receivable (net of voids)	10,097	10,097	9,541	9,541
Charges for Support Services	362	362	356	356
Service charges	667	667	651	651
Net rental income	<u>11,126</u>	<u>11,126</u>	<u>10,548</u>	<u>10,548</u>
Other Income	116	116	616	616
GAAP Funding	2,780	2,780	2,750	2,750
VAT Shelter	1,462	1,462	1,623	1,623
	<u>15,484</u>	<u>15,484</u>	<u>15,537</u>	<u>15,537</u>
EXPENDITURE				
Management Services	4,783	4,783	5,300	5,300
Routine maintenance	647	647	671	671
Planned maintenance	1,676	1,676	2,004	2,004
Major repairs expenditure	460	460	511	511
Bad debts	8,593	8,593	13,672	13,672
Depreciation of housing properties	(9)	(9)	140	140
	104	104	-	-
Operating costs on social housing lettings	<u>16,254</u>	<u>16,254</u>	<u>22,298</u>	<u>22,298</u>
Operating deficit on social housing lettings	<u>(770)</u>	<u>(770)</u>	<u>(6,761)</u>	<u>(6,761)</u>
Void Losses	<u>(333)</u>	<u>(333)</u>	<u>(397)</u>	<u>(397)</u>

Service Charge income is fully eligible for Housing Benefit.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£'000	£'000
4 SALE OF FIXED ASSETS		
No Sales of Fixed Assets		
Proceeds of sale	436	-
Less: Cost of sales	(257)	-
	179	-
	2011	2010
	£'000	£'000
5 INTEREST RECEIVABLE AND OTHER INCOME		
Inter company loan interest receivable	4	11
Income receivable from money market investments	61	8
	65	19
	2011	2010
	£'000	£'000
6 INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans, overdrafts and other loans	483	322
Other pension costs	2	-
	485	322
	2011	2010
	£'000	£'000
7 DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Is stated after charging:		
Depreciation	107	-
Auditor remuneration (inc VAT)		
- in their capacity as auditor	15	15
	122	15
8 DIRECTORS EMOLUMENTS		
Aggregate emoluments payable to Managing Director (including pension contributions & benefits in kind)	114	113
Emoluments payable to the Managing Director (excluding pension contributions but includes benefits in kind)	95	94
	19	19
Aggregate amount of highest paid director's pension, who is also the highest paid director	19	19
	19	19

The Managing Director is a member of the Nottinghamshire Local Government Pension Scheme.
The Board of Directors act in a voluntary capacity as they are not remunerated.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

9 EMPLOYEE INFORMATION

	2011	2010
The average number of persons employed during the year		
Management / Director	1	1
Administrative	10	10
Financial services	10	9
Operational housing services	67	66
	<u>88</u>	<u>86</u>

	2011	2010
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	1,720	1,690
Social security costs	129	122
Other pension costs	285	294
	<u>2,134</u>	<u>2,106</u>

10 TAXATION ON SURPLUS ON ORDINARY ACTIVITIES

No tax is payable on its charitable activities due to the charitable status of the Association.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

11 TANGIBLE FIXED ASSETS - FREEHOLD HOUSING PROPERTIES

	Total social housing properties held for letting £'000	Total social housing properties under construction £'000	Total £'000
COST OR VALUATION			
As at 1st April 2010			
Additions	11	11	
Works to existing properties	131	131	
Valuation adjustment	5,093	5,093	
Disposals	-	-	
At 31st March 2011	5,235	5,235	5,235
DEPRECIATION			
At 1st April 2010	-	-	
Charge for year	107	-	107
Released on disposals	-	-	
Valuation adjustment	(107)	-	(107)
At 31st March 2011	-	-	-
Net book value			
AT 31st March 2011	5,235	-	5,235
AT 31st March 2010	-	-	-

Improvement expenditure capitalised is £131k (expensed as Operating Costs: £8,593m). Total expenditure £8,724m. The revalued amounts have been included based on the valuation for Existing Use Value (Social Housing) assuming target rents.

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

11 Tangible fixed assets - properties (continued)

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 31st March 2011 and the valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

	£'000
Completed properties at valuation	5,235
Housing properties under construction at cost net of SHG and other grants	-
	<u>5,235</u>

The reconciliation between the historical cost and the revaluation amount of properties as at 31st March 2011 is as follows:

	2011	2010
	£'000	£'000
Historical cost	142	-
Social housing grant	-	-
Depreciation	(104)	-
Revaluation Reserve	5,197	-
	<u>5,235</u>	<u>-</u>

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£'000	£'000
12 DEBTORS		
Arrears of rent and service charges	422	320
less Provision for bad and doubtful debts	<u>(201)</u>	<u>(232)</u>
	221	88
Trade Debtors	201	275
less Provision for bad and doubtful debts	<u>(74)</u>	<u>(139)</u>
	127	136
Amount due from parent and from fellow subsidiaries - Trade	367	748
Prepayments and accrued income	-	2
Other debtors	12,418	9,720
Total due within one year	<u>13,133</u>	<u>10,694</u>
Due after more than one year	42,882	54,296
Total Debtors	<u><u>56,015</u></u>	<u><u>64,990</u></u>

The debtor due after more than one year represents £42.882m obligation to have refurbishment work carried out to the properties transferred to Gedling Homes net of £12.309m budgeted to be spent 2011-2012 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 16. The debtor will reduce as the Company completes the contracted work.

	2011	2010
	£'000	£'000
13 CREDITORS - Amounts falling due within one year		
Amount due to fellow subsidiary undertakings	448	1,000
Trade creditors	97	121
Accruals and deferred income	352	186
Repairs and Maintenance Accruals	1,304	2,201
Rent and service charges received in advance	110	129
	<u>2,311</u>	<u>3,637</u>

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2011 £'000	2010 £'000
14 CREDITORS - Amounts falling due after more than one year		
Housing and development loans	11,452	7,237
	<u>11,452</u>	<u>7,237</u>

	2011 £'000	2010 £'000
15 LOANS		
	Housing Loans by instalments	Housing Loans by instalments
Loan arrangement fee	(175)	(175)
Less: Amortisation	13	7
In more than five years	11,614	7,405
	<u>11,452</u>	<u>7,237</u>

The housing loans are drawn down from total facilities for Gedling Homes Limited of £35m. Of the £11.614m drawdown from Lloyds TSB £6,861m was on fixed rates and £4,753m was on variable rates at year end. 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.

	2011 £'000	2010 £'000
16 PROVISION for Liabilities and Charges		
Opening Balance as at 1st April 2010	63,915	77,196
Less:		
Income & Expenditure Account - Investment expenditure	8,725	13,281
	<u>55,190</u>	<u>63,915</u>

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.

	Revaluation Reserve Housing Properties £'000	Revenue Reserves £'000	Total reserves £'000
17 RESERVES			
As at 1st April 2010	-	(10,424)	(10,424)
Deficit for the year	-	(761)	(761)
Surplus on revaluation of properties	5,200	-	5,200
Deficit arising on revaluation	(3)	-	(3)
Actuarial deficit relating to pension scheme	-	1,491	1,491
At 31st March 2011	<u>5,197</u>	<u>(9,694)</u>	<u>(4,497)</u>

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

18 NOTES TO THE CASHFLOW STATEMENT

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

	2011 £'000	2010 £'000
Operating deficit	(520)	(6,390)
Depreciation charges	104	-
Change in debtors	8,975	13,316
Change in creditors	(10,050)	(11,906)
Net cash inflow from operating activities	<u>(1,491)</u>	<u>(4,980)</u>

b Reconciliation of net cash outflow to movement in net debt

	2011 £'000	2010 £'000
Movement in cash in year	2,340	(1,489)
Change in net debt resulting from cash flows	(4,215)	(3,795)
Change in net debt	<u>(1,875)</u>	<u>(5,284)</u>
Net debt at 1 April	(6,402)	(1,118)
Net debt at 31 March	<u>(8,277)</u>	<u>(6,402)</u>

c Analysis of changes in net debt

	At 31st March		At 31st March
	2010 £'000	Cash Flows £'000	2011 £'000
Cash at bank and in hand	835	2,340	3,175
Changes in cash	<u>835</u>	<u>2,340</u>	<u>3,175</u>
Debt due within one year	-	-	-
Debt due after one year	(7,237)	(4,215)	(11,452)
Changes in debt	<u>(7,237)</u>	<u>(4,215)</u>	<u>(11,452)</u>
Change in net debt	<u>(6,402)</u>	<u>(1,875)</u>	<u>(8,277)</u>

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

19 CAPITAL COMMITMENTS		2011	2010
		£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements.		12,309	10,839
Capital expenditure that has been authorised by the Board of Directors, but has not yet been contracted for		6,692	19,001

20 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 2011 are as follows :

Valuation date	31st March 2011
Valuation Method	Projected unit
Salary scale increases per annum	5.00%
Pension increases per annum	2.70%

The Pension contributions made by the Gedling Homes in the year to 31st March 2010 totalled £282,605.23 covering 61 employees.

The employer's contribution rate was 23.6% of pensionable salary. From 1st April 2011 the level of employer's contribution will be 21.6%

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:

	March 2011	March 2010
Rate of increase in salaries	5.00%	5.40%
Rate of increase in pensions in payment and deferred pensions	2.70%	3.90%
Discount rate applied on scheme liabilities	5.50%	5.50%
Inflation assumption RPI	3.50%	3.90%
Inflation assumption CPI	2.70%	n/a

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 estimated asset allocation for Gedling Homes as at 31st March 2011 is as follows:-

	2011 £000	2011 £000	2010 £000	2010 £000
Equities	3,055	73.00%	3,000	73.00%
Gilts	293	7.00%	699	17.00%
Property	502	12.00%	247	6.00%
Cash	167	4.00%	164	4.00%
Other Bonds	167	4.00%		
	4,184	100%	4,110	100%
			2011	2010
			£000	£000
Present value of funded obligation			4,153	5,570
Fair Value of Scheme Assets (bid value)			4,184	4,110
Net pension asset/(liability)			31	(1,460)

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	Long term rate of return 2011	Long term rate of return 2010
Equities	7.30%	7.40%
Gilts	4.40%	4.50%
Bonds	5.50%	0.00%
Other - property	6.80%	6.90%
Cash	3.00%	3.00%
	2011	2010
	£'000	£'000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation transferred in	5,570	2,864
Current service cost	303	197
Interest Cover	253	200
Contributions by members	79	78
Actuarial gain/(loss)	(1,629)	2,190
Past service cost	(337)	-
Losses/(Gains) on Curtailments	17	60
Estimated benefits paid (net of transfers in)	(103)	(19)
	<u>4,153</u>	<u>5,570</u>
Closing Defined Benefit Obligation	4,153	5,570
	2011	2010
	£'000	£'000
Movement of fair value of Scheme assets at end of period		
Opening Fair Value of Employer Assets transferred in	4,110	2,735
Expected return on Assets	251	156
Contributions by members	79	78
Contributions by the Employer	306	283
Actuarial gain/(loss)	(459)	877
Estimated benefits paid including unfunded benefits	(103)	(19)
	<u>4,184</u>	<u>4,110</u>
Fair value of Scheme assets at end of period	4,184	4,110
	2011	2010
	£'000	£'000
Analysis of other pension costs charged in arriving at operating profit/loss		
Current service cost	303	197
	<u>303</u>	<u>197</u>
	2011	2010
	£'000	£'000
Analysis of amounts included in other finance income/costs		
Expected return on pension scheme assets	251	156
Interest on pension scheme liabilities	(253)	(200)
	<u>(2)</u>	<u>(44)</u>
	2011	2010
	£'000	£'000
Analysis of amount recognised in statement of total recognised gains and losses		
Actual return less expected return on scheme assets	(459)	877
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of scheme liabilities	1,629	(2,190)
	<u>1,170</u>	<u>(1,313)</u>
Actuarial deficit recognised in statement of total recognised gains and losses	1,170	(1,313)
	2011	2010
	£'000	£'000
Reconciliation to the balance sheet		
Net assets excluding pension liability	(761)	(10,290)
Actuarial gain/(loss) recognised in the pension scheme	31	(134)
	<u>(730)</u>	<u>(10,424)</u>
Net assets including pension liability	(730)	(10,424)

GEDLING HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

21 LEGISLATIVE PROVISIONS

The Association is registered with the Tenant Services Authority under the Housing & Regeneration Act 2008. Registration L4532

22 HOUSING STOCK

	2011	2010
	No.	No.
Dwellings owned and in management:		
General needs	3,355	3,362
	<u>3,355</u>	<u>3,362</u>

23 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.

24 ULTIMATE PARENT UNDERTAKING

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

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

Copies of the financial statements of New Charter Housing Trust which include the results of the Company, can be obtained from the registered office at the address above. No other accounts include the results of this company.

25 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. The Company has Local Authority Board Members and due to the nature of the relationship with Gedling Borough Council, would like to acknowledge them as a related party. These Members do not influence any contracts between the Company and the Council.

The Company has tenant Board Members which are charged rent for their property at arms length and do not benefit from any favourable terms.