

NEW CHARTER HOUSING TRUST LIMITED

REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

Company Number 03807262 (up to 23rd January 2018)
Cooperative & Community Benefit Society Number RS007703 (from 23rd January 2018)

Regulator of Social Housing Number LH4265

New Charter Housing Trust Limited

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New Charter Housing Trust Limited

COMPANY INFORMATION

Directors

Chair	Fay Selvan	
Vice-Chair	Mark Dunford	
Board Members	Gerald Cooney	Resigned 31 st March 2018
	Terri Farrow	Resigned 31 st March 2018
	Bridget Groarke	
	Madan Lal Jassi	Resigned 31 st March 2018
	Ian Munro	Resigned 31 st March 2018
	Georgia Parker	Resigned 30 th June 2017
	Kieran Quinn	Resigned 25 th December 2017
	Tim Ryan	Appointed 1 st April 2017 (previously co-optee)
	Michael Taylor (co-optee)	Resigned 31 st March 2018
	Geoff Durbin	
Gillian Brown	Appointed 19 th July 2017	
Group Chief Executive	Ian Munro	Resigned 3 rd April 2018
	Hilary Roberts	Appointed 3 rd April 2018

Registered Office

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

External Auditor

BDO LLP
3 Hardman Street
Manchester
M3 3AT

Principal Bankers

Natwest Bank
Warrington Street
Ashton-under-Lyne
OL6 6JL

Funding Facilities

Nationwide Building Society	Royal Bank of Scotland	Lloyds TSB
Kings Park Road	7th Floor	Lloyds TSB
Moulton Park	135 Bishopsgate	25 Monument Street
Northampton	London	London
NN3 6NW	EC2M 3UR	EC3R 8BQ

Statutory Information

Company Number 03807262 (up to 23rd January 2018)
Cooperative & Community Benefit Society Number RS007703 (from 23rd January 2018)
Regulator of Social Housing Number LH4265

New Charter Housing Trust Limited

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

New Charter Housing Trust Limited (Parent Company) was a company limited by guarantee. On 23rd January 2018 the company registered as a Cooperative & Community Benefit Society registered with the FCA. It is also a Registered Provider (RP) of social housing and is regulated by the Regulator of Social Housing (HCA).

The principal activity of the Company and Group is to provide rented housing and associated facilities and amenities. The Group, through its subsidiaries, which include New Charter Homes, Gedling Homes, Aksa Housing Association (now trading as Aksa Homes), Threshold Housing Project, Great Neighbourhoods, Cavendish Property Developments and Family Support Charity, directly offers a range of housing and related services. Significant construction related activity is undertaken by New Charter Building Company. On 31st December 2017 Quest Media Network and Piccolo Communications left the New Charter Group.

On 3rd April 2018, there was a transfer of engagements of all the trade and assets, including ownership of all subsidiary undertakings, from New Charter Housing Trust to Adactus Housing Group. Following this Adactus Housing Group changed its names to Jigsaw Homes Group Limited.

RESULTS AND PERFORMANCE

Review of performance for the year has been included within the Strategic Report on page 8.

BOARD MEMBERS

The Board of New Charter Housing Trust is responsible for exercising all the powers of the organisation, controlling strategic direction and setting its policy framework.

The Board reserves a number of matters for its own consideration where those matters impact on strategic direction and effective oversight, including corporate governance, property development and finance and approval of the budget and business plan.

The members of the Board have a range of skills and experience enabling them to make effective decisions and monitor organisational performance with the prevailing regulatory environment. To facilitate this, the Board has met 7 times during the period, all meetings have attained the necessary quorum and decision making has remained in line with New Charter Group Rules.

To ensure the board maintain and enhance their individual and collective skills to best meet the evolving needs of the organisation, Board Members have taken part in an annual appraisal exercise and a comprehensive Board effectiveness review (as required every 3 years); this included an independent observation of the Board. This informed the Group Governance Plan and has resulted in a targeted training and development programme for the Board. Details of Board Members who served during the year can be found on page 2.

GOVERNANCE

New Charter Housing Trust Ltd has overall responsibility for the governance of the Group and carries greater responsibility for ensuring not only its own Board but all the Boards within the Group support compliance with governance and regulatory requirements. It is acknowledged that certain aspects of the adopted Codes of Governance and Conduct may not be applicable to the Group's non-registered provider subsidiaries however these subsidiaries will endeavour to operate within the spirit of the Codes.

The Group is pleased to confirm compliance with the Regulatory Framework and its adopted Codes - the NHF Code of Governance and the NHF Code of Conduct for Members with the following exceptions:

- The Group Board constitution allows for 11 Board Members plus 3 co-optee positions. As reported previously the Board is satisfied that there is justification for non-compliance as co-opted positions are used by the Board to aid succession planning but also to ensure the board has the appropriate skills to control the Group's diversified areas of business and effectively manage risk.

New Charter Housing Trust Limited

DIRECTORS' REPORT

GOVERNANCE (continued)

- The Gedling Homes Board constitution allows for 12 Board Members plus 3 co-optee positions, this was the standard composition at the time of transfer. The Gedling Homes Board has informally reduced the size of its Board to 9 Board Members plus 1 co-optee. The intention was to formally conclude this in 2016-17 however this will now be addressed during 2018/19.

The Group has adopted the Voluntary Merger Code produced by the NHF – Mergers, Group Structures and Partnerships: A Voluntary Code for Housing Associations.

The Group has also published on its website an Anti-Slavery and Human Trafficking Policy and Statement in accordance with the Modern Slavery Act 2015.

MERGER

During the year, merger discussions with Adactus Housing Group continued to advance to the point that in June 2017, the boards of both Adactus and New Charter approved a business case for merger.

Subsequent due diligence work identified no material issues and following necessary legal work, consents and approvals, the merger by way of a receipt of transfer of engagements was completed on 3rd April 2018.

This represents a step change for both legacy organisations in terms of their strategic impact and their ability to derive greater value from their combined asset bases, skills and expertise.

The anticipated outcomes of the business case for the merger are highlighted below:

- A common strong social purpose with aligned vision and values extending beyond housing.
- Stronger services aligned to the needs of tenants and customers.
- An organisation with a highly engaged, motivated and skilled workforce.
- A step-change in influence and strategic impact within current areas of operation and nationally.
- Well placed to make the most of opportunities arising from devolution, particularly in a Greater Manchester context.
- Adoption of best practice approaches to service delivery from two award winning organisations.
- Savings of at least £3m per annum achieved within 3 years.
- Savings of at least £10m per annum achieved within 5 years.
- Additional capacity to respond to risks and opportunities arising in an uncertain environment.
- Additional capacity from efficiency savings to provide at least 130 additional new homes every year, with further capacity being generated following a future refinancing.
- Additional capacity to regenerate and invest in communities.
- A commitment to place-based working where the organisation can make a significant impact.
- An organisation with a strong community focus.

GRENFELL TOWER

Following the tragic fire at Grenfell Tower we have acted swiftly to establish the exact specification of cladding to our high rise buildings and in doing so to reassure our customers residing in our high rise properties. All our tower blocks are clad using an External Wall Insulation system and none are suspected of containing Aluminium Composite Materials. We have carried out visual inspections to confirm this assumption and in addition to this we have undertaken core sample surveys of each of our 4 tower block buildings. The results of these surveys have confirmed that each system is constructed using a recognised system. This system is regarded as low risk by DCLG and as a result has not been called for testing and no further actions are required. Prudently, we are also having all of our Fire Risk Assessments updated using an external fire safety expert.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses various financial instruments, including loans and cash, and other items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks. The main risks arising from these financial instruments are interest rate risk, liquidity risk and credit risk.

New Charter Housing Trust Limited

DIRECTORS' REPORT

Interest rate risk

The Group finances its operations through bank borrowings. The Group's exposure to interest fluctuations on its borrowings is managed by the use of both fixed and variable rate facilities.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably.

Credit risk

The Group's principal credit risk relates to tenant arrears. This risk is managed by providing support for tenants and closely monitoring arrears and bad debts. Welfare Reform and resulting changes to the benefits system has been identified as a key risk, and extensive work has continued throughout the year to minimise the potential impact.

EMPLOYMENT PRACTICES

The New Charter Housing Group adhere to Group wide employment practices. The Group Diversity and Inclusion 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 Diversity and Inclusion 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. All Managers who undertake recruitment activity undertake Recruitment & Selection Training to ensure that there is a consistent approach to the application of fair process and procedure. Any roles that require a DBS check are carried out prior to employment and the organisation has a policy on which roles are included and how this will be done.

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.

Employment practices are reviewed as appropriate to ensure compliance with current legislation. 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.

The Group has published its anti-slavery and human trafficking policy statement which can be easily accessed on the public website. We have a zero tolerance to slavery and human trafficking and are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. A number of policies and procedures are in place as part of our risk management and due diligence to prevent this from happening within the organisation. The Group published its Gender Pay Report for 2017/18 and has reported a mean gender pay gap of 8.4%. An action plan is in place to try to close the gender pay gap which includes investing in the Springboard Development Programme for Women, creating a working group of men and women to discuss what they perceive the barriers to be and how these can be overcome, and thirdly continuing to support flexible working as a way of encouraging women to return to work from maternity leave and to keep them in work once they have returned.

GOING CONCERN

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

The Group has in place a long-term debt facility, which provides adequate resources to finance the investment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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DIRECTORS' REPORT

GOING CONCERN (continued)

On 3 April 2018 the company transferred its entire trade, assets and liabilities to Adactus Housing Group via a transfer of engagement as part of a merger transaction to form the Jigsaw Homes Group. From this date New Charter Housing Trust Limited ceased to trade and is therefore no longer a going concern. These financial statements in respect of the company only have not therefore been prepared on a going concern basis, no adjustments arose in preparing the company accounts on this basis.

INTERNAL CONTROLS ASSURANCE

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1 April 2017; up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A sophisticated approach to treasury management which is subject to external review, at a Group level, on an annual basis.
- Regular monitoring of loan covenants and requirements of new loan facilities.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Board approved terms of reference and delegated authorities for Group Committees.
- Board approved whistle-blowing, anti-corruption and fraud policies; covering prevention, detection and reporting, together with recoverability of assets.
- Regular reporting to the Group's Boards on key business objectives, targets and outcomes.
- Formal recruitment, retention, training and development policies for all staff.

A fraud register has been maintained and reviewed by the Risk & Assurance Committee at each meeting. During the year there have been a small number of minor frauds/attempted frauds against the Group. Reporting to the regulator has taken place in accordance with their requirements.

The Board cannot delegate ultimate responsibility for the system of internal control, but delegated authority was given to the Risk and Assurance Committee to regularly review the effectiveness of the system of internal control across the Group. Minutes of the Risk and Assurance Committee meetings were made available to Board.

The Risk and Audit Committee has received the Group Chief Executive's annual review of the effectiveness of the system of internal control for the Group and the annual report of the Group's Internal Auditor and has reported its findings to the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and

New Charter Housing Trust Limited

DIRECTORS' REPORT

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association'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 Association's auditors are aware of that information.

AUDITOR

BDO LLP indicated its willingness to continue in office.

By the order of the board



Fay Selvan
Chair
New Charter Housing Trust Group
12th September 2018

New Charter Housing Trust Limited

STRATEGIC REPORT

The Directors present the financial statements of the Company for the year ended 31 March 2018.

GROUP FINANCIAL REVIEW

The financial position and results for the period are set out on pages 21 to 63 of these statements.

Results for the year

The Group's surplus for the year, excluding actuarial pension movements, was **£5.555m**. This compares with a surplus of **£9.881m** in the previous year. The movement compared to the prior year is due to the increase in revenue major repairs works; this is principally in relation to fire safety works carried out in the year. In addition to this there has been an increase in pension costs from the FRS102 adjustments (£3.2m).

Statement of Financial Position

The Group's Consolidated Statement of Financial Position as at 31 March 2018 is summarised on page 25 of these financial statements.

The Group continues to see an increase in Housing Properties in the Statement of Financial Position; this is due to continued development in new assets (**£26.424m**) and work on existing units (**£8.608m**). This is then off set by the depreciation charge in the year.

The Group is primarily a debt funded organisation and has a facility of **£415m** to be repaid over 30 years. Funds are drawn down in accordance with the Group's Business Plans, which are updated and approved annually. This is made up of facilities for New Charter Homes of **£350m**, Gedling Homes of **£35m** and a facility of **£30m** for Akxa Homes. The financial statements demonstrate a net current asset position of **£27.556m** as at 31 March 2018 (2017 – net current asset £29.781m).

The total defined benefit pension liability of **£43.674m**, which is **£42.186m** for New Charter (New Charter Housing Trust, New Charter Homes and New Charter Building Company) and **£1.488m** for Gedling Homes (2017 - £43.626m; £42.271m for New Charter, £1.355m for Gedling Homes) is shown on the face of the Balance Sheet.

Reserves

Total reserves as at 31 March 2018 were **£183.033m** (2017 - £173.513m). The movement reflecting the surplus for the year in addition to the actuarial gain on defined benefit pension schemes of **£4.121m**, largely as a result of an decrease in the discount rate applied to scheme liabilities.

The company is showing a negative reserves position of **£43.116m** (2017 - £44.455m), principally due to the main defined benefit pension scheme liability being shown in the parent entity.

Cash flows

The Group's consolidated cash flows are summarised on page 27.

Operating cash inflows during the year were **£40.726** (2017 - £48.631) reflecting the decreased surplus noted above, and the movement in Debtors and Creditors in the year.

Cash flows from investing activities were an outflow of **£31.408m** (2017 – outflow of £20.192m) due to a higher level of capital expenditure in the year compared to 2016/17.

Cash flows from financing activities were an outflow of **£18.994m** (2017 – outflow of £22.632m). This reflects a similar level of interest payable in both years, with loan repayments of £3.197m in 2016/17.

The Group ended the year with cash balances of **£32.719m** (2017 - £42.388m).

New Charter Housing Trust Limited

STRATEGIC REPORT

GROUP FINANCIAL REVIEW (continued)

Capital structure and treasury policy

The Group's financial strategy is underpinned by its Business Plans, which have been used to secure long term funding, over a thirty year period, from a mix of lenders, including the Nationwide Building Society, Royal Bank of Scotland and Lloyds Banking Group.

The funding profile (amounting in total to a facility for the transfer element of the Group of **£415m**), reflects the fact that in the initial years of the Group, accrued deficits were recorded, as the repairs, maintenance and improvement programme was undertaken. Thereafter, surpluses have been and will continue to be generated thereby enabling the repayment of all outstanding loans.

Long-term borrowings for New Charter (New Charter Housing Trust and New Charter Homes) for the year-end totalled **£326.550m** (2017 - £326.550m), for Aksa Homes **£23.785m** (2017 - £24.324m) and Gedling Homes **£22.682m** (2017 - £21.197m)

Quarterly monitoring of the business is exercised by funders, by the application of a series of loan covenant requirements. These relate to the basic drivers of the business and include tests on income, expenditure, interest, the security valuation of the Group's assets and in summary reflects the fact that cashflow is the predominant issue.

The Directors are pleased to report that during the period all tests applied by funders on a Group wide basis were fully met.

The Group continues to maintain a prudent approach towards the management of its loan portfolio and at the year-end had **86%** of its debt on a fixed rate basis, leaving it relatively well protected against potential adverse movements in interest rates.

The Board reviews and approves the Treasury Management Policy during the course of the financial year.

REVIEW OF THE YEAR

Vision and Values

The Group's Vision is GREAT HOMES, GREAT NEIGHBOURHOODS, GREAT PEOPLE. Our people continue to understand this and its simplicity frames work with customers and partner agencies. Our Vision with no time limit is we will:

- remain a leading social business, supporting individuals and building communities;
- continue to be providing outstanding landlord services;
- continue to be viable, well governed and well regarded by any relevant regulatory regime;
- be a partner of choice and be influential;
- be financially strong, making maximum use of new and existing assets in the delivery of our vision;
- own or manage 30,000 homes, an ambition that can only be achieved through mergers with like-minded organisations;
- offer a range of rental products which will include solutions for the most marginalised of customers;
- be providing a fantastic customer experience;
- continue to respond to the challenges offered by public expenditure reductions and welfare reform;
- research, create and develop new business opportunities;
- make effective use of additional resources driven out of effective use of our asset base; and
- provide greater innovation in the way customers are involved in scrutiny and direction of our business and ensuring greater accountability.

New Charter Housing Trust Limited

STRATEGIC REPORT

REVIEW OF THE YEAR (continued)

Vision and Values (continued)

At New Charter, we recognise how we work influences our ability to do what we want to as effectively as possible. Therefore, we will ensure that our ways of working and relationships with others reflect our five GREAT Values –

- ‘Genuine’ – we care that we’re being genuine and honest with people;
- ‘Respect’ – we value people’s differences and are considerate to their needs;
- ‘Excellence’ – we enjoy being the best and encourage innovation to always improve;
- ‘Achievement’ – we’re proud to be a learning organisation and celebrate the personal development of our people; and
- ‘Together’ – we work collectively to achieve the best results.

Performance and Achievements in the Year

Corporate Plan Objective	Achievements in 2017/18
<p>Remain a leading social business, supporting individuals and building communities</p>	<p>We have continued to facilitate and support our 24 Resident Associations and 10 social/garden groups at New Charter Homes; the focus this year has been on investing time and resources training members to empower them to improve their own communities. The majority of our groups are concentrating on project work, ensuring that there are community activities and initiatives to engage residents, reduce social isolation, improve health and wellbeing and improve their neighbourhoods</p> <p>Launch of Jigsaw rewards an exciting new portal for residents to give regular feedback on our services and plans for the future. In return residents will receive points which can be exchanged for gift vouchers or credits on their bank accounts.</p>
<p>Continue to be providing outstanding landlord services</p>	<p>High level of customer satisfaction.</p> <p>Overall Satisfaction with repairs;</p> <p style="padding-left: 40px;">91% (New Charter Homes)</p> <p style="padding-left: 40px;">88% (Aksa Homes)</p> <p style="padding-left: 40px;">84% (Gedling Homes)</p>
<p>Continue to be viable, well governed and well regarded by any relevant regulatory regime</p>	<p>Homes and Communities Agency (now the Regulator of Social Housing (RSH)) awarded governance and financial viability ratings at GI and VI – the highest ratings possible.</p>
<p>Be a partner of choice and be influential</p>	<p>New Charter Homes is the lead organisation for the Building Better Opportunities programme.</p> <p>Throughout the Group work continues with Various Local Authorities and agencies in improving the lives of people.</p>

New Charter Housing Trust Limited

STRATEGIC REPORT

REVIEW OF THE YEAR (continued)

Performance and Achievements in the Year (continued)

Corporate Plan Objective	Achievements in 2017/18
Be financially strong, making maximum use of new and existing assets in the delivery of our vision	<p>During the year we were re-assessed by the Credit Rating agency Moody's and they assessed the Group as 'A3 – outlook stable'. This remains a positive assessment and in-keeping with our peers.</p> <p>The implementation of an asset management performance tool which will support our strategy of looking at how we can maximise resources to deliver community benefits.</p>
Working toward 30,000 homes in ownership or management	<p>93 new build homes completed for New Charter Homes, with a further 3 properties acquired from other registered providers, mortgage rescue, Right To Buy Backs and empty homes.</p> <p>In addition to this Aksa started on 2 sites totalling 65 units.</p> <p>The merger with Adactus has created a new group with >30,000 units.</p>

GREAT Homes, GREAT Neighbourhoods, GREAT People

GREAT Homes

The Group continues to develop new units.

- New Charter Homes: 3 units acquired and 93 newly built homes with grant
- Gedling Homes: 65 units completed
- Aksa: Started on site developing 65 New Homes including 13 Share Ownership properties

The Group's first outright sale scheme continues to progress with strong interest from the general public on the units being developed.

The Group continues to be the lead partner in the JV North Consortium, a joint venture company set up to ensure efficient house building and development across a group of housing associations.

Throughout the year the Group has continued to invest in the homes of its tenants.

New Charter Group continues to invest in the existing units with £16.512m through the investment programme. In addition to this £17.945m was spent on other repairs and planned maintenance.

A review of assets is currently ongoing across the Group as part of the Asset Performance Evaluation and Option Appraisals programme, in order to assess the performance of assets and how they could be improved.

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STRATEGIC REPORT

REVIEW OF THE YEAR (continued)

GREAT Neighbourhoods

In December 2016 we launched our new plans for New Charter Homes & Aksa Homes to our customers and stakeholders. The 37 new Neighbourhood plans are a star-rated MASTARPLAN to help improve issues that matter such as crime, unemployment, health and the desirability of an area. The plans also look at the satisfaction of residents, anti-social behaviour and the amount of rent arrears in a Neighbourhood.

The plans complement the KPI's of all departments within the Group with a focus on positive financial performance and the delivery of Business Plan Objectives. The five main themes which run through the plans and which performance of the Neighbourhood is measured against are:

- Household Money Management
- Demand, Property Condition
- Neighbourhood Experience
- Community Insight

We are delighted with the buy-in we have seen across the other directorates in support of the plans.

Moving into the financial year 17/18, we utilised the opportunity to balance the dashboard following the introduction of a number of new indicators within the theme of Property Condition, but this in turn has an effect on the balance of other themes and the overall calculations towards the star ratings for each Neighbourhood.

As a result of this work, we have in effect hit the reset button on the performance of the plans to recalibrate the ratings in a new dashboard. Recognising the success achieved throughout year one, there was a desire to re-align the scoring thresholds to ensure that making further improvements to the Neighbourhood and challenging ourselves further remained at the heart of the plans. Although this may sound counter intuitive, we felt that the challenge to improve on service delivery and performance over the 5 themes was key.

We continue to gather the views of our residents about their neighbourhoods with twice yearly surveys that look not only to identify where we could do more to improve an area, but also look at the positives with an asset based approach to encourage residents to take ownership of initiatives.

Embracing the intervention based approach to the neighbourhood plans, employees have continued to build strong working relationships in the INS hubs across the Borough and this style of multi-agency approach is also proving successful in delivering the right interventions at a personal level for individuals and families who live in our homes.

Following the suspended use of Community Protection Notices in July 2016, Tameside Council has now reintroduced the use of CPN's and has agreed to issue them on our behalf.

The Neighbourhood Enforcement Team (NET) has been granted rights of audience and have started preparing and presenting their own injunction applications at County Court. By taking our own cases, it is leading to quicker results in the most serious cases as well as improving the knowledge and skills of the enforcement officers.

HQN visited in June to conduct the annual assessment of the Estate Accreditation to ensure that the exacting standards were being maintained, and we successfully retained our accreditation for the third year.

Gedling Homes' Neighbourhood Plans called Mastarplans were launched in May 2018. These Mastarplans will help to improve local issues like crime, unemployment and health and make the areas that Gedling Homes have properties in better places to live.

The Mastarplans have been developed in consultation with feedback from residents, partner agencies and staff and each plan measures performance and satisfaction against a set of actions and a star-rating system of 3, 4 and 5 stars (5 being the best). All 10 of the Gedling areas will have its own plan with bespoke interventions to help 'lift' the area. They will also enable teams to be a lot more responsive to the needs of specific locations and to be able to

New Charter Housing Trust Limited

STRATEGIC REPORT

REVIEW OF THE YEAR (continued)

better focus resources to tackle issues as they emerge. The reporting system that sits behind the Mastarplans has also been improved upon and will enable each plan's performance to be reviewed on a monthly basis.

In 2016/17 Threshold launched the Housing First Pilot, with the aim of helping people secure suitable housing first and tailored support packages. This continues to deliver exceptional results, with national and European interest in our model. The success of this programme has contributed to the evidence base being developed in the UK, leading to the announcement in the autumn statement of a £28m fund for large scale pilots in Greater Manchester, West Midlands and the Liverpool City Region.

Unfortunately due to rising costs associated with operating Threshold Homes Services, it was decided by the Board to close the service.

The New Charter Housing Group continues to support resident involvement. There is continued to facilitation and support our 24 Resident Associations and 10 social/garden groups at New Charter Homes; the focus this year has been on investing time and resources training members to empower them to improve their own communities. The majority of our groups are concentrating on project work, ensuring that there are community activities and initiatives to engage residents, reduce social isolation, improve health and wellbeing and improve their neighbourhoods.

Launch of Jigsaw rewards an exciting new portal for residents to give regular feedback on our services and plans for the future. In return residents will receive points which can be exchanged for gift vouchers or credits on their bank accounts.

GREAT People

During the year, the Group continued to be a Sunday Times Top 100 employer retaining outstanding levels of engagement (2 Stars) and achieving the highest ever completion rates at 81% of all staff.

Group retained its Investors in People (IIP) 'Gold' accreditation, and also met the requirements of the Investors in People Health & Wellbeing Award.

Quarterly staff surveys have shown an NPI score of +59 which is regarded as excellent within this nationally recognised engagement standard.

The in house talent programme INGENIUM continues to support the career development of the top talent with the Group, since this programme has been running 60% of participants have moved into new roles.

New Charter Housing Trust Limited

STRATEGIC REPORT

RISKS AND UNCERTAINTIES

The Group maintains a clear and consistent approach to risk/uncertainty, as defined in our risk management strategy.

The Group's risks are categorised, with key risks outlined below:

CATEGORY	COMMENTARY
Welfare Reform	<p>The risks associated with roll out of the Government's welfare reform measures have been monitored for a number of years. Of particular focus has been any potential impact on the Group's revenue streams to ensure collection levels achieved match business plan assumptions.</p> <p>A range of steps have been taken over the years to mitigate this risk. Most recently this has included: a SWAT Team to support those tenants transitioning to Universal Credit; identification of vulnerable tenancies that need to move to direct payment of rent to the landlord; and a range of training to front line staff members, who can support/signpost tenants should any related issues be identified during liaison activities.</p>
Financial	<p>During 2017/18, the Group has monitored a range of financial risks relating to disruption to income streams, financial systems and pension liabilities. A range of controls have been used to mitigate these risks, so as to ensure sufficient funds remain available to meet the corporate plan objectives/viability of each subsidiary and the Group as a whole.</p> <p>Examples of these controls include:</p> <ul style="list-style-type: none"> • Clear strategies (e.g. treasury management) and financial regulations. • Comprehensive business planning, incorporating continuous improvement of sensitivity analysis and stress testing. This includes interconnectivity of subsidiaries and the impact cash flow changes in one might have on another. • Daily cash flow monitoring/forecasting. • Covenant compliance monitoring. • Monitoring/reconciliation of key accounts/systems and associated performance. • Constructive relationship with lenders & external advisors.
Governance	<p>The Group maintains a robust governance structure which mitigates the risks relating to effective strategic decision making, succession planning and continued compliance with regulation and codes of conduct. This is supported by training programmes and a clearly defined/monitored framework of policies and procedures.</p>
Regulation	<p>The Group operates in a regulated sector and carries out regular self-assessment against regulatory requirements to ensure continued compliance. A combination of proactive regulatory engagement, third party advisors and attendance at briefings/seminars contribute to the continued understanding of regulatory obligations, as they change over time.</p>

New Charter Housing Trust Limited

STRATEGIC REPORT

RISKS AND UNCERTAINTIES (continued)

CATEGORY	COMMENTARY
Products & Services	<p>Continual monitoring and development of the products and services offered ensures any attached risk is mitigated. Subsidiary boards drive strategic direction in line with Group Corporate Plan objectives. This ensures appropriately targeted, high quality services continue to be offered and delivered by the Group.</p> <p>The Group's dynamic approach drives active trials of new markets to ensure delivery of perceived benefits and protection of the long term sustainability/viability of the Group. This includes financial and performance monitoring to analyse feasibility of activities and drive corrective/preventative action when required.</p> <p>For new and established products and services a range of tools have been utilised to ensure they remain viable and correctly focused. These include:</p> <ul style="list-style-type: none"> • Customer Insight Strategy • Tenant Scrutiny Programme • Third party advisors support analysis of and movement into new/emerging markets • Asset Management Strategy • Development Strategy and associated monitoring/analysis. • Annual scheme performance reviews (after 1st 2 years) • Clearly defined Financial Regulations <p>The Group also offers a range of external works through clearly defined contract delivery models. A layered framework of internal controls complements any contract specific requirements. As appropriate these may include: inspection programmes; use of appropriately qualified staff; the use of clear procurement methodologies; monitoring financial viability of partners within the delivery model. Collectively this ensures the quality of work carried out meets contractual requirements and achieves the high levels of Customer satisfaction the Group prides itself in delivering.</p>
Business Development	<p>The Group's growth objective drives the expansion of business opportunities, supported through contract work and the development of new homes.</p> <p>A range of subsidiaries deliver contracts on behalf of third parties and have clear approaches for attracting new business and retaining existing contracts. Maintaining positive relationships with commissioners and businesses within target markets contributes to growth. This is supported through ensuring the reputation of existing products & services (detailed above), which is itself a control against failure to secure future contract work through renewal or as new business.</p> <p>The Group actively supports and advocates the development of new homes and utilises a range of controls to mitigate those risks which may impact on delivery. The Group has a structured financial/development appraisals to assess scheme viability, lifetime costs and ensures a structured approach to asset management post-delivery.</p>

New Charter Housing Trust Limited

STRATEGIC REPORT

RISKS AND UNCERTAINTIES (continued)

CATEGORY	COMMENTARY
Supply Chain	<p>The combination of strong relationships with suppliers/partners and incorporation of significant elements of the Group's supply chain internally (so limiting outsourcing) have continued to mitigate exposure to supply chain instability/disruption risks.</p> <p>In particular, the delivery of repair & maintenance services through New Charter Building Company and Gedling Homes Response ensures control of a core element of service delivery remains within the Group. Additionally, a suite of controls to monitor the quality and effectiveness of the Group's supply chains. These include performance indicators/management information, technical specialists and client-contractor engagement.</p> <p>The supply chain is also supported by business continuity and disaster recovery arrangements. These ensure adequate protection against disruption to the systems/processes required to ensure the highest levels of service delivery.</p>
Health & Safety	<p>The safety of the Group's employees is of paramount importance. A dedicated team of H&S professionals support management in ensuring a robust framework for risk assessment, the design of safe systems of work, corrective/preventive action, training/development, audit and inspection and reporting. The Group has also invested in new health and safety management software which will support the comprehensive framework already in place.</p> <p>The Group also has clearly defined approaches for the management and monitoring of asset management compliance with respect to key asset management risks. These include fire safety, gas safety, electrical testing, asbestos and legionella.</p> <p>In addition, the Group actively engages with such forums as the National Housing Federation's North West Health and Safety Group and National Social Housing Fire Strategy Group.</p>
Merger	<p>Throughout the process leading to the successful formation of Jigsaw Homes Group, a specific merger risk register was created and maintained. This was actively monitored and discussed as part of the reporting process.</p> <p>Following merger, extensive work has been undertaken to develop an integrated approach to risk management, including a Risk Management Policy and associated risk register.</p>

VALUE FOR MONEY

Value for money (VfM) is a critical part of our corporate plan and our ways of working. Our Group approach creates opportunities for us to deliver outstanding value for money and provides the foundation for us to transform lives through our people, our places and the community as whole.

We are committed to ensuring a constant focus on value for money in everything we do. We carry out our assessment of value by focussing on an accounting bottom line of financial, social and environmental impact.

Our primary aim for savings generated is to support the delivery of new homes, together with two other particular areas:

- To maintain/improve service provision in climate of reduced public funding.
- To support our communities in ensuring they remain strong, sustainable and embrace diversity of people and tenure.

New Charter Housing Trust Limited

STRATEGIC REPORT

2017/18 VFM Objectives

Objective	Outcome
Staff savings	As part of the budget setting process for 2017/18, a detailed review of staff costs was carried out. Although in note 9 staff costs have increased, this is a result of staffing positions relating directly to specific income from the Motiv8 (BBO) project. Excluding this staff costs have reduced by £259k.
Repairs and Maintenance	A restructure took place with the Relets and Properties team leading to a reduction in budget for £150k for 2017/18.
Reduce Overheads	As part of the budget setting process for 2017/18, a detailed review of overhead costs was carried out. This generated a £1.2m saving against the 2016/17 budget. However this was mainly the removal of excess capacity within budgets, with the actual saving of £685k against the 2016/17 overhead costs.
Active Asset Management	During the year the Group continued to use the Asset Performance Evaluation Model, to assess the units in management. Following the merger the two legacy Groups have different models and as such a review will take place as to which model to use going forward.

VFM Metrics

A review of the Value for Money metrics has been carried out on the year-end statements, and compared against the previous year.

	2018	2017	Notes	2017 (benchmark)	2019 (budget)
Reinvestment	6.1%	4.7%	1	6.9%	3.8%
New Supply Delivered – Social Housing	0.7%	0.1%	2	1.0%	0.7%
New Supply Delivered – Non-social Housing	0.0%	0.0%	3	0.0%	0.3%
Gearing	59.5%	59.7%	4	46.4%	58.9%
EBITDA	134.6%	159.4%	5	209.0%	142.4%
Headline SH Cost per unit	£3,403	£3,099	6	2,984	3,044
Operating Margin – Social Housing Lettings	25.6%	33.8%	7	34.6%	31.0%
Operating Margin – Overall	29.0%	31.2%	8	28.5%	31.0%
Return on Capital Employed	4.4%	5.2%	9	4.9%	4.9%

Notes

- 1 Increase due to a higher level of development activity in the year.
- 2 There has been an increase in development activity during the year.
- 3 No further comments.
- 4 Decrease as a result of the increase value of housing assets due to developments and capitalisation of repairs.
- 5 Decrease as a result of increase in major repairs that were expensed in the year.
- 6 Increase as a result of additional major repairs and pension costs in the year.
- 7 Decrease compared to 2017, due to increase in revenue repairs and pension costs.
- 8 Marginal decrease compared to previous year.
- 9 No significant change.

STATEMENT OF COMPLIANCE

In preparing this Strategic Report, the board has followed the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers (SORP).

New Charter Housing Trust Limited

STRATEGIC REPORT

GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board of New Charter Housing Trust has carefully considered its responsibilities under the RSH Economic Standards covering Rents, VFM and Governance and Financial Viability and is pleased to confirm compliance with the standards. Following the publication of the RSH regulatory judgement, the Group retained its GI and VI status.

The directors submit their report and financial statements of New Charter Housing Trust Limited for the year ending 31 March 2018.

By the order of the board



Fay Selvan
Chair
New Charter Housing Trust Group
12th September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CHARTER HOUSING TRUST LIMITED

Opinion

We have audited the financial statements of New Charter Housing Trust ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated and Company statement of comprehensive income, the consolidated and Company statement of changes in reserves, the consolidated and Company statement of financial position, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2018 and of the Group's surplus and the Company's deficit 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In respect of the Group we have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In respect of the Company we have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you as the financial statements have not been prepared on a going concern basis.

We draw attention to note I which explains that as a consequence of the transfer of engagements of all of the trade and assets of New Charter Housing Trust Limited to Adactus Housing Group Limited on 3 April 2018 the company is no longer a going concern and that the financial statements of the company have therefore been prepared on a basis other than that of a going concern. Note I also explains that the effect of using this alternative basis. Our opinion is not modified in this respect.

Other information

The board are responsible for the other information. Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Directors' Report and Strategic Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW CHARTER HOUSING TRUST LIMITED

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Company; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Company, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP
Statutory Auditor
Manchester

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

New Charter Housing Trust Limited
GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

		2018 £'000	2017 £'000
Turnover	2	102,878	102,654
Operating expenditure	2	(79,399)	(72,251)
Other Turnover – non-recurring	2	740	-
Gain on disposal of property, plant and equipment	2, 4	2,812	798
Operating surplus	2, 7	<u>27,031</u>	<u>31,201</u>
Interest receivable and other income	5	42	135
Interest and financing costs	6	(21,156)	(21,385)
Surplus before tax		<u>5,917</u>	<u>9,951</u>
Taxation	10	(362)	(70)
Surplus for the financial year		<u>5,555</u>	<u>9,881</u>
Other comprehensive income: Actuarial gain/(loss) in respect of pension schemes	23	4,121	(10,207)
Total comprehensive income/(loss) for the year		<u><u>9,676</u></u>	<u><u>(326)</u></u>

All of the above results derive from continuing operations.

The notes on pages 28 to 63 form an integral part of the financial statements.

New Charter Housing Trust Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

		2018 £'000	2017 £'000
Turnover	2	24,907	24,443
Operating expenditure - recurring	2	(25,911)	(22,790)
Operating (deficit) / surplus	2, 7	<u>(1,004)</u>	<u>1,653</u>
Interest and financing costs	6	(1,132)	(1,122)
(Deficit) / surplus before tax		<u>(2,136)</u>	<u>531</u>
Taxation	10	(259)	-
(Deficit) / surplus for the financial year		<u>(2,395)</u>	<u>531</u>
Other comprehensive income:			
Actuarial gain / (loss) in respect of pension schemes	23	3,734	(9,724)
Total comprehensive income/(loss) for the year		<u><u>1,339</u></u>	<u><u>(9,193)</u></u>

All of the above results derive from continuing operations.

The notes on pages 28 to 63 form an integral part of the financial statements.

New Charter Housing Trust Limited

GROUP STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2018

	Pension Liability Reserve £'000	Income & Expenditure Reserve £'000	Designated Reserve £'000	Restricted Reserve £'000	Total £'000
As at 1 April 2016	(31,648)	204,984	320	183	173,839
Surplus for the year	-	9,881	-	-	9,881
Other comprehensive income:					
- actuarial movements on pension scheme (note 23)	(9,724)	(483)	-	-	(10,207)
Reserve transfers	(899)	899	-	-	-
As at 31 March 2017	<u>(42,271)</u>	<u>215,281</u>	<u>320</u>	<u>183</u>	<u>173,513</u>
Surplus for the year		5,604		(49)	5,555
Other comprehensive income:					
- actuarial movements on pension scheme (note 23)	3,734	387	-	-	4,121
- Loss on consolidation (note 28)	-	(156)	-	-	(156)
Reserve transfers	(3,649)	3,754	-	(105)	-
As at 31 March 2018	<u><u>(42,186)</u></u>	<u><u>224,870</u></u>	<u><u>586</u></u>	<u><u>29</u></u>	<u><u>183,033</u></u>

The reserve transfer principally reflects movements in the Greater Manchester Pension Fund (GMPF) which have gone through the statement of comprehensive income and are therefore transferred to the Pension Reserve such that the balance is equal to the GMPF liability.

The notes on pages 28 to 63 form an integral part of the financial statements.

New Charter Housing Trust Limited

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2018

	Income & Expenditure Reserve £'000	Pension Liability Reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2016	(3,732)	(31,648)	118	(35,262)
Surplus for the year	531	-	-	531
Other comprehensive income - actuarial movements on pension scheme (note 23)	-	(9,724)	-	(9,724)
Transfer from Pension Reserve to I&E Reserve	899	(899)	-	-
Balance as at 31 March 2017	(2,302)	(42,271)	118	(44,455)
Deficit for the year	(2,395)	-	-	(2,395)
Other comprehensive income - actuarial movements on pension scheme (note 23)	-	3,734	-	3,734
Transfer from Pension Reserve to I&E Reserve	3,649	(3,649)	-	-
Balance as at 31 March 2018	(1,048)	(42,186)	118	(43,116)

The reserve transfer reflects movements in the Greater Manchester Pension Fund (GMPF) which have gone through the statement of comprehensive income and are therefore transferred to the Pension Reserve such that the balance is equal to the GMPF liability.

The notes on pages 28 to 63 form an integral part of the financial statements.

New Charter Housing Trust Limited

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

		2018		2017	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible fixed assets – housing properties	11		571,711		552,350
Other tangible assets	12		14,536		14,837
			<u>586,247</u>		<u>567,187</u>
Current Assets					
Properties for sale	14	3,548		472	
Stock	13	839		712	
Debtors: due after more than one year - Development agreement	15	854		6,230	
Debtors: due within one year	15	13,311		13,623	
Cash and cash equivalents		32,719		42,388	
		<u>51,271</u>		<u>63,425</u>	
Creditors					
Amounts falling due within one year	16	(23,715)		(33,644)	
Net Current Assets					
			27,556		29,781
Total Assets Less Current Liabilities					
			<u>613,803</u>		<u>596,968</u>
Creditors					
Amounts falling due after more than one year	17		381,153		370,640
Provision for liabilities:					
- SHPS Pension Provision	18		327		374
- Other Provisions	18		5,616		8,815
Defined benefit pension liability	23		43,674		43,626
Capital and Reserves					
Income & Expenditure Reserve		224,870		215,281	
Designated Reserve		320		320	
Restricted Reserve		29		183	
Pension Liability Reserve		(42,186)		(42,271)	
Total Capital and Reserves			<u>183,033</u>		<u>173,513</u>
			<u>613,803</u>		<u>596,968</u>

The notes on pages 28 to 63 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the board on the 12th September 2018 and signed on its behalf by:



Fay Selvan (Chair)



Brian Moran (Company Secretary)

New Charter Housing Trust Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

		2018		2017	
		£'000	£'000	£'000	£'000
Fixed Assets					
Other tangible assets	12		2,509		2,598
Investment properties	12		1,403		1,403
			<u>3,912</u>		<u>4,001</u>
Current Assets					
Properties for sale	14	-		16	
Debtors	15	3,112		4,717	
Cash and cash equivalents		4,922		1,440	
		<u>8,034</u>		<u>6,173</u>	
Creditors					
Amounts falling due within one year	16	(12,549)		(11,984)	
Net Current Liabilities			(4,515)		(5,811)
Total Assets Less Current Liabilities			<u>(603)</u>		<u>(1,810)</u>
Provision for liabilities					
- SHPS pension provisions	18		327		374
Defined benefit pension liability	23		42,186		42,271
Capital and Reserves					
Income & Expenditure Reserve		(1,048)		(2,302)	
Revaluation Reserve		118		118	
Pension Liability Reserve		(42,186)		(42,271)	
Total Capital and Reserves			<u>(43,116)</u>		<u>(44,455)</u>
			<u>(603)</u>		<u>(1,810)</u>

The notes on pages 28 to 63 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the board on the 12th September 2018 and signed on its behalf by:



Fay Selvan (Chair)



Brian Moran (Company Secretary)

New Charter Housing Trust Limited

GROUP STATEMENT OF CASHFLOWS

For the year ending 31 March 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Surplus for the financial year	5,555	9,881
Adjustments for:		
Depreciation of fixed assets - housing properties	13,427	14,252
Depreciation of fixed assets - other	705	789
Amortised grant	(127)	(98)
Interest payable and finance costs	21,156	21,385
Interest received	(42)	(135)
Taxation expense	362	70
Difference between net pension operating cost and cash contribution	3,004	(112)
Surplus on the sale of fixed assets - housing properties	(2,812)	(798)
(Increase) in trade and other debtors	(569)	(1,087)
(Increase) in stocks	(127)	(55)
(Decrease)/Increase in trade and other creditors	(1,639)	4,674
Increase in provisions	2,047	9
Cash from operations	40,940	48,775
Taxation paid	(214)	(144)
Net cash generated from operating activities	40,726	48,631
Cash flows used in investing activities		
Proceeds from sale of fixed assets - housing properties	5,058	4,172
Purchase of and improvements to fixed assets and property for sale - housing properties	(38,108)	(25,778)
Purchases of fixed assets - other	(406)	(643)
Receipt of grant	2,219	1,922
Interest received	42	135
Cash disposed of with business operation	(213)	-
Net cash used in investing activities	(31,408)	(20,192)
Cash flows from financing activities		
Interest paid	(19,742)	(20,624)
New loans - bank	1,486	1,189
New loans - other	(198)	-
Repayment of loans - bank	(540)	(3,197)
Net cash used in financing activities	(18,994)	(22,632)
Net change in cash and cash equivalents	(9,669)	5,807
Cash and cash equivalents at beginning of the year	42,388	36,581
Cash and cash equivalents at end of the year	32,719	42,388

The notes on pages 28 to 63 form an integral part of the financial statements.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

Ia Accounting Policies

Legal Status

The association is registered in England with FCA as a Community and Benefit Society, having converted from a Companies Act 2006 on 23rd January 2018 and is registered with the Regulator of Social Housing as a social housing provider. Whilst the Board direct the operations of the group, there is not considered to be an ultimate controlling party.

Basis of Accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for New Charter Housing Trust includes, the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland”, the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBE's.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 1b).

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company; and
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

The following principal accounting policies have been applied:

Going Concern

The group'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. The group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day activities. The group also has a 30 year business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On the basis of their assessment of the group's financial position, the Directors have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On 3 April 2018 the company transferred its entire trade, assets and liabilities to Adactus Housing Group via a transfer of engagement as part of a merger transaction to form the Jigsaw Homes Group. From this date New Charter Housing Trust Limited ceased to trade and is therefore no longer a going concern. These financial statements in respect of the company only have not therefore been prepared on a going concern basis, no adjustments arose in preparing the company accounts on this basis.

Basis of Consolidation

The group accounts consolidate the accounts of the parent entity and all entities controlled by the group at the 31 March. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The income and expenditure on any intra-group transactions have been eliminated in full. Amounts in relation to debts between undertakings included in the consolidation are eliminated. The accounts of the following companies are included in the consolidation:

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

1a Accounting Policies (continued)

Basis of Consolidation (continued)

- New Charter Housing Trust Limited
- New Charter Homes Limited
- Gedling Homes
- New Charter Building Company Limited
- Aksa Housing Association Limited
- Threshold Housing Project Limited
- Great Neighbourhoods
- Cavendish Property Developments Limited
- Family Support Charity
- Piccolo Communications Limited (see below)
- Quest Media Network Limited (see below)

Piccolo Communications and Quest Media Network left the New Charter Group on 31st December 2017 as outlined in note 28.

Turnover

The majority of group turnover is generated from rental and service charge income which is exempt from VAT and charged evenly to the income statement including rent free weeks. Income is also generated from Supporting People contracts with local authorities where income is received monthly and a home contents insurance scheme where tenants are charged weekly.

Building and repair 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. Revenue is recognised on completion if the sale of goods and services are short-term in nature. Where this is not the case, revenue is recognised in proportion to the stage of completion at the reporting date. Revenue recognition commences only when the outcome of the goods and services rendered can be reliably measured, by reference to individual terms and conditions within each service contract, and it is probable that the economic benefits associated with the contract will flow to the group. Otherwise it is recognised to the extent costs are incurred.

Capitalisation of development costs

Distinguishing the point at which a project is more likely to continue or not, allowing the capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Capitalisation of repairs

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 capitalised under the component accounting principles described below.

Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within property, plant and equipment (PPE) and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

Ia Accounting Policies (continued)

Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of taking the valuation applied under previous UK GAAP at that date to housing property and using that amount as deemed cost. Deemed cost at 1 April 2014 was provided by independent valuation specialist Savills and valued housing properties on a EUV-SH basis. Housing properties will subsequently be measured at cost less depreciation or impairment.

Donated land

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

Investment properties

Investment properties consist of commercial properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.

Government Grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income statement.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Depreciation of Housing Properties

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

The group separately identifies the major components which comprise its housing properties, and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight line basis over its estimated useful economic life.

Component:	Economic life:	
Structure of housing properties	100 Years	(1.00% per annum)
Roofs	60 Years	(1.67% per annum)
Bathrooms / Rewires / Lifts / Central Heating / Windows and Doors	30 Years	(3.33% per annum)
Kitchens	20 Years	(5.00% per annum)
Boilers	15 Years	(7.69% per annum)

Freehold land is not depreciated. Leasehold properties are amortised over the life of the lease.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

1a Accounting Policies (continued)

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure within the Statement of Comprehensive Income.

Disposal of Housing Properties

The group sells properties under the statutory regulations of preserved right to buy. Surpluses and deficits on such sales are recognised after operating surpluses and deficits. The sale is recognised when the transaction is completed.

Tangible fixed assets – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset category:	Economic life:	
Freehold premises	100 Years	(1.00% per annum)
Computers and office equipment	5 years	(20.0% per annum)
Furniture, fixtures and fittings	5 years	(20.0% per annum)

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the income statement for the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the income statement account on a straight line basis over the lease term.

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) Sales prior to April 2017 are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

VAT

New Charter Housing Trust Group is registered as a group for VAT purposes and the association is a member of this VAT group. The group's main income stream, being rent, is exempt from VAT. The majority of expenditure is subject to VAT, which the group 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 Statement of Comprehensive Income.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

Ia Accounting Policies (continued)

Pension Costs

The group participates in a number of defined benefit pension schemes based on final pensionable salary. Details of the schemes are set out in note 23.

Local Government Pension Schemes

The Group participates in two funded multi-employer local government defined benefit schemes, one administered by the Nottingham County Council, the second administered by the Greater Manchester Pension Fund.

For these schemes the scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme costs are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

Social Housing Pension Scheme

The group is a member of the social housing pension scheme (SHPS). SHPS is a multi-employer defined benefit scheme. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The New Charter Housing Trust Group has entered into a deficit reduction plan in relation to the SHPS and the group recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate by reference to market yields at the reporting date on high quality corporate bonds. The unwinding of the discount rate is recognised as a finance cost.

Defined contribution pension schemes

The Group also participates in defined contribution schemes. Contributions payable under such schemes are charged to the income statement in the period to which they relate.

Taxation

Any charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method on to the extent that it is probable that the liability will become payable in the foreseeable future.

Bad and Doubtful Debts

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

Finance Costs

Interest is capitalised calculated on a proportional basis, using finance costs on borrowing which have been drawn in order to finance the relevant construction. Finance costs are only capitalised where construction is ongoing and has not been interrupted or terminated. All other finance costs are expensed through the Statement of Comprehensive Income in the year incurred.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

Ia Accounting Policies (continued)

Loan Arrangement Fees

Arrangement fees are held in the Statement of Financial Position and amortised over their useful economic life of 30 years (the term of the loans). These are reported as part of the long term loan creditor balances.

Provisions

Development Agreement Provision - A development agreement (VAT Shelter) is 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 provision 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 Statement of Comprehensive Income as the work is completed over the life of the agreement.

Restricted and Designated Funds

Restricted funds are trust funds subject to specific restrictions imposed by the funders. Where the restriction creates an endowment (whether expendable or permanent) the grant or donation is accounted for as a capital fund.

Designated funds are funds that are earmarked for a specific purpose by the Trustees of the charitable entities within the group.

Revaluation Reserve

The revaluation reserve represents the changes in valuation of investment properties.

Pension Reserve

The pension reserve reflects the value of the net liability in relation to the Greater Manchester Pension Fund, a defined benefit pension scheme.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Loans, Investments and short term deposits

All loans, investments and short term deposits are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however the group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Ib Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

Ib Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The critical underlying assumptions in relation to the estimate of the defined benefit pension scheme obligations include standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability or asset recorded and annual defined benefit expense.

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 11 and 12)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Recoverable amount of rental and other trade receivables

The group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Financial instruments – classification as 'basic' or 'other'

Following the adoption of FRS 102 in the preparation of these financial statements it was necessary to consider whether any of the group's financial instruments met the definition of 'other' as defined in section 11 of FRS 102. In particular it was necessary to consider the terms of the group's loan agreements and assess features such as how interest rates payable are determined, any lender optionality written into the agreements and any elements of the loan agreement that could substantially change due to conditions outside of the control of the group. Following this review it was determined that the group's financial instruments are basic financial instruments and have been accounted for as such.

Financial instruments – borrowings – Negative compensation and funding indemnity clauses

The group's loan facilities have been assessed as basic financial instruments. The group's fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the group) would benefit from a compensation premium.

The group does not consider that the clause allowing the group to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument 'non-basic' or 'other' as outlined in FRS 102 section 11. The group considers that this particular loan clause is specifically compliant with section 11.9b) and 11.9c) of FRS 102 and that the substance of this loan arrangement was always that it was always intended to be a simple fixed rate loan arrangement.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

2 Particulars of Turnover, Operating Costs and Operating Surplus - Group

	2018				2017			
	Turnover	Operating	Gain/loss	Operating	Turnover	Operating	Gain/loss	Operating
	£'000	Costs	on disposal	Surplus	£'000	Costs	on disposal	Surplus
		£'000	of	£'000		£'000	of	£'000
			Property,				Property,	
			Plant and				Plant and	
			Equipment				Equipment	
			£'000				£'000	
Social housing lettings								
Social housing lettings (note 3)	89,335	(66,507)	-	22,828	89,091	(58,975)	-	30,116
	<u>89,335</u>	<u>(66,507)</u>	<u>-</u>	<u>22,828</u>	<u>89,091</u>	<u>(58,975)</u>	<u>-</u>	<u>30,116</u>
Other social housing activities								
Other rental	2,191	(1,942)	-	249	2,346	(2,332)	-	14
Supporting People contract income	1,748	(1,590)	-	158	1,760	(1,752)	-	8
Other activities	2,267	(1,845)	2,812	3,234	2,403	(2,216)	798	985
	<u>6,206</u>	<u>(5,377)</u>	<u>2,812</u>	<u>3,641</u>	<u>6,509</u>	<u>(6,300)</u>	<u>798</u>	<u>1,007</u>
Non-social housing activities								
Other activities	7,337	(7,515)	-	(178)	7,054	(6,976)	-	78
	<u>7,337</u>	<u>(7,515)</u>	<u>-</u>	<u>(178)</u>	<u>7,054</u>	<u>(6,976)</u>	<u>-</u>	<u>78</u>
Non-recurring items	740	-	-	740	-	-	-	-
	<u>103,618</u>	<u>(79,399)</u>	<u>2,812</u>	<u>27,031</u>	<u>102,654</u>	<u>(72,251)</u>	<u>798</u>	<u>31,201</u>

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

2 Particulars of Turnover, Operating Costs and Operating Surplus / (Deficit) - Company

	Turnover £'000	Operating Costs £'000	2018 Gain/loss on disposal of Property, Plant and Equipment £'000	Operating Surplus £'000	Turnover £'000	Operating Costs £'000	2017 Gain/loss on disposal of Property, Plant and Equipment £'000	Operating (Deficit) £'000
Income and expenditure from other social housing activities								
Intercompany recharges	23,332	(24,336)	-	(1,004)	22,561	(20,908)	-	1,653
Supporting people contract income	357	(357)	-	-	359	(359)	-	-
Other income	1,218	(1,218)	-	-	1,523	(1,523)	-	-
	24,907	(25,911)	-	(1,004)	24,443	(22,790)	-	1,653

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

3 Particulars of Turnover, Operating Costs and Operating Surplus – From Social Housing Lettings

GROUP	2018			2017
	General Needs	Supported Housing and Housing for Older People	Total	Total
	£'000	£'000	£'000	£'000
Income				
Gross rent receivable (net of service charges)	77,751	6,094	83,845	83,728
Service charges	2,698	2,665	5,363	5,265
Net rental income	80,449	8,759	89,208	88,993
Grant amortisation	116	11	127	98
Total income from social lettings	80,565	8,770	89,335	89,091
Expenditure				
Management	20,300	1,056	21,356	17,712
Services charge costs	2,647	2,389	5,036	4,866
Routine maintenance	12,922	853	13,775	12,535
Planned maintenance	3,697	473	4,170	2,843
Major repairs expenditure	4,684	3,220	7,904	5,637
Rent losses from bad debts	614	49	663	950
Depreciation of housing properties (including accelerated depreciation on replacement of components)	12,620	806	13,426	14,252
Depreciation of other assets	169	8	177	180
Total operating costs on social lettings	57,653	8,854	66,507	58,975
	22,912	(84)	22,828	30,116
Void losses	(658)	(343)	(1,001)	(1,241)

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

4 Sale of Fixed Assets

Group	2018	2017
	£'000	£'000
Proceeds of sale	5,711	4,870
Less: Costs of sale (including amount due to Gedling BC)	(2,899)	(2,819)
Disposal Proceeds Fund	-	(1,253)
Surplus on disposal of assets	<u>2,812</u>	<u>798</u>

5 Interest Receivable

Group	2018	2017
	£'000	£'000
Bank interest receivable	42	135
	<u>42</u>	<u>135</u>

6 Interest Payable and Similar Charges

Group	2018	2017
	£'000	£'000
On bank loans, overdrafts and other loans	20,797	20,689
Other Finance Costs	62	69
Defined benefit pension net interest (note 23)	1,165	1,124
SHPS provision unwinding of discount (note 23)	1	19
Interest on DPF Balance	7	-
Less capitalised interest on construction of housing properties	(876)	(516)
	<u>21,156</u>	<u>21,385</u>

Company	2018	2017
	£'000	£'000
Defined benefit pension net interest (note 23)	1,131	1,103
SHPS provision unwinding of discount (note 23)	1	19
	<u>1,132</u>	<u>1,122</u>

7 Operating Surplus/(Deficit)

Group	2018	2017
	£'000	£'000
Is stated after charging:		
Depreciation of housing assets	13,426	14,252
Depreciation of other tangible assets	705	796
Auditors remuneration (incl. VAT)		
- In their capacity as auditors	68	84
- Other services	-	-
Operating lease charges – other	180	184
	<u>14,379</u>	<u>15,316</u>

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

7 Operating Surplus (continued)

Company	2018 £'000	2017 £'000
Is stated after charging:		
Depreciation of other tangible assets	495	508
Auditors remuneration (incl. VAT)		
- In their capacity as auditors	12	14
- Other services	-	-
Operating lease charges – other	94	93

8 Directors & Board Members Emoluments

Group

The remuneration paid to the Executive Directors and members of the Boards of Management, who are considered to be the group's key management personnel, was:

	2018 £'000	2017 £'000
Aggregate emoluments payable to Executive Directors (excluding pension contributions, but including benefits in kind)	753	622
Emoluments payable to the highest paid Executive (excluding pension contributions, but including benefits in kind)	292	201
	2018 £'000	2017 £'000
Aggregate amount of highest paid Director's pension	-	-

The Board Members of New Charter Housing Trust and subsidiaries received the following payments in the year:

	2018 £'000	2017 £'000
F Selvan	24	24
G P Cooney	7	7
M Taylor	7	4
J Ryan	5	-
A Djordjevic	-	7
G Parker	4	18
A Jacobs	-	16
M Dunford	15	15
D Boyle	-	2
H Garnett-Wren	4	4
S Akhtar	4	4
L M Jassi	16	13
Q Bhatti	-	4
K Iqbal	-	4
Z Rahman	-	4

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

8 Directors & Board Members Emoluments (continued)

Group (continued)	2018 £'000	2017 £'000
P Hoey	6	2
V Ricci	4	4
K Quinn	5	7
S Savory	-	4
A Kumar	4	4
A Leah	4	4
B Groarke	16	10
T Farrow	6	7
B Miller	4	4
K Woodhouse (co-optee Risk & Assurance)	2	-
W Bray	4	4
G Gregory	-	4
M Richmond	4	2
P Stone	-	1
R Ellis	-	4
R Palmer	-	1
T Killeavy	3	4
B Fisher	-	4
R Thaliwal	3	4
T Ryan	17	2
W Clarke	4	4
T Leaper	2	2
M Kenyon	3	1
S Normansell	4	2
I Steele	-	2
J Taylor	4	-
S Bibi	4	-
M Rudkin	4	-
S Barnes	4	-
J Mutch	4	-
G Durbins	2	-
G Brown	6	-
C Green	3	-

The number of employees, including the highest paid director who received emoluments in the following ranges was as follows (excluding NI and pension contributions):

	2018 No.	2017 No.
£50,001 - £60,000	-	2
£60,001 - £70,000	-	2
£70,001 - £80,000	3	2
£80,001 - £90,000	4	2
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1
£200,001 - £210,000	1	1
	11	12

Not all of the Directors were in post for the full twelve months. Only the pay they received during the financial year has been shown above.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

8 Directors & Board Members Emoluments (continued)

Company

The remuneration paid to the Executive Directors and members of the Boards of Management, who are considered to be the company's key management personnel was:

	2018 £'000	2017 £'000
Aggregate emoluments payable to Executive Directors (excluding pension contributions, but including benefits in kind)	654	622
Emoluments payable to the highest paid Executive (excluding pension contributions, but including benefits in kind)	204	201
	2018 £'000	2017 £'000
Aggregate amount of highest paid Director's pension	-	-

The Board Members of New Charter Housing Trust received the following payments in the year:

	2018 £'000	2017 £'000
G Cooney	7	7
J Ryan (Independent Chair – Remuneration & Nominations)	5	-
A Djordjevic	-	7
G Parker	2	9
A Jacobs	-	8
F Selvan	24	24
M Dunford	15	15
A Hopley	-	-
G Durbins	1	-
T Ryan	7	-
K Quinn	5	7
T Farrow	3	7
B Groarke	16	10
M Taylor	5	4
K Woodhouse (co-optee – Risk & Assurance)	2	-
L M Jassi	8	9
G Brown	6	0
A Kumar	0	1
P Hoey	0	2
	106	109

The number of employees, including the highest paid director who received emoluments in the following ranges was as follows (excluding NI and pension contributions):

	2018	2017
£60,001 - £70,000	-	1
£70,001 - £80,000	1	2
£80,001 - £90,000	4	1
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

8 Directors & Board Members Emoluments (continued)

Company (continued)

	2018	2017
£140,001 - £150,000	-	-
£200,001 - £210,000	1	1
	<u>9</u>	<u>10</u>

Not all of the Directors were in post for the full twelve months. Only the pay they received during the financial year has been shown above.

9 Employee Information

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 36 hours).

Group	2018 Number	2017 Number
Administrative	212	261
Development	6	6
Housing, Support & Care	404	367
Manual	209	195
Other	19	20
	<u>850</u>	<u>849</u>

Company	2018 Number	2017 Number
Administrative	159	180
Development	5	5
Housing, Support & Care	197	174
Manual	31	29
Other	14	16
	<u>406</u>	<u>404</u>

Employee costs:

Group	2018 £'000	2017 £'000
Wages and salaries	23,878	22,809
Social security costs	2,217	2,092
Other pension costs	4,492	4,329
	<u>30,587</u>	<u>29,230</u>

Company	2018 £'000	2017 £'000
Wages and salaries	11,934	11,491
Social security costs	1,117	1,071
Other pension costs	2,538	2,470
	<u>15,589</u>	<u>15,032</u>

The employees are either members of the Greater Manchester Pension Fund (GMPF), Nottingham Pension Fund (NPF) or the Social Housing Pension Scheme (SHPS). Further information of the schemes are given in note 23.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

I0 Taxation on Surplus/(Deficit) on Ordinary Activities

Group	2018 £'000	2017 £'000
a Analysis of tax charge in the year		
UK Corporation Tax		
Current tax on income for the year	342	53
Adjustment in respect of prior periods	20	17
	<u>362</u>	<u>70</u>
Deferred Tax		
Accelerated capital allowances	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total Tax charge	<u>362</u>	<u>70</u>

b Factors affecting the tax charge for the year

The tax assessed is different to the standard rate of corporation tax in the UK 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
Surplus on ordinary activities before tax	5,917	9,951
Current tax at 19% (2017: 20%)	1,124	1,990
Effects of:		
Amounts (charged)/credited directly to other comprehensive income	700	(1,945)
Expenses not deductible for tax purposes	39	31
Fixed asset timing differences	7	7
Deferred tax rate changes	(7)	606
Deferred tax not recognised	(56)	1,194
Surplus on Charitable activities not taxable	(1,465)	(1,831)
Adjustment in respect of prior year - current tax	20	17
Total tax charge	<u>362</u>	<u>70</u>

A potential deferred tax asset of £7,171,620 in relation to defined benefit schemes timing differences, has not been recognised as in previous years (2017: £7,237,453 – this figure also included amounts relating to fixed asset timing differences and losses), due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

10 Taxation on Surplus/(Deficit) on Ordinary Activities (continued)

Company	2018 £'000	2017 £'000
a Analysis of tax charge in the year		
UK Corporation Tax		
Current tax on income for the year	259	-
Adjustment in respect of prior periods	-	-
	-	-
Deferred Tax		
Accelerated capital allowances	-	-
Adjustments in respect of prior periods	-	-
	-	-
Total Tax charge	259	-

b Factors affecting the tax charge for the year

The tax assessed is different to the standard rate of corporation tax in the UK 19% (2017: 20%). The differences are explained below:

	2018 £'000	2017 £'000
(Deficit)/surplus on ordinary activities before tax	(2,136)	531
Current tax at 19% (2017: 20%)	(406)	106
Effects of:		
Amounts (charged)/credited directly to equity or otherwise transferred	709	(1,945)
Expenses not deductible for tax purposes	30	30
Fixed asset timing differences	7	7
Deferred tax rate changes	(9)	606
Deferred tax not recognised	(72)	1,196
Current tax charge	259	-

A potential deferred tax asset of £7,171,620 in relation to defined benefit schemes timing differences, has not been recognised as in previous years (2017: £7,237,453 – this figure also included amounts relating to fixed asset timing differences and losses), due to insufficient certainty over the timing of the surpluses that would allow the asset to be realised.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

II Tangible Fixed Assets – Freehold Housing Properties

Group	Housing properties completed £'000	Under construction £'000	Total £'000
Cost			
As at 1 April 2017	572,866	13,022	585,888
Additions	957	25,467	26,424
Works to existing properties	8,608	-	8,608
Schemes completed	12,801	(12,801)	-
Write off on replacements	(2,373)	-	(2,373)
Disposals	(2,374)	-	(2,374)
As at 31 March 2018	590,485	25,688	616,173
Depreciation			
As at 1 April 2017	(33,538)	-	(33,538)
Charge for the year	(11,530)	-	(11,530)
Write off on replacements	476	-	476
Disposals	130	-	130
As at 31 March 2018	(44,462)	-	(44,462)
Net Book Value			
As at 31 March 2018	546,023	25,688	571,711
As at 31 March 2017	539,328	13,022	552,350

Additions to housing properties include capitalised interest of £0.876m (2017:£0.516m) which is also the cumulative amount of capitalised interest included in housing properties. The rate applied in capitalising interest on development is 2.4%.

Total expenditure on housing properties during the year

	2018 £'000	2017 £'000
Capital improvements to existing properties	8,608	10,565
Major repairs work to income and expenditure account	25,849	21,015
	34,457	31,580

Impairment

In accordance with FRS 102 and SORP 2014 the housing properties have been reviewed for any impairment.

Following this review it was determined that no housing properties had incurred impairment during the year.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible Fixed Assets – Other fixed assets

Group

	Freehold Premises £'000	Leasehold Premises £'000	Plant & Machinery £'000	IT Equipment £'000	Furniture & Equipment £'000	Other Assets £'000	Total £'000
Cost							
At 1 April 2017	16,547	561	251	12,794	362	429	30,944
Additions	-	-	-	406	-	-	406
Disposals	-	-	(9)	(10)	(57)	-	(76)
At 31 March 2018	<u>16,547</u>	<u>561</u>	<u>242</u>	<u>13,190</u>	<u>305</u>	<u>429</u>	<u>31,274</u>
Depreciation							
At 1 April 2017	(2,696)	(496)	(251)	(11,879)	(356)	(429)	(16,107)
Charge for the year	(212)	(31)	-	(459)	(3)	-	(705)
Disposals	-	-	9	8	57	-	74
At 31 March 2018	<u>(2,908)</u>	<u>(527)</u>	<u>(242)</u>	<u>(12,330)</u>	<u>(302)</u>	<u>(429)</u>	<u>(16,738)</u>
Net Book Value							
At 31 March 2018	<u>13,639</u>	<u>34</u>	<u>-</u>	<u>860</u>	<u>3</u>	<u>-</u>	<u>14,536</u>
At 31 March 2017	<u>13,851</u>	<u>65</u>	<u>-</u>	<u>915</u>	<u>6</u>	<u>-</u>	<u>14,837</u>

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible Fixed Assets – Other fixed assets

Company	Freehold Premises £'000	Investment Properties £'000	IT Equipment £'000	Furniture & Equipment £'000	Other Assets £'000	Total £'000
Cost						
At 1 April 2017	2,055	1,403	12,701	21	429	16,609
Additions	-	-	406	-	-	406
At 31 March 2018	<u>2,055</u>	<u>1,403</u>	<u>13,107</u>	<u>21</u>	<u>429</u>	<u>17,015</u>
Depreciation						
At 1 April 2017	(374)	-	(11,784)	(21)	(429)	(12,608)
Charge for the year	(36)	-	(459)	-	-	(495)
At 31 March 2018	<u>(410)</u>	<u>-</u>	<u>(12,243)</u>	<u>(21)</u>	<u>(429)</u>	<u>(13,103)</u>
Net Book Value						
At 31 March 2018	<u>1,645</u>	<u>1,403</u>	<u>864</u>	<u>-</u>	<u>-</u>	<u>3,912</u>
At 31 March 2017	<u>1,681</u>	<u>1,403</u>	<u>917</u>	<u>-</u>	<u>-</u>	<u>4,001</u>

Investment properties relate to property owned by the association but leased to other group entities. The properties are to be valued annually on 31 March at fair value, determined by a professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

13 Stock

Group	2018	2017
	£'000	£'000
Materials and consumables	839	712
	839	712

14 Properties for Sale

Group	First Tranche Shared Ownership	Outright Sale	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Work in Progress	393	3,155	3,548	472
	393	3,155	3,548	472

Company	Outright Sale	Total 2018	Total 2017
	£'000	£'000	£'000
Work in Progress	-	-	16
	-	-	16

15 Debtors

Group	2018	2017
	£'000	£'000
Arrears of rent and service charges	6,828	7,187
Less: Provision for bad and doubtful debts	(3,000)	(3,008)
	3,828	4,179
Trade debtors	5,295	5,267
Less: Provision for bad and doubtful debts	(3,476)	(3,372)
	1,819	1,895
Prepayments and accrued income	1,417	1,109
Social Housing Grant receivable	189	1,153
Other debtors	6,058	5,287
	7,664	7,549
Total due within one year	13,311	13,623
Debtors due after more than one year	854	6,230
Total debtors	14,165	19,853

The debtor due after more than one year principally represents £0.736m obligation (2017: £6.029m) to have refurbishment work carried out to the properties transferred to Gedling Homes net of £4.725m (2017: £2.620m) budgeted to be spent 2018-2019 shown within other debtors due in less than one year. Gedling Borough Council entered into a contract with Gedling Homes for the company to carry out these

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

15 Debtors (continued)

improvements 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 18. The debtor will reduce as the company completes the contracted work.

Rent and service charge arrears, net of provision for bad and doubtful debts, represents 4.29% (2017 – 4.69 %) of the annual rent and service charge receivable.

Company	2018	2017
	£'000	£'000
Amount due from subsidiary undertakings	1,711	3,759
Prepayments and accrued income	825	434
Trade debtors	364	524
Other debtors	212	-
	<hr/>	<hr/>
Amounts due within one year	3,112	4,717

Amounts due from subsidiaries are interest free and due on demand.

16 Creditors – Amounts falling due within one year

Group	2018	2017
	£'000	£'000
Trade creditors	4,716	5,016
Loans (Note 19)	4,000	11,045
Grants received in advance	2,957	4,360
Deferred capital grant (Note 21)	128	98
Repairs and maintenance accruals	1,100	2,289
Other taxation and social security	944	515
Accruals and deferred income	5,822	6,078
Rent and service charges received in advance	1,654	1,584
Corporation Tax	259	111
Other creditors	2,135	2,548
	<hr/>	<hr/>
	23,715	33,644
	<hr/>	<hr/>
Company	2018	2017
	£'000	£'000
Amount due to Group undertakings	10,640	9,142
Trade creditors	467	1,874
Other taxation and social security	391	403
Corporation Tax (Note 10)	259	-
Accruals and deferred income	358	410
Other creditors	434	155
	<hr/>	<hr/>
	12,549	11,984

Amounts due to group undertakings are interest free and are repayable on demand.

17 Creditors - Amounts falling due after more than one year

Group	2018	2017
	£'000	£'000
Loans (Note 19)	366,786	358,744
Disposal proceed funds (Note 20)	1,858	2,291
Deferred capital grant (Note 21)	12,437	9,496
Other creditors	72	109
	<hr/>	<hr/>
	381,153	370,640

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

18 Provisions

Group	2018	2017
	£'000	£'000
Provision for liabilities and charges		
Development agreement (VAT shelter) with Gedling Borough Council	5,461	8,649
Building Company Provisions	155	166
SHPS Provision	327	374
	<u>5,943</u>	<u>9,189</u>

The provision for the development agreement/VAT Shelter 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 (see note 15 for further details). The Building Company provisions relate to defects, vehicle damage and other provisions. The Social Housing Pension Scheme (SHPS) provision relates to the past service deficit on the scheme. Further details in relation to this provision are given in note 23.

Group	SHPS Provision	Development agreement	Defects liability	Other provisions	Vehicle off hire damage	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening provision	374	8,649	98	37	31	9,189
Provision in year	1	-	(11)	19	(19)	(10)
Utilised in year	(48)	(3,188)	-	-	-	(3,236)
Closing long term provision	<u>327</u>	<u>5,461</u>	<u>87</u>	<u>56</u>	<u>12</u>	<u>5,943</u>

Note that the only provision the company has is the SHPS provision outlined above.

19 Housing and development loans

Group	2018	2017
	£'000	£'000
	Housing loans by instalments	Housing loans by instalments
Loans falling due:		
Within one year	4,000	11,045
One year or more but less than two years	1,482	1,938
Two years or more but less than five years	44,862	5,335
Five years or more	322,674	353,753
Less loan arrangement fees	(2,232)	(2,282)
Total greater than one year	<u>366,786</u>	<u>358,744</u>
Total loans	<u>370,786</u>	<u>369,789</u>

The housing loans are drawn down from total facilities of £415m and are secured by a fixed charge over the group's housing properties and other assets. There is an amount of £319m fixed at an average rate of 5.91% and £54m on an average variable rate of 2.54%. Where possible rates will be fixed to minimise financial risk. The loan balance reported includes the arrangement fee with a balance of £2.232m as at 31 March 2018, which is amortised over the life of the loans. The charges that the funders have on the group's properties are registered at the Land Registry.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

20 Disposal Proceeds Fund

Group	2018	2017
	£'000	£'000
At 1 April 2017 / 2016	2,291	1,927
Net sale proceeds recycled	-	1,253
Interest	7	-
DPF utilised	(440)	(889)
At 31 March 2018 / 2017	<u>1,858</u>	<u>2,291</u>

21 Deferred Capital Grant

Group	2018	2017
	£'000	£'000
At 1 April 2017 / 2016	9,594	7,815
Grants received in year	2,658	1,877
Additions from Disposal Proceeds Fund	440	-
Amortisation of grant	(127)	(98)
At 31 March 2018 / 2017	<u>12,565</u>	<u>9,594</u>

Accumulated capital grant received (including grant received in advance) is £80.494m (2017: £77.836m). Total accumulated revenue grant received is £nil (2017: £nil).

22 Commitments

Capital Commitments - Group	2018	2017
	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	<u>7,911</u>	<u>15,443</u>
Capital expenditure that has been authorised by the Board of Directors, but has not been contracted for	<u>47,709</u>	<u>22,141</u>

The amount contracted for at 31 March 2018 will be funded from grants awarded by the Homes & Communities Agency (£1.525m) or will be financed from private finance loans (£6.386m). The Board expect that the expenditure they have authorised will be fully financed by the Homes England grant (£2.546m) or from private finance loans (£45.163m).

Operating lease commitments – Group

The group had minimum lease payments under non-cancellable operating leases as set out below:

	2018	2017
	£'000	£'000
Due no later than one year	82	83
Due later than one year and no later than five years	47	48
Due later than five years	-	-

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions

The group participates in a number of defined benefit pension schemes based on final pensionable salary. Details of the two local government defined benefit pension schemes and the Social Housing Pension Scheme are provided in this note.

Local Government Pension Schemes

The Group participates in two funded multi-employer local government defined benefit schemes, one administered by the Nottingham County Council, the second administered by the Greater Manchester Pension Fund.

The note that follows details the full actuarial accounting information for each scheme. Below is a summary of the combined figures included in the group accounts:

Analysis of the amount charged to statement of comprehensive income

Group	2018	2017
	£'000	£'000
Greater Manchester Pension Fund	6,506	3,768
Nottingham Pension Fund	779	462
Amounts charged to operating costs	7,285	4,230
	2018	2017
	£'000	£'000
Greater Manchester Pension Fund	1,131	1,103
Nottingham Pension Fund	34	21
Amounts charged to other finance costs	1,165	1,124

Analysis of the amount (credited)/charged to other comprehensive income

Group	2018	2017
	£'000	£'000
Greater Manchester Pension Fund	(3,734)	9,724
Nottingham Pension Fund	(387)	483
Amounts (credited)/charged to other comprehensive income	(4,121)	10,207

Amounts recognised in the statement of financial position

Group	2018	2017
	£'000	£'000
Present value of funded liabilities - GMPF	(203,166)	(197,149)
Fair value of employer assets - GMPF	160,980	154,878
Present value of funded liabilities - NPF	(11,921)	(11,289)
Fair value of employer assets - NPF	10,433	9,934
Net (liability) recognised in the statement of financial position	(43,674)	(43,626)

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Greater Manchester Pension Fund – Group and Company

The Greater Manchester Pension Fund (GMPF) is a multi-employer scheme, 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 most recent formal valuation was completed as at 31 March 2017 by a qualified independent actuary.

The pension contributions made by the Trust for the year ended 31 March 2018 were £3.988m (2017: £3.972m) at a contribution rate of 22.5% of pensionable salary. The employers' contribution rate for the year ending 31 March 2019 has been set at 22.5%. Estimated employers contributions to the GMPF during the year ending 31 March 2019 are £3.988m.

Principal actuarial assumptions

Financial assumptions

	31 March 2018 % per annum	31 March 2017 % per annum
Discount rate	2.7%	2.6%
Future salary increases	2.4%	2.2%
Future pension increases	2.4%	2.4%

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2018 is based on the CMI2013 model.

The assumed life expectations on retirement at age 65 are:

	2018 No. of years	2017 No. of years
Retiring today:		
Males	21.5	21.5
Females	24.1	24.1
Retiring in 20 years		
Males	23.7	23.7
Females	26.2	26.2

Analysis of the amount charged to statement of comprehensive income

	2018 £'000	2017 £'000
Current service cost	6,441	3,589
Past service cost	65	179
Amounts charged to operating costs	6,506	3,768

	2018 £'000	2017 £'000
Interest income on plan assets	(4,042)	(4,455)
Interest cost of defined benefit obligation	5,173	5,558
Amounts charged to other finance costs	1,131	1,103

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Greater Manchester Pension Fund – Group and Company (continued)

Analysis of the amount (credited)/charged to other comprehensive income

	2018	2017
	£'000	£'000
Actual return on assets less interest income included in net interest income	(683)	(22,420)
Experience gains and losses on the scheme liabilities	-	(3,807)
Changes in assumptions underlying the present value of the scheme liabilities	(3,051)	35,951
Amounts (credited)/charged to other comprehensive income	(3,734)	9,724

Amounts recognised in the statement of financial position

	2018	2017
	£'000	£'000
Present value of funded liabilities	(203,166)	(197,149)
Fair value of employer assets	160,980	154,878
Net (liability) recognised in statement of financial position	(42,186)	(42,271)

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2018	2017
	£'000	£'000
Opening scheme liabilities	197,149	158,394
Current and past service cost	6,506	3,768
Interest cost	5,173	5,558
Plan participants contributions	1,080	1,025
Remeasurements	(3,051)	32,144
Benefits paid	(3,691)	(3,740)
Closing Scheme Liabilities	203,166	197,149

Reconciliation of opening and closing balances of the fair value of plan assets

	2018	2017
	£'000	£'000
Opening fair value of plan assets	154,878	126,746
Interest income	4,042	4,455
Plan participants contributions	1,080	1,025
Return on plan assets excluding interest income	683	22,420
Contribution by employer	3,988	3,972
Benefits paid	(3,691)	(3,740)
Closing fair value of plan assets	160,980	154,878

Major categories of plan assets as a percentage of total plan assets

	2018	2017
	%	%
Equities	66%	75%
Bonds	16%	16%
Properties	7%	5%
Cash	11%	4%

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Greater Manchester Pension Fund – Group and Company (continued)

Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure scheme liabilities are set out below:

Change in assumptions at 31 March 2018	% increase to employer liability	Monetary amount (£000)
0.5% decrease in real discount rate	11%	23,045
0.5% increase in the salary increase rate	2%	4,042
0.5% increase in the pension increase rate	9%	18,709

Gedling Pension Scheme – Group only

Gedling Homes participates as a contributing member of the local government pension scheme, administered by Nottingham County Council in accordance with the local government regulations. The scheme is a defined benefit scheme. The most recent formal valuation was completed as at 31 March 2016 and rolled forward allowing for the different financial assumptions required under FRS102 to 31 March 2018, by a qualified independent actuary.

The pension contributions made for the year ended 31 March 2018 were £293k (2017: £370k) at a contribution rate of 14.6% of pensionable salary. The employers' contribution rate for the year ending 31 March 2019 has been set at 14.6%. Estimated employers contributions to the NPF during the accounting period 1 April 2018 to March 2019 are £311k.

Financial assumptions

	31 March 2018 % per annum	31 March 2017 % per annum
Discount rate	2.55%	2.8%
Future salary increases	2.30%	2.7%
Future pension increases	2.30%	2.7%
Inflation assumptions (CPI)	2.30%	2.7%

Note salary increase is assumed to be CPI starting from 1 April 2018 with 0% salary inflation in the period 1 April 2017 to 31 March 2018.

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2017 and March 2018 is based on the CMI2015 model.

The assumed life expectations on retirement at age 65 are:

	2018 No. of years	2017 No. of years
Retiring today:		
Males	22.6	22.5
Females	25.6	25.5
Retiring in 20 years:		
Males	24.8	24.7
Females	27.9	27.8

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Gedling Pension Scheme – Group only (continued)

Amounts recognised in income statement

	2018 £'000	2017 £'000
Current service cost	775	459
Past service cost including curtailments	-	-
Administrative expenses	4	3
Amounts charged to operating costs	779	462

	2018 £'000	2017 £'000
Interest on liabilities	315	328
Interest on assets	(281)	(307)
Amounts charged to other finance costs	34	21

Amounts recognised in other comprehensive income

	2018 £'000	2017 £'000
Return on Fund assets in excess of interest	12	(1,595)
Other actuarial losses on assets	-	408
Changes in financial assumptions on liabilities	(399)	2,376
Change in demographic assumptions	-	77
Experience loss on defined benefit obligation	-	(783)
Amounts charged/(credited) to other comprehensive income	(387)	483

Reconciliation of opening and closing balances of the present value of scheme liabilities

	2018 £'000	2017 £'000
Opening scheme liabilities	11,289	8,893
Current service cost	775	459
Interest cost	315	328
Plan participants contributions	134	119
Assumption changes and experience (gains)/losses	(399)	1,670
Past service cost and curtailments	-	-
Benefits paid	(193)	(180)
Closing Scheme Liabilities	11,921	11,289

Reconciliation of opening and closing balances of the fair value of plan assets

	2018 £'000	2017 £'000
Opening fair value of plan assets	9,934	8,134
Interest income	281	307
Plan participants contributions	134	119
Return on assets less interest income	(12)	1,595
Administrative expenses	(4)	(3)
Contribution by employer	293	370
Benefits paid	(193)	(180)
Other actuarial losses	-	(408)
Closing fair value of plan assets	10,433	9,934

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Gedling Pension Scheme – Group only (continued)

	2018 £'000	2017 £'000
Net defined benefit pension liability	(1,488)	(1,355)
Actual return on scheme assets	269	1,902

Major categories of plan assets as a percentage of total plan assets

	2018 %	2017 %
Equities	66%	70%
Gilts	2%	3%
Bonds	12%	6%
Properties	13%	11%
Cash	2%	5%
Inflation-linked pooled fund	2%	2%
Infrastructure	3%	2%

Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure scheme liabilities are set out below:

Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	11,672	11,921	12,175
Projected service cost	774	792	811
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	11,938	11,921	11,904
Projected service cost	792	792	792
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	12,158	11,921	11,689
Projected service cost	811	792	774
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	12,351	11,921	11,507
Projected service cost	817	792	768

Social Housing Pension Scheme (SHPS) – Group and Company

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Social Housing Pension Scheme (SHPS) – Group and Company (continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2.062m, liabilities of £3,097m and a deficit of £1.035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Value of Provision

	31 March 2018 (£'000s)	31 March 2017 % per annum	31 March 2016 % per annum
Present value of provision	327	374	401

Reconciliation of opening and closing provision

	2018 £'000	2017 £'000
Provision at start of period	374	401
Unwinding of the discount factor (interest expense)	6	8
Deficit contribution paid	(48)	(46)
Remeasurements - impact of any change in assumptions	(5)	11
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	327	374

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

23 Pensions (continued)

Social Housing Pension Scheme (SHPS) – Group and Company (continued)

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Deficit contribution schedule

The following schedule details the deficit contributions agreed between the group and the scheme at each year end period:

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	49	48	46
Year 2	51	49	48
Year 3	46	51	49
Year 4	40	46	51
Year 5	42	40	46
Year 6	37	42	40
Year 7	32	37	42
Year 8	33	32	37
Year 9	17	33	32
Year 10	-	17	33
Year 11	-	-	17
Year 12	-	-	-

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

24 Legislative Provisions

The Trust is registered with the Regulator of Social Housing (RSH) under the Housing & Regeneration Act 2008 (Registration number LH4265).

25 Housing Stock

GROUP	2018	2017
	No	No
Dwellings owned and in management:		
- General Needs: Social Rent	15,221	15,672
- General Needs: Affordable Rent	2,260	1,855
- Housing for Older People	1,535	1,524
- Low cost home ownership	8	-
- Supported Housing	107	106
- Leasehold housing freehold only	495	479
Dwellings in management		
- Leased properties	67	72
- Supported Housing	263	283
	<u>19,956</u>	<u>19,991</u>

26 Investments in Subsidiary Undertakings and other entities

As at the 31st March 2018 the Trust Company was the ultimate parent undertaking of New Charter Housing Trust Group, which was incorporated in the United Kingdom.

The Company's principal address is:
Cavendish 249
Cavendish Street
Ashton-Under-Lyne
Cheshire
OL6 7AT

The company's subsidiary undertakings, which are consolidated in these financial statements, are:

- New Charter Homes Ltd (Registered Provider of Social Housing – Charitable Company Limited by Guarantee)
- Aksa Housing Association Ltd (Registered Provider of Social Housing - Co-operative and Community Benefit Society)
- Gedling Homes (Registered Provider of Social Housing – Charitable Company Limited by Guarantee)
- New Charter Building Company Limited (Repair, maintenance and improvement service - Company Limited by Guarantee)
- Threshold Housing Project Ltd (Housing support to vulnerable people - Charitable Company Limited by Guarantee)
- Great Neighbourhoods (Support of community groups/activities - Charitable Company Limited by Guarantee)
- Cavendish Property Developments Limited (Development agent - Company Limited by Shares)
- Family Support Charity (Support of victims of domestic abuse - Charitable Company Limited by Guarantee)

As at the 31st March 2018, New Charter Housing Trust directs the operations and has ultimate control over all of its subsidiaries and these are therefore treated as 100% subsidiary undertakings. All entities have the same registered office as the group.

On the 3rd April 2018 New Charter Housing Trust transferred its engagements to Adactus Housing Group which was subsequently renamed Jigsaw Homes Group Limited. The registered office for Jigsaw Homes Group is:

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

26 Investments in Subsidiary Undertakings and other entities (continued)

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

From the 3rd April 2018, Jigsaw Homes Group directs the operations and has ultimate control over all of its subsidiaries and these are therefore treated as 100% subsidiary undertakings. All entities have the same registered office as the group.

27 Related Party Transactions

As a member of the New Charter Housing Group, New Charter Housing (Parent Company) has had the following transactions with its fellow subsidiaries.

2017/18	Income	Expenditure	Debtors/(Creditors)
	£'000	£'000	£'000
Gedling Homes	4,340	247	(256)
Aksa Housing Association	875	2	5
New Charter Homes	22,353	67	(9,128)
New Charter Building Company	2,837	121	204
Threshold Housing Project	178	51	50
Great Neighbourhoods	72	-	-
Family Support Charity	1	-	1
Cavendish Property Developments	195	(15)	195

The transactions above relate primarily recharges in relation to staffing from the Parent to the subsidiary organisations, also included within the transactions above are ad-hoc items that require recharging to the relevant company for day to day activities.

New Charter Housing Trust also has a significant interest with the entities listed below which are not members of the New Charter Group.

2017/18	Income	Expenditure	Debtors
	£'000	£'000	£'000
Manchester Athena	70	-	42
JV North	23	-	28

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

27 Related Party Transactions (continued)

As a member of the New Charter Housing Group, New Charter Housing (Parent Company) has had the following transactions with its fellow subsidiaries.

2016/17	Income	Expenditure	Debtors/(Creditors)
	£'000	£'000	£'000
Gedling Homes	4,290	174	(233)
Aksa Housing Association	642	75	(45)
New Charter Homes	21,812	159	(6,833)
New Charter Building Company	2,558	174	1,542
Threshold Housing Project	294	125	(3)
Great Neighbourhoods	4	-	4
Family Support Charity	1	-	-
Cavendish Property Developments	127	15	185

The transactions above relate primarily recharges in relation to staffing from the Parent to the subsidiary organisations, also included within the transactions above are ad-hoc items that require recharging to the relevant company for day to day activities.

New Charter Housing Trust also has a significant interest with the entities listed below which are not members of the New Charter Group.

2016/17	Income	Expenditure	(Creditors)
	£'000	£'000	£'000
Manchester Athena	38	5	(38)
JV North	2	-	-

The Company has Local Authority Board Members and due to the nature of the relationship with Tameside Metropolitan 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 arm's length and do not benefit from any favourable terms.

The independent Board members have links with a number of organisations, including Tameside College, Pennine Care NHS, Great Places Housing Group, Manchester City Council & Trafford Local Authority, Tameside 3rd Sector Coalition, DePaul Trust North West Regional Committee, Tameside Radio, and Christchurch Community Development. Again no advantage is gained from these links.

28 Quest Media Network and Piccolo Communications

During the year Piccolo Communications Limited and Quest Media Network Limited ceased to be part of the New Charter Group.

Quest Media Network and Piccolo Communications left the New Charter Group on 31st December 2017, and therefore only the results up to this point are included in the New Charter Group financial statements. The loss at this point was £31k.

The removal of the assets and liabilities amounted to £156k, which has been taken through the Statement of Changes in Reserves.

New Charter Housing Trust Limited

NOTES TO THE FINANCIAL STATEMENTS

29 Financial Instruments

The financial instruments may be analysed as follows:

Group	2018	2017
	£'000	£'000
Financial Assets		
Financial Assets measured at historical cost		
- Trade receivables	5,647	6,074
- Other receivables	8,518	13,779
- Cash and cash equivalents	32,719	42,388
Total Financial Assets	<u>46,884</u>	<u>62,241</u>
Financial Liabilities		
Financial Liabilities measured at amortised cost		
- Loans payable	370,786	369,789
Financial Liabilities measured at historical cost		
- Trade creditors	4,716	5,016
- Other creditors	29,359	29,479
Total Financial Liabilities	<u>404,861</u>	<u>404,284</u>

Financial assets measured at historical cost comprise trade debtors, other debtors, and amounts owed by associated undertakings.

Financial liabilities measured at historical cost comprise trade creditors and other creditors.

Company	2018	2017
	£'000	£'000
Financial Assets		
Financial Assets measured at historical cost		
- Trade receivables	364	524
- Other receivables	2,748	4,193
- Cash and cash equivalents	4,922	1,440
Total Financial Assets	<u>8,034</u>	<u>6,157</u>
Financial Liabilities		
Financial Liabilities measured at historical cost		
- Trade creditors	467	1,874
- Other creditors	12,082	10,110
Total Financial Liabilities	<u>12,549</u>	<u>11,984</u>

Financial assets measured at historical cost comprise trade debtors, other debtors, and amounts owed by associated undertakings.

Financial liabilities measured at historical cost comprise trade creditors and other creditors.

30 Post Balance Sheet Events

On 3rd April 2018, there was a transfer of engagements of all the trade and assets, including ownership of all subsidiary undertakings, from New Charter Housing Trust to Adactus Housing Group. Following this Adactus Housing Group changed its names to Jigsaw Homes Group Limited.