

TRYING HARDER TOGETHER



Report and Accounts **2009**
Period ended 31st March **2009**



TRAFFORD HOUSING TRUST

(Company Limited by Guarantee)

Annual Report and Financial Statements

Period ended 31st March 2009

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THE BOARD MEMBERS WHO HAVE SERVED DURING THE YEAR ARE:-

Board Member		Appointed	Resigned
Bernard Knight	Chair	12 th November 2008	
Michael Gaskell	Chair	27 th July 2004	6 th October 2008
Stephen Adshead		6 th June 2007	11 th June 2008
Ronald Baker		12 th September 2007	19 th September 2008
Ian Belnavis		13 th August 2008	
Joanne Bennett		12 th June 2008	
Helen Brzozowski		27 th July 2004	
Rute Caldeira		18 th September 2008	7 th May 2009
Michael Cordingley		12 th June 2008	
Anne Duffield		27 th July 2004	27 th June 2008
Bernice Garlick		27 th July 2004	11 th June 2008
Kai Hughes	Vice Chair ¹	27 th July 2004	
Edward Kelson		6 th June 2007	
Stephen Leathwaite		18 th September 2007	
Jeanette McLaughlin		14 th June 2006	19 th September 2008
Alan Mitchell		26 th August 2004	11 th June 2008
Bernard Sharp		12 th June 2008	
Alan Smith		27 th July 2004	
Sarah Twibell		18 th September 2008	
Shaun Wilson		18 th September 2007	
Beverley Winn		12 th September 2007	
Michael Young		6 th June 2007	

CO-OPTEE

Ian Belnavis	12 th September 2007	13 th August 2008
Gill Leng	10 th December 2008	

EXECUTIVE DIRECTORS (NOT ON THE BOARD)

Matthew Gardiner	Chief Executive	29 th November 2004	
Larry Gold	Director of Resources and Company Secretary	11 th November 2004	
Jane McCall	Director of Investment and Regeneration	30 th April 2007	
Martin Saunders	Director of Transformation	1 st January 2009	
Edward Barber	Director of Neighbourhoods and Renewal	14 th March 2005	3 rd October 2008

¹ Kai Hughes acted up as Chair (Helen Brzozowski stepped in to fill the Vice Chair role) during the period between Mike Gaskell and Bernard Knight's Chairmanship.

Registered office

Trafford Housing Trust Ltd
Marshall House
2 Park Avenue
Sale
Manchester
M33 6HE

Registered

A company limited by
guarantee, registered in
England and Wales
No. 04831118

Registered by the Tenant
Services Authority
No. L4440

A charity registered with the
Charity Commission No.
1106967

External Auditors

KPMG LLP
St James' Square
Manchester
M2 6DS

Principal Solicitors

Devonshires
Salisbury House
London Wall
London
EC2M 5QY

Bankers

Barclays Bank Plc
15 Colmore Row
Birmingham
B3 2WN

Internal Auditors

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

Taxation Advisors

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

CHAIR'S OVERVIEW

In this, my first year as Chair of the Board, I'm pleased to introduce Trafford Housing Trust's Annual Report and Accounts for 2008/09.

The results, in the pages that follow, show that the Trust has achieved much during the last year. In particular, our financial strength has enabled a successful refinancing to take place and as a result, new activities, particularly the building of new homes, have begun.

But the way that this has been achieved is important too. The framework for how we operate is set by our values, which guide our staff as they go about their work. It is a reflection of this values driven approach from our people, that the Trust has received external recognition during the year, being awarded Investors in People accreditation and a One-Star rating in the Best Companies awards.

There is still much more that we can do and we will continue to listen and respond to the things that our residents tell us about the services we provide and the way we run our business.

OUR KEY ACHIEVEMENTS

Improvements in Customer Service:

The Trust publishes performance against a range of customer service standards, so our customers know whether we are meeting the standards we promise. During the year the percentage of service standards met has increased to 85% (2007/08 66%), and we now look forward to further improvements.

Service Improvements:

Our plans are to drive the continuous improvement of services to customers and during the year we report on a variety of service performance indicators. The proportion of customers satisfied with the overall service provided by the Trust is a key indicator of the success of our approach and this reached 84% at the year end.

Improving our homes:

Work has continued to improve the homes that our tenants live in – an essential element of the promises made to tenants at the time of transfer. We have invested over £35 million on tenants' homes over the 12 month period, resulting in:

- 1,100 homes with new windows
- 1,625 homes with new kitchens
- 1,625 homes with new bathrooms
- 1,625 homes with new heating systems
- 1,625 homes rewired

As this improvement work comes to an end, we are looking more widely at our property to ensure that our future investment contributes to the affordability of the housing market in Trafford and offers our customers choice and quality.

Working with Partners

The Trust works in partnership with a wide range of other organisations and our work on community safety, health and care and financial inclusion would not be possible without these partnerships. Through a major partnership with Trafford MBC, work has continued on the Old Trafford Masterplan, a flagship regeneration project to deliver fundamental improvements to infrastructure, homes and services in this neighbourhood.

The Tenant Services Authority

The Trust is regulated by the Tenant Services Authority (TSA), formerly the Housing Corporation. Regulation is risk based and during the year, the TSA recognised the growing maturity and resilience of the Trust and reduced its risk assessment from “high”, the usual class for relatively young organisations, to “medium” risk. The TSA has also confirmed that the Trust meets the requirements set out in their regulatory code in terms of financial viability.

THE FUTURE

The current year is an exciting time for the Trust, with plans in place to build 119 new homes across Trafford. This development programme includes the provision of an extra care facility in Timperley, in partnership with TMBC and Housing 21, to provide 38 homes and on-site facilities for older and vulnerable people with care or support needs. Work has already started in Lostock to build 45 homes for rent and there are plans for a mixture of homes for rent and shared ownership at two further sites in the Borough.

During the year we have consulted widely with customers about the way we are providing our services. In the coming year, using the results of this consultation and other work we have carried out, we are intending to implement wide ranging changes to focus more closely on what matters to our customers, to improve the quality and consistency of our services and to reduce their cost.

OUR PEOPLE

We are fortunate to have a forward-looking and ambitious Board who are committed to the continuous improvement of what we do. I would like to thank them for their commitment and efforts during the year and also, in a year when significant demands have been made on them, the staff team who have worked tirelessly to improve the quality of the homes and the services we provide.



Bernard Knight
Chair

OPERATING AND FINANCIAL REVIEW

Trafford Housing Trust's Business, Objectives and Strategy

Activities

Trafford Housing Trust commenced trading on 14th March 2005 in order to facilitate the transfer of housing stock from Trafford Metropolitan Borough Council (TMBC). The Trust provides affordable and sheltered housing in the Trafford area, owning and managing approximately 9,400 homes.

The Trust measures achievement of its objectives by monitoring financial and non-financial information. The Trust is managed by the Executive:

- Chief Executive – Matthew Gardiner
- Director of Resources/Company Secretary – Larry Gold
- Director of Investment and Regeneration – Jane McCall
- Director of Transformation – Martin Saunders

Management Accounts and Performance Indicators are provided to the Management Team on a monthly basis and Key Performance Indicators (KPIs) to each Performance Board on a quarterly basis. Board assess performance through five overarching themes, namely: supporting and developing our people; improving value for money; delivering excellent customer service; enhancing neighbourhood focus and growth.

Operating Review

The Trust operates across the five areas of the Trafford Borough – Old Trafford, Stretford, Urmston, Altrincham and Sale. During the period, the Trust spent £35.6m of its five year £138.8m (£152.2m when inflated) Improvement Programme. Turnover for the period ending 31st March 2009 was £32.8m, principally from lettings. A total net deficit of £3.1m was achieved during the financial year. Owning circa 9,400 homes, the average rent during the period was £64.90, with the average rent increase in 2008/09 being 8.4%.

Performance in the Period

The Trust made a deficit in the period of £3.1m compared to a budgeted deficit of £1.0m. The key drivers of this £2.1m adverse variance are a £1.8m adverse movement on reserves relating to pensions and £0.5m of additional operating costs relating to pensions.

Highs

- The improvement programme is progressing well, delivering 99% of its budgeted expenditure in the year. A small budget underspend of £0.4m reflects a slight delay in the Manor Court scheme pending leaseholder consultation.
- Responsive Maintenance is £0.5m less than Budget for the full year. This reflects the continuing success of the VFM Group initiative in deploying the in-house team rather than sub-contractors.
- Administration overheads were £0.5m less than budget for the year. This is a combined effect of the achievement of the VFM Group initiatives and the Governments' reduced VAT rate from December 2008.

Lows

- Right-To-Buy Sales were budgeted at 35 properties for the full year to generate an income of £2,100k. However, only 10 sales were completed in the year, resulting in an adverse budget variance of £0.8m in respect of property sales.
- Turnover was £0.8m lower than budget due largely to the cancellation of the prior year asbestos recharge to TMBC, which remained unpaid throughout the financial year.
- Total Employee Costs were £0.8m higher than budget for the year. £0.4m of this is the result of higher pensions costs in respect of the Greater Manchester Pension Fund (GMPF). The remainder is a combined effect of a higher-than-budget pay award and higher petrol prices that affected vehicle costs.
- Service costs were £0.6m higher than budget for the full year with the main adverse elements being increases in utility costs and grounds maintenance costs.

The results are summarised below:

Financial Performance	Actual	2008/09	Variance	2007/08
	£'m	Budget	£'m	Actual
		£'m		£'m
Turnover	32.8	33.3	(0.5)	32.8
Operating Costs	(21.8)	(21.8)	0.0	(23.2)
Operating Surplus	11.0	11.5	(0.5)	9.6
Improvement Programme	(7.7)	(8.5)	0.8	(6.2)
Surplus on Property Sales	1.3	2.1	(0.8)	2.7
Depreciation and Other Costs	(4.5)	(3.9)	(0.6)	(3.0)
Net Interest Charges	(3.0)	(3.6)	0.6	(1.9)
VAT Recoverable	1.6	1.4	0.2	1.5
Gain (Loss) Relating to Pension	(1.8)	0.0	(1.8)	1.5
Surplus / (Deficit) for the Year	(3.1)	(1.0)	(2.1)	4.2
	%	%	%	%
Gross Margin	33.5	34.5	(1.0)	29.3
Net Margin	(9.5)	(3.0)	(6.5)	12.8
Voids	1.8	1.6	(0.2)	1.9
Non-Financial Performance	Actual	2008/09	Days	2007/08
	Days	Target	Variance	Actual
		Days		Days
Average re-let time	33	35	2	40
Average time to complete routine repairs	10	28	18	11

Trafford Housing Trust Dynamics

The Trust is affected by a number of external factors including:

- Rent Restructuring – this restricts the Trust’s ability to increase the rents it charges and therefore future income levels.
- Decent Homes Standard – legislation requires that all homes achieve the Government’s Decent Homes Standard by 2010.
- Loan Covenants – the financial performance of the organisation affects the cash flows of the Trust. The Trust needs to ensure that it continues to operate within funder approved financial covenants.
- Stock Valuation – the Trust is required to undertake annual valuations of its stock in order to ensure adequate assets exist to cover Trust loans.
- Housing Market – whilst the Trust does not currently operate in the shared ownership market, the level of Right-To-Buy sales is driven principally by the housing market.

Financial Review

The Trust’s accounting policies have been prepared with reference to UK *Generally Accepted Accounting Principles (GAAP)*, the *Statement of Recommended Practice: Registered Social Landlords 2008* and *The Accounting Requirements for Registered Social Landlords General Determination 2006*.

The principal accounting policies of the Trust are set out on pages 28 to 33 of the financial statements. The policies with the most impact are that of the capitalisation of the Improvement Programme spend, the depreciation policy, the accounting treatment of the “VAT shelter” arrangement, the bad debt policy and the Retirement Benefits (FRS17) policy.

Immediately prior to entering into the Stock Transfer Agreement between Trafford Metropolitan Borough Council (TMBC) and the Trust, the Council contracted with the Trust to complete the refurbishment works required to bring the transferring properties into an agreed state. The contract was for a fixed sum equal to the expected cost of the works, i.e. £188m plus VAT of £33m. At transfer, the Trust contracted with the Council to acquire the benefit of the Council’s obligation to carry out the refurbishment works (£188m plus VAT) plus the housing properties at a price equal to the agreed value of the properties in their unenhanced condition, (£4.350m). A right of set off exists between the contracts. These contracts have enabled the Trust to recover VAT on repair/improvement costs that would otherwise have been expensed, i.e. c£33m. 67% of the VAT recovered is paid to TMBC under a separate VAT sharing agreement.

The impact of these two transactions is that whilst the Council has a legal obligation to the Trust to complete the refurbishment works; this work has been contracted back to the Trust who are also legally obligated. The underlying substance of the transaction is therefore that the Trust has acquired the properties in their existing condition at their agreed value, and will complete certain repairs/improvements in line with guarantees to customers of not less than £188m plus VAT.

The Trust has followed agreed best practice (as outlined in the revised Statement of Recommended Practice) and used the ‘grossing up method’ to reflect the substance of these transactions in the Trust’s accounts as both a debtor and a provision, see notes 14 and 19.

During 2008/09 the Trust paid pension contributions of 13.2% on employees 'pensionable' pay to the Greater Manchester Pension Fund, which is a final salary pension scheme. As part of the transfer arrangements, the Trust's net opening liabilities were funded by TMBC. The last actuarial valuation took place on 31st March 2007. In line with FRS17 requirements, the assets and liabilities have been shown in the accounts. The impact of this is shown in note 9 of the financial statements.

In addition, the Trust is a member of the Social Housing Pension Scheme, which also provides benefits based on final 'pensionable' pay. As at 31st March 2009, 39 members of staff had joined this pension scheme. Due to the nature of the scheme, actuaries are unable to identify the Trust's share of the scheme's assets and liabilities on a consistent and reasonable basis. As a consequence, the scheme has been accounted for as a defined contribution scheme. The employer contribution rate of 12.0% was applied in 2008/09.

Capital Structure and Treasury Policy

During the year, the Trust extended its borrowing facility from £90m to £110m. The extra £20m borrowing is required to fund a number of new development activities over the next 5 years as follows:

- Lostock – part grant funded.
- Vale Court – part grant funded.
- Roebuck Gardens – part grant funded.
- Newbury Court – part grant funded.
- Nansen Court.
- Redbrook Road.
- Old Trafford Master Plan.

The impact of these new developments has had a significant effect on the Trust's Business Plan:

	May 2008 Review of Business Plan	February 2009 Approved Development Business Plan
Peak Debt (£'m)	89.4	108.9
Year of Peak Debt	2011/12	2012/13
Year of Payback	2025/26	2028/29

It should be noted, however, that the Business Plan remains fully funded, operating within agreed loan covenant tolerances. As a result, the Trust is pleased to confirm that it has received a 'green light' Annual Viability Review from the Tenant Services Authority (TSA).

The Trust is financed by a combination of retained earnings, short-term loans (revolving facility) and long-term loans (forward fixes). The Finance Team operates within strict policies and procedures, designed to maintain the Trust's ongoing financial stability and viability, whilst managing the Trust liquidity and interest rate risks.

Total borrowing to 31st March 2009 is £75.25m, split as £52.0m fixed and £23.25m variable. The fixed loans are made up of four lots of £8m fixes (arranged at transfer) plus an additional £20m fix agreed in February 2009. A further £8m of forward start fixed rate loans are due to be drawn in 2010. As the Trust approaches the £108.9m peak debt, it is expected that, in order to manage interest rate risk, variable loans will also be utilised. The detailed strategy will be published in the 2009/10 financial year.

Credit Crunch

Despite “the credit crunch”, the Trust was pleased to obtain the additional funding during a very tough time in the market. Although the additional borrowings were at a higher margin than the previous facility, the Trust benefitted from lower long-term fixed interest rate. This has enabled the organisation to reduce its weighted average cost of capital from 6.2% to 5.8%.

Cash Flows

The cash flow statement on page 27 shows that, during the year, the Trust paid out £0.1m of cash more than it received, with the increased loans (£75.25m in March 2009 compared to £46.0m in March 2008) being spent by the business. Interest payments of £3.0m were made in the year, which equates to an average interest rate for the year of 5.0%. The principal cash flow of the Trust was the expenditure on the Improvement Programme of £35.6m. Offsetting this were the net operating surplus and Right-To-Buy sales income.

Current Liquidity

The Trust’s policy, as approved by the Finance Committee, is to not hold significant cash balances but to ensure that loan facilities are in place to fund future requirements. Short-term cash balances are placed on overnight/short-term deposits at competitive rates. Interest received during the period was £5k.

Loan covenants are primarily based on interest cover and gearing ratios, although asset cover, peak debt and the repayment year are equally important. The Trust met all of its loan covenants throughout the period and at 31st March 2009 for all loan facilities. During 2008/09 Savills plc provided an independent valuation of the housing stock as required by the Trust’s funders, Barclays Bank plc. As at 31st March 2009, the Housing Properties were valued at £104.6m, compared to £79.7m as at 31st March 2008.

Going Concern

The Board has made enquiries and examined significant areas that could give rise to financial exposure and are satisfied that no significant exposures exist, other than as reflected in these financial statements, and that the Trust has adequate resources to continue its operations in the foreseeable future. For this reason, the financial accounts have been prepared on a going concern basis.

Statement of Compliance

This Operating and Financial Review has been prepared in accordance with Reporting Standard 1: ‘Operating and Financial Review’ (RS1).



Larry Gold
Director of Resources

REPORT OF THE BOARD

The Board is pleased to present its report and the audited financial statements for the period ended 31st March 2009.

Introduction

Trafford Housing Trust is a social landlord registered with the Tenant Services Authority, a charity registered with the Charities Commission and is a UK company limited by guarantee.

Principal Activities

Trafford Housing Trust ("The Trust") is a not-for-profit organisation, administered by a Board comprising voluntary Board Members and a Chair who receives remuneration. The Trust operates throughout the Borough of Trafford to the south of Manchester. Its head office is at Marshall House in Sale. The Trust's principal activity is the provision and management of social housing.

Performance and Business Review

Details of The Trust's performance for the year are set out in the Operating and Financial Review.

Housing Property Assets

Details of changes to the Trust's fixed assets are shown in note 12 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

The Trust has a revenue reserve. The deficit for 2008/09 has been transferred to the revenue reserve along with the actuarial loss on the Trust's element of the Greater Manchester Pension Scheme (GMPS). Reserve movements are detailed in note 20 to the financial statements.

Donations in the Year

The Trust donated £48,539 (2007/08: £49,450) to various organisations during the period. The donations made in the year included:

- £10,000 (£30,000 over three years) towards a project set up by the Fire Service to reduce the incidence of fires in residential properties.
- £20,000 to support the development of a joint welfare rights worker with the Citizens Advice Bureau.
- £6,000 to support a youth project in Sale Moor (£20,000 over three years).
- £5,089 (£6,000 2007/08) to support the lease costs of a minibus for G-Force, a local community enterprise in Altrincham, Manchester.
- £7,450 in 2008/09 (£34,550 over five years) for a local community internet based TV station in Old Trafford, "Lets Go Global".

The Trust made no political donations during the period.

Post Balance Sheet Events

There are no post balance sheet events in the period.

Payment of Creditors

In line with government guidance, the Trust's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. Trust performance against this policy is shown in note 16 to the financial statements.

Financial Instruments

The Trust's approach to financial risk management is outlined in the Operating and Financial Review.

Efficiency

The Board is committed to the continued delivery of effective and efficient services to Trust customers and other stakeholders. Through the development of a Value for Money Strategy and service improvement plans the Trust aims to deliver efficiencies and ensure that resources are being allocated to best effect.

Employees

The strength of the Trust lies in the quality of all its employees. In particular, the Trust's ability to meet its objectives and commitments to customers in an efficient and effective manner depends greatly on the contribution of our employees.

The Trust employed 379 (2007/08:358) employees (including part time) on 31st March 2009.

The Trust shares information on its objectives, progress and activities through regular management meetings and briefings involving Board Members, the Management Team and staff. The Trust provides training programmes focused on the requirements of the business and employees' views on how to improve service are actively sought. A Joint Consultative Committee consisting of the employees' Trade Unions and the Trust's Management meets regularly to discuss issues relevant to employees.

The Trust is committed to equality and diversity and therefore bases all decisions on individual ability regardless of race, religion, gender, age or disability. Applications for employment by disabled persons are encouraged and are always fully considered, having regard to their particular aptitudes and abilities. Should employees become disabled, the Trust will make any adjustments that can reasonably be made to facilitate the employee's continued working or possible redeployment within the business.

Health and Safety

The Board is aware of its responsibilities on matters relating to health and safety. The Trust has approved its health and safety policy. An audit on health and safety was undertaken during the year, and a detailed action plan ensures procedures and a training and education programme are in place for all its staff to meet with all aspects of compliance on health and safety matters. A Health and Safety Committee meets regularly throughout the year attended by departmental health and safety representatives and management.

Board Members and Executive Directors

The current Board Members and Executive Directors and those who served for any part of the reporting period are set out on page 2.

The Trust has insurance policies in place that indemnify its Board Members and Executive Directors against liability when acting for the Company.

Remuneration Policy

The HR and Governance Committee is responsible for recommending to the Board the Trust's Pay Policy and Terms and Conditions of employment for the Chief Executive.

The Chief Executive uses sector information to determine and approve the remuneration packages of the other Executive Directors. Basic salaries for Executive Directors are set having regard to each Executive Director's responsibilities and pay levels for corporate positions.

The remuneration for the Chair was set by the HR & Governance Committee and approved by the Board, and was determined by reference to fees paid by other similar organisations and to reflect the amount of time the Chair is expected to devote to the Trust's activities during the year. No other Board Members are remunerated for their services.

Contracts of Employment

All the Executive Directors are appointed on a permanent contract of employment basis, with the exception of the Director of Transformation, who is working on a two year temporary contract. The notice periods for all the Executive Directors is six months. The Trust may at its discretion make a payment in lieu of notice to the Chief Executive for loss of office of up to 6 months' salary less NI contributions, subject to consent of the Tenant Services Authority.

The Chair does not have a contract of employment but has an agreement for services which can be terminated without payment of compensation.

Further details of the Executive Directors' and Chair's remuneration can be found in note 10 to the financial statements.

Pensions

The Chief Executive, the Director of Resources and the Director of Investment and Regeneration are members of the Social Housing Pension Scheme. The Director of Transformation and the former Director of Neighbourhoods and Renewal are members of the Greater Manchester Pension Fund. The Executive Directors participate in the schemes on the same basis as all other eligible staff. The Trust contributes to the schemes on behalf of its employees. Further details of the pension schemes referred to above can be found in note 9 to the financial statements.

Other Benefits

In addition to their basic salary, the Executive Directors are entitled to a cash allowance. Full details of Executive Directors' individual remuneration packages are included in note 10 to the audited financial statements.

Board Members and Their Interests

No Board Member had a material interest at any time during the year in any contract of significance.

The declaration of interests in related parties by Board Members are shown in note 25 to the financial statements.

CORPORATE GOVERNANCE

The Trust seeks to uphold the principles of the NHF Code of Governance (revised Feb 2009) ("the Code"). This report explains the extent to which the Trust has complied with the Code and where the Trust does not comply, it seeks to demonstrate how it achieves good governance.

Constitution and composition of the Board

The Trust's Board comprises fifteen non-executive Board Members; five Independent Board Members, five Tenant Board Members and five Local Authority Nominated Board Members.

Currently one Tenant Board Member post is vacant, and this post will be filled prior to the AGM. There is also one co-optee to the Board. It is noted that the Code recommends no more than twelve Board Members including co-optees. As the Trust is less than five years from Stock Transfer, and is still carrying out its Transfer Promises, including meeting the Decent Homes Standard by 2010, it is considered that the current size of Board is not inappropriate in order to make effective decisions, although this is kept under review.

The Board Members believe that it is essential that the Trust should be led and controlled by an effective Board. The Board is responsible for the success of the Trust within a framework of controls, which enables risk to be assessed and managed. The Board directs and controls the Trust's business through regular meetings. The Board met for twelve Board Meetings and one Strategy Meeting over the period. It is scheduled to meet at least twelve times over the next financial year but will also call special meetings on issues of importance or concern, as appropriate.

The Trust Board Members are drawn from a wide range of backgrounds and they bring, collectively, a range of professional, commercial and local knowledge and experience.

The day-to-day management of the business is delegated to the Chief Executive and other Executive Directors, who attend Board and Committee meetings as well as regularly meeting with Board Members between formal Board meetings.

All Board Members have a role profile outlining their responsibilities, although only the Chair at present has a formal agreement specifying his obligations, which he has signed.

Board Recruitment, Renewal and Review

The Board Members are elected in accordance with the Memorandum and Articles of Association of the Trust and are subject to re-election at least every three years. New Board Members are appointed to fill casual vacancies and potential Board Members are actively sought from all areas of the community with particular regard to enabling our BME communities to be properly represented.

During the year there were seven new Board Members appointed, three Local Authority Nominated Board Members, two Independent Board Members (including the Chair) and two Tenant Board Members. Tenant Board Members were selected after open advertising of the posts and interview, one independent Board Member was selected after being a co-optee member for eleven months, and the Chair was appointed after a fully open and objective selection process led by external recruitment consultants.

There is a Board appraisal process in place to assess the overall performance of the Board and the contribution made by individual Board Members. This annual process has resulted in an action plan to support the continuous improvement of the Board as a whole and of individual Board Members. In addition, where insufficient progress in meeting appraisal objectives by Board Members is made, this is reported to the Chair for action. There is a mandatory induction process in place for new Board Members and there are effective arrangements in place to provide training and development to enhance the skills, experience and knowledge of Board Members.

The Board will continue to develop its succession planning arrangements over the coming year and will continue to develop policies on recruitment and election which it intends to publish, as recommended by the Code.

The maximum term of office for the Chair is five years, whilst the other Board Members do not have maximum terms of office, no Board Member has served for more than six years. The Board will consider maximum terms of office for Board Members as part of the development of the succession planning arrangements to ensure compliance with the Code which recommends

a maximum period of service for non-executive Board Members of nine years.

The Board decided in August 2008 that the role of Chair should be a remunerated position, following the preparation and consideration of a detailed business case and consultation with stakeholders.

Essential Functions of the Board

The Board is responsible for setting strategy, maintaining the policy and decision making framework in which this strategy is implemented, ensuring that the necessary financial and human resources are in place to meet strategic aims, monitoring performance against key financial and non-financial indicators, overseeing the system of risk management and for setting values and standards in governance matters.

The Financial Regulations and Standing Orders of the Trust set out the essential functions of the Board and specific matters that are reserved for the Board to consider.

Responsibilities of the Chair

Both the Chair and the Vice Chair of the Board and the Chairs of each of the Committees have job descriptions that formally record their responsibilities.

Conduct of the Board's Business

The Board meets monthly and there is a quarterly cycle of meetings (Business, Performance and Blue Sky). Board Members receive comprehensive papers prior to Board Meetings and these clearly set out the decisions to be made. Up to five residents attend Performance and Blue-Sky meetings, one from each Community Panel and a representative from each Community Panel receives Business Board Papers, and these representatives have the opportunity of providing feedback to the Board.

The HR & Governance Committee and Audit Committee have detailed terms of reference.

The Chief Executive

The duties of the Chief Executive are documented in the Standing Orders of the Trust.

Committees

There are two Committees of the Board, the Human Resources & Governance Committee and the Audit Committee

The Human Resources and Governance Committee has a membership of seven members and may include up to three nominated representatives from the Community Panels. The Chair of the Committee during the period was Kai Hughes (to April 2009) and Helen Brzozowski (from April 2009). The Vice Chair was Helen Brzozowski (till April 2009). The Committee met six times during the period and now only meets as and when required.

The function of the Committee is to consider all matters relating to The Trust's Human Resources and Governance issues, including standards and ethics, selection, appraisal and remuneration of Board Members and the Chief Executive, and make recommendations considered appropriate to the Board.

The Audit Committee has a membership of seven members and may include up to three nominated representatives from the Community Panels. The Chair of the Committee during the period was Alan Smith. The Vice Chairs during the period were Kai Hughes (to October 2008 and again from February 2009) and Helen Brzozowski (from November 2008 to January 2009), The Committee met four times during the period.

The particular purpose of the Committee is:

- to review the annual financial statements before submission to the Finance Committee;
- to appoint the External Auditors, subject to ratification at the Annual General Meeting, and oversee their processes;
- to appoint the Internal Auditors, and oversee their processes, and
- to oversee the accounting, risk management and internal control systems of the Trust.
- To review and champion the Trust's Value for Money strategy.

Openness and Transparency

The Trust believes it should act in an open and accountable way in relation to its customers, local communities, TMBC, employees, lenders and other partners. As a general rule, it will make available information about the Trust, how it works, its Board and employees unless there is good reason of confidentiality or practicality and subject to the requirements of Data Protection legislation.

Accountability - Involvement of Customers, Communities and Neighbourhoods

The Trust recognises the range of stakeholders to which it is accountable and endeavours to ensure that each group, where relevant, has the appropriate influence over, or involvement in, planning and decision making.

The Trust actively encourages customers' involvement in decision-making by promoting mechanisms of customer involvement. The Trust has five Board Members who are residents and at least one of these Board Members sit on each of the Board Committees. The resident Community Panels also select representatives to sit on the Board Committees and attend Board meetings.

There are five Community Panels which meet bi-monthly and cover Stretford, Old Trafford, Urmston, Sale and Altrincham. Each Community Panel has a membership made up of resident representatives, nominees from statutory agencies and other local representatives. The Community Panels' role includes monitoring local performance of the Trust, providing input on local policies and local improvement and development programmes and improving the sustainability of the local area. The Panels hold and allocate an annual Community budget (£135,000 per Community Panel). This budget is spent on schemes in the local area which impact on social, health and safety, environmental and security issues.

In October 2005, the Trust launched its Compact document: *Pathways*. *Pathways* explains how the Trust will involve customers in its service. It places particular emphasis on how the Trust can get all customers involved in the Trust in whatever way people want. It also shows how the Trust will encourage elderly, young and customers from a BME background to be involved in the Trust's service.

The Trust has a clear and simple complaints policy, which conforms to guidance issued by the Housing Ombudsman Service. During the year, the Trust received 301 complaints (351 - 2007/08). 92% (2007/08: 92%) of all complaints were dealt with within performance timescales.

Equality and Diversity

The Trust is fully committed to embedding the principles of equality and diversity in all areas of the organisation.

The Trust has developed Equality & Diversity Plans which have outlined actions to meet the requirements of the Audit Commission's Key Line Of Enquiries (KLOEs) and the Tenant Service's Authority (TSA's) Regulatory Code and it has developed a partnership approach to working with local BME housing providers.

The Board has approved the Trust's Equality Scheme, which demonstrates how the organisation will eliminate discrimination in the areas of sex, race and disability and promote equality of opportunity. This is supported by diverse recruitment methods to encourage applications and build a workforce that is reflective of the community. A Race Charter of Commitment has been published and the Trust has developed interpretation and translation services in partnership with BME housing partners. The Trust has also published its policy on Equal Opportunities for staff.

Audit and Risk

The Trust has an Audit Committee that meets at least three times a year. The Committee can meet without paid staff being present. The Audit Committee's responsibilities include development of the Trust's Risk Register, which has been substantially reviewed during the year. Internal Audit reports to the Audit Committee, who agrees the annual programme of internal audit work.

Conduct and Probity

The Trust has Codes of Conduct for Board Members and staff, aimed at upholding high standards of probity and ethics. The HR and Governance Committee has delegated authority to review policies on governance, codes of conduct, gifts, hospitality, fraud and whistle-blowing procedures.

Registers are maintained by the Company Secretary to record declarations of interest, conflicts of interest, gifts and hospitality and determinations under Schedule 1 of the Housing Act 1996 and fraud.

INTERNAL CONTROLS ASSURANCE

The Board is ultimately responsible for ensuring that the Trust maintains a sound system of internal control and for reviewing its effectiveness. The Audit Committee is responsible to the Board for monitoring this system and reporting on its effectiveness.

The internal control system is designed to manage and reduce, rather than eliminate the risk of failing to achieve business objectives and to provide reasonable but not absolute, assurance that assets are safeguarded against unauthorized use or material loss and that transactions are properly authorised and recorded. The processes in place also assist the Board in identifying whether the Trust has any significant failings or weaknesses in its internal control system.

In meeting its responsibilities, the Board through the Audit Committee has adopted a risk based approach to internal controls which is embedded within the management and governance of the Trust. This includes a regular review of the nature and extent of significant risks to which the Trust is exposed and is consistent with the then Housing Corporation's Circular 07/07: Internal Controls Assurance.

The process by which the Audit Committee on behalf of the Board reviews the effectiveness of the system of internal control, together with the robustness of the risk management and control framework includes:

Identifying and Evaluation of Key Risks

There is a formal risk management framework which incorporates identification and evaluation of risk, related controls and mitigating actions. Risk issues are monitored by the Audit Committee with regular update reports to the Board, this process has been in place throughout the financial year and up to the date of approval of the Annual Report and Financial Statements.

Verification of controls over key risks is incorporated into the Internal Audit Programme.

Control Environment and Control Procedures

Formal Standing Orders and Financial Regulations define responsibilities of the Board, Sub-Committees and management. The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance matters including treasury strategy and new activities.

There are formal policies and procedures in place that cover issues such as delegated authority, segregation of duties, accounting, treasury management, health & safety, data and asset protection and fraud prevention, detection and reporting. All key policies are subject to Board approval.

There are robust policies and procedures on recruitment, induction, appraisal and staff management to assist in maintaining standards of performance.

All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

Information and Financial Reporting Systems

Financial reporting procedures include detailed budgets and longer term forecasts, these are reviewed and approved by the Board. Regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information including significant variances from budgets which are investigated as necessary. The Board regularly review financial performance and key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring and Corrective Action

The internal control framework is subject to regular review by Internal Audit who advise the senior management team and report to the Audit Committee. The Audit Committee consider internal control and risk at each of its meetings during the year, meeting with senior management and the internal and external auditors to review specific reporting and internal control matters, and to satisfy themselves that the internal control systems are operating effectively. The Trust follows formal procedures for instituting appropriate action to correct weaknesses identified and the Audit Committee reviews any follow up action taken to correct identified weaknesses.

The Trust's Executive Management Team regularly reviews the internal control framework and takes appropriate action to develop and implement best practice improvements to the system of internal control to ensure its continued effectiveness.

During the financial year, areas of potential weakness requiring further management action were identified and these included:

Benchmarking – Resources will be invested to deliver comprehensive benchmarking information to enhance performance knowledge and drive continuous improvement.

Governance – A formalised mandatory Members' training programme will be implemented to enhance Board effectiveness.

Customer Relationship Management (CRM) – significant investment is being undertaken in an IT based CRM solution to ensure comprehensive customer knowledge enabling customer focussed improvements in service delivery.

The Board is committed to investigating all suspected incidents of fraud, and, where a fraudulent act has taken place, taking the strongest action available against those individuals and/or businesses involved.

The Board has received the Chief Executive's Annual Report on the system of internal control and has reviewed the effectiveness of the system of internal control for the year ended 31 March 2009, and up to the date of signing these Annual Report and Financial Statements. No weaknesses have been identified which resulted in material losses or contingencies or other uncertainties which require disclosure in the Annual Report and Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Going Concern

The Board has made enquiries and examined significant areas that could give rise to financial exposure and are satisfied that no significant exposures exist, other than as reflected in these financial statements, and that the Trust has adequate resources to continue its operations in the foreseeable future. For this reason, the financial accounts have been prepared on a going concern basis.

Annual General Meeting

The Annual General Meeting will be held on 24th September 2009.

Auditors

On 28th January 2008, KPMG LLP were re-appointed as Auditors to the Trust for a period of two years.

Pursuant to Section 381A of the Companies Act 1985, on 31st January 2005, the Company passed an Elective Resolution to dispense with the annual obligation to appoint Auditors.

The Report of the Board was approved by the Board on 12th August 2009 and signed on its behalf by:

For and on behalf of the Board:



Bernard Knight
Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TRAFFORD HOUSING TRUST LIMITED

We have audited the financial statements of Trafford Housing Trust ("The Trust") for the year ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996 and section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the association'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 association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditors

The Directors' responsibilities for preparing the Directors' report and the financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out on page 20.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the requirements of the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the audited financial statements.

In addition we report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and other transactions is not disclosed. We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2009 and of its surplus/(deficit) for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP 28th August 2009

KPMG LLP
Chartered Accountants
Registered Auditor
St James' Square
Manchester
M2 6DS
United Kingdom

Trust Income and Expenditure Account

For the Period Ended 31st March 2009

	Note	2009 £ '000	2008 £ '000
Turnover: continuing activities	3	32,801	32,800
Operating costs	3	(32,432)	(30,901)
Operating surplus: continuing activities	3	369	1,899
Surplus on sale of fixed assets – housing properties	6	1,296	2,741
Surplus on sale of other fixed assets	6	-	3
Interest receivable and other income	7	5	13
Interest payable and similar charges	8	(3,048)	(1,958)
Other finance income	9	-	78
Surplus on ordinary activities before taxation		(1,378)	2,776
Tax on ordinary activities	11	-	-
Surplus for the financial year	20	(1,378)	2,776
Actuarial Gain (Loss) relating to pension scheme	20	(1,762)	1,400
Total Recognised Surplus	20	(3,140)	4,176
Revenue Reserve at 31 st March 2008		15,863	
Revenue Reserve at 31 st March 2009		12,723	

The notes on pages 28 to 56 form an integral part of these financial statements.

Historic costs, surpluses and deficits were identical to those shown in the income and expenditure account.



Bernard Knight
Chair of the Board



Alan Smith
Chair of Audit Committee

Statement of Total Recognised Surpluses and Deficits

For the period ended 31st March 2009

	2009 £ '000	2008 £ '000
(Deficit)/surplus for the financial year	(1,378)	2,776
Actuarial (Loss)/Gain relating to pension scheme	(1,762)	1,400
Total recognised (deficits)/surpluses relating to the year	<u>(3,140)</u>	<u>4,176</u>

Reconciliation of Movements in Trust's Funds

For the period ended 31st March 2009

	2009 £ '000	2008 £ '000
Total recognised (deficits)/surpluses relating to the year	(3,140)	4,176
Opening total funds	15,863	11,687
Closing total funds	<u>12,723</u>	<u>15,863</u>

Trust Balance Sheet

(Company Limited by Guarantee)

At 31st March 2009

	Note	2009 £ '000	2008 £ '000
Tangible fixed assets			
Housing properties	12	98,280	74,215
Other tangible fixed assets	12	1,181	1,503
		<hr/>	<hr/>
		99,461	75,718
Current assets			
Stocks	13	55	48
Debtors	14	123,691	157,338
Cash at bank and in hand		1,540	1,619
		<hr/>	<hr/>
		125,286	159,005
Creditors: Amounts falling due within one year	16	(37,780)	(42,537)
		<hr/>	<hr/>
Net current assets		87,506	116,468
		<hr/>	<hr/>
Total assets less current liabilities		186,967	192,186
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	17	52,000	24,000
Provisions for liabilities and charges	19	119,033	151,424
Net pension liability	9	3,211	899
Capital and reserves			
Revenue reserve excluding pension liability	20	14,485	14,463
Actuarial (Loss)/Gain relating to pension scheme	20	(1,762)	1,400
		<hr/>	<hr/>
Trust's Funds	20	12,723	15,863
		<hr/>	<hr/>
		186,967	192,186
		<hr/>	<hr/>

The financial statements were approved by the Board on 12th August 2009 and signed on its behalf by:



Bernard Knight
Chair of the Board



Alan Smith
Chair of Audit Committee



Larry Gold
Company Secretary

Cash Flow Statement

For the Period Ended 31st March 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	22	367	12,403
Returns on investments and servicing of finance			
Interest received		5	13
Interest paid		(2,969)	(1,958)
		<hr/>	<hr/>
		(2,597)	(1,945)
Taxation paid			
Corporation Tax paid		-	-
Capital expenditure and financial investment			
Purchase and construction of housing properties		(27,678)	(29,046)
Purchase of other fixed assets		(389)	(112)
Sales of housing properties		1,335	2,781
		<hr/>	<hr/>
		(26,732)	(26,377)
Management of liquid resources			
Cash withdrawn from money market deposit accounts		-	-
Financing			
Loan advances received		29,250	17,500
		<hr/>	<hr/>
(Decrease)/Increase in cash in the period	23	<u>(79)</u>	<u>1,581</u>

Notes to the Financial Statements

1. Legal Status

Trafford Housing Trust Limited is registered under the Companies Act 1985, with the Tenant Services Authority as a social landlord and with the Charities Commission.

2. Accounting Policies

Basis of Accounting

The financial statements of the Trust are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in May 2008, and comply with the Accounting Requirements for registered social landlords General Determination 2006. The accounts have been prepared on the going concern basis, and the accounting policies adopted have been applied on a consistent basis, with the exception of management costs which have been reclassified in order to more accurately reflect the activities of The Trust and associated costs. The Board is satisfied that the current accounting policies are the most appropriate for the Trust.

Turnover

Turnover represents rental income receivable in the year (*i.e. rent due less loss of rent due to voids*), service charges receivable, any revenue grants from local authorities and the Housing Corporation and other income.

Housing Properties

Housing properties are valued under the historical cost basis. All known and planned demolitions have been recorded at land value only. Housing properties under construction are stated at cost less related capital grants.

Housing properties are depreciated over 50 to 100 years, in accordance with the depreciation policy below, based on the cost of the property excluding land and any grants received. Freehold land is not depreciated. The useful life of the housing stock is reassessed annually.

Improvement Costs

Improvements are works which result in an increase in the net rental income, a reduction in future maintenance costs or a significant extension of the life of the property. The Trust's repairs programme expenditure on housing properties is capitalised in accordance with FRS15 and the SORP. Only the direct overhead costs associated with new developments or improvements are capitalised. Depreciation will commence at the date of capitalisation and will be over the useful life of the improvement.

All other expenditure incurred in respect of general repairs to its housing stock is charged to the income and expenditure account in the year in which it is incurred.

Notes to the Financial Statements

2. Accounting Policies (continued)

Depreciation

Fixed assets are depreciated in accordance with FRS 15 at rates calculated to write down the net book value to their estimated residual value, on a straight line basis, over their expected remaining useful economic life.

<u>Assets</u>	<u>Depreciation</u>
<u>Housing Properties:</u>	
Housing properties (new build)	Over 100 Years
Housing properties (acquired / transferred)	Over 100 Years
Housing properties of non-traditional construction	Over 50 Years
Tower blocks	Over 50 Years
<u>Improvements to Housing Properties:</u>	
Door Entry Systems	Over 15 years or remaining life of the property, whichever is shorter
Modernisations, Door Replacements, Bathrooms, Kitchens, Internal Works, Heating	Over 20 years or remaining life of the property, whichever is shorter
Lifts, Walling, Rewiring, Communal Areas, Fire Protection	Over 30 years or remaining life of the property, whichever is shorter
Windows, Drainage	Over 35 years or remaining life of the property, whichever is shorter
Structural, External Works	Over 50 years or remaining life of the property, whichever is shorter
Environmental	Over 60 years or remaining life of the property, whichever is shorter
Roofing	Over 65 years or remaining life of the property, whichever is shorter
<u>Other Fixed Assets:</u>	
Leasehold premises	To the break clause in the lease
Office refurbishment	To the break clause in the lease
Computer Hardware and Software	Over 3 years
Computer Equipment Infrastructure	Over 5 years
Furniture, equipment and vehicles	Over 4 Years

Notes to the Financial Statements

2. Accounting Policies (continued)

Impairment

The Trust undertakes annual impairment reviews where the life of the housing properties exceeds 50 years. In addition, assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to the Income and Expenditure Account.

Grants

Where developments have been financed wholly or partly by grants, the cost of those developments has been reduced by the amount of grant received. Other grants received for items treated as revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which they relate.

Sales of Housing Properties

Sales of housing are taken into account on completion of contracts. Due to the nature of the Transfer Agreement with Trafford Metropolitan Borough Council (TMBC), it is not possible to identify separately the original value of each property sold. Instead, an average value is used and is charged to the Income and Expenditure Account.

Surpluses or deficits arising from the disposal of properties under Right-to-Buy legislation are disclosed on the face of the Income and Expenditure Account. The surpluses or deficits disclosed are net of any sums payable to TMBC under the terms of the Transfer Agreement dated 14th March 2005.

Leasing Commitments

In accordance with SSAP 21, assets held under finance leases are capitalised in the balance sheet and are depreciated over the term of the lease. The interest element of the rental amount is charged to the Income and Expenditure Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

Property Managed by Agents

Should the Trust carry the financial risk on property managed by agents, all the income and expenditure arising from the property will be included in the Income and Expenditure Account. Should an agency carry the financial risk, the Income and Expenditure Account will include only that income and expenditure that relates solely to the Trust.

Notes to the Financial Statements

2. Accounting Policies (continued)

Loan Issue Costs and Interest Payable

The cost of raising loans is amortised over the period of the loan. The deferred cost is offset against the liability and included within creditors: amounts falling due after more than one year, in accordance with FRS 4 Capital Instruments.

Loan interest payable is charged to the Income and Expenditure Account at the relevant rates based on the carrying amount of the debt.

Provisions

Provisions are made to the extent that there is a high likelihood that the Trust will incur an expense as a result of a past event.

Stocks

These items are included in the accounts at the lower of cost and net realisable value as specified in SSAP 9.

Long Term Contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable surpluses, less amounts recognised in previous years. Provision is made for any deficits which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the Income and Expenditure Account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on the contracts are included in debtors and represent turnover recognised in excess of payments on account.

Website Development Costs

The Trust is currently planning further development of its website which will be used to promote the Trust's activities and as a management tool for monitoring and evaluating responsive repairs. Planning costs are charged as other operating costs are incurred. Design and content development costs are capitalised to the extent that they deliver demonstrable benefits to the Trust and are amortised over five years. Ongoing costs of maintaining and operating the website are charged as other operating costs are incurred.

Notes to the Financial Statements

2. Accounting policies (continued)

Pensions

The Trust participates in the Greater Manchester Pension Scheme and the Social Housing Pension Scheme, both of which are defined benefit final salary schemes. The assets of the schemes are held separately from those of the Trust.

Greater Manchester Pension Scheme (GMPS)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Social Housing Pension Scheme

The Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Bad Debts and Write-Offs

Bad debts are charged to the Income and Expenditure Account in the year in which they are incurred. A provision for bad and doubtful debts is made on an estimation of those debts that will not be recovered at the Balance Sheet date.

In respect of rental debtors provision is made on the following basis:

- (a) Current customers Varying percentages on the size or age of the debt.
- (b) Former customers 100% of the debt.

In respect of other debtors, provision is made at varying percentages based on the age of the debt.

Notes to the Financial Statements

2. Accounting Policies (continued)

Value Added Tax (VAT)

The Trust's main income stream is rent, which is exempt from VAT. The majority of expenditure is subject to VAT and so is shown inclusive of VAT. For some activities VAT can be reclaimed under the partial exemption method and this is credited to the Income and Expenditure Account.

The Trust has an approved VAT Arrangement which commenced on the 14th March 2005 and lasts for ten years from that date. As a result, VAT incurred on the Improvements Programme can be recovered from Her Majesty's Revenue and Customs (HMRC). The balance of VAT recoverable at the year-end is included as a current asset in the Balance Sheet.

Two thirds of the VAT recoverable under this VAT Arrangement is payable to TMBC in accordance with the terms of the Transfer Agreement dated 14th March 2005. The balance of recovered VAT payable to TMBC is shown as a current liability in the Balance Sheet.

Current Asset Investments

Investments comprise short-term loans to approved banks and building societies meeting strict credit rating criteria. They are readily disposable and include money market deposits held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Investments are stated in the Balance Sheet at historic cost including accrued interest.

Liquid Resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Supporting People Income

Charges for services funded under Supporting People are recognised as they fall due under the contractual arrangements with Trafford MBC.

Notes to the Financial Statements

3. Turnover, Cost of Sales, Operating Costs and Operating Surplus

Continuing Activities	2009		
	Turnover	Operating costs	Operating Surplus
	£ '000	£ '000	£ '000
Social Housing Lettings	31,528	(30,241)	1,287
Other Social Housing Activities			
Supporting People contract income	301	-	301
Housing Options	370	(345)	25
Tenants Involvement	-	(263)	(263)
Good Neighbourhood Unit	-	(238)	(238)
Social Enterprise	-	(102)	(102)
Financial Inclusion	-	(32)	(32)
Related Central Costs	-	(161)	(161)
Pendant Alarms	235	(88)	147
Community Regeneration	-	(520)	(520)
Non-Social Housing Activities			
Lettings	271	(176)	95
Services	96	(62)	34
Related Central Costs	-	(65)	(65)
Youth Service	-	(139)	(139)
	32,801	(32,432)	369
	32,801	(32,432)	369

Continuing Activities**2008 Restated***

	Turnover	Operating costs	Operating Surplus
	£ '000	£ '000	£ '000
Social Housing Lettings	30,550	(28,697)	1,853
Other Social Housing Activities			
Supporting People contract income	286	-	286
Other Supporting People income	630	-	630
Housing Options	478	(323)	155
Tenant Involvement	-	(265)	(265)
Good Neighbourhood Unit	-	(251)	(251)
Related Central Costs	-	(153)	(153)
Pendant Alarms	229	(34)	195
Community Regeneration	-	(666)	(666)
Non-Social Housing Activities			
Lettings	320	(100)	220
Services	307	(218)	89
Related Central Costs	-	(56)	(56)
Youth Service	-	(138)	(138)
	<u>32,800</u>	<u>(30,901)</u>	<u>1,899</u>

* The reason for the restatement is explained in note 27 (page 55).

Notes to the Financial Statements

3. Turnover, Cost of Sales, Operating Costs and Operating Surplus

Particulars of Income and Expenditure from Social Housing Lettings

	2009			Total £'000	2008
	General Housing £'000	Supported Housing £'000	Temporary Social Housing £'000		Restated Total £'000
Turnover from Social Housing Lettings					
Rent receivable net of identifiable service charges	20,624	7,651	17	28,292	27,743
Service charges receivable	1,932	1,025	214	3,171	1,206
Net Rental Income	22,556	8,676	231	31,463	28,949
Major Repair Grants	-	-	-	-	1,565
Other revenue grants	65	-	-	65	36
Turnover from Social Housing Lettings	22,621	8,676	231	31,528	30,550
Expenditure on Social Housing Lettings					
Management	(6,964)	(2,930)	(73)	(9,967)	(9,549)
Services	(1,917)	(1,202)	(341)	(3,460)	(3,857)
Routine maintenance	(2,712)	(1,139)	(26)	(3,877)	(4,934)
Planned maintenance	(2,062)	(867)	(21)	(2,950)	(3,324)
Major repairs expenditure	(3,921)	(1,650)	(41)	(5,612)	(4,243)
Bad debts	(265)	(112)	(3)	(380)	(284)
Depreciation of housing properties	(2,497)	(1,051)	(26)	(3,574)	(2,079)
Property lease charges	(294)	(124)	(3)	(421)	(427)
Operating Costs on Social Housing Lettings	(20,632)	(9,075)	(534)	(30,241)	(28,697)
Operating Surplus (Deficit) on Social Housing Lettings	1,989	(399)	(303)	1,287	1,853
Void Losses	(372)	(93)	(15)	(481)	(496)

Notes to the Financial Statements

4. Operating Surplus

This is arrived at after charging/(crediting):

	2009	2008
	£ '000	£'000
Depreciation of Housing Properties	3,574	2,080
Depreciation of other assets	709	1,007
Operating lease rentals		
- land and buildings	421	427
Auditors remuneration (including VAT)		
- for audit services	28	29
- for pensions advice	-	3

5. Accommodation in Management and Development

At 31st March 2009, accommodation in management for each class of accommodation was as follows:

	2009	2008
	Number	Number
Social Housing		
General Housing	6,529	6,511
Supported Housing	2,747	2,756
Temporary Social Housing	68	74
Total Owned	<u>9,344</u>	<u>9,341</u>
Accommodation Managed for Others	-	-
Total Managed	<u><u>9,344</u></u>	<u><u>9,341</u></u>

Notes to the Financial Statements

6. Surplus/(Loss) on Sale of Fixed Assets

	2009	2008
	£ '000	£ '000
Housing Properties		
Disposal Proceeds – Housing Assets	1,434	3,169
Payments made to TMBC	(100)	(360)
Carrying Value of Fixed Assets – Housing	(38)	(68)
	<u>1,296</u>	<u>2,741</u>
Other Fixed Assets		
Disposal Proceeds – Housing Assets	-	3
Carrying Value of Fixed Assets – Non Housing Assets	-	-
	<u>-</u>	<u>3</u>

7. Interest Receivable and Other Income

	2009	2008
	£ '000	£ '000
Interest receivable and similar income	<u>5</u>	<u>13</u>

8. Interest Payable and Similar Charges

	2009	2008
	£ '000	£ '000
Loans and bank overdrafts	(2,957)	(1,940)
Pension Fund Funding Costs	(78)	-
Pension Bond	(13)	(18)
	<u>(3,048)</u>	<u>(1,958)</u>

Notes to the Financial Statements**9. Employees****Average monthly number of employees:**

	2009	2008
	No.	No.
Administration	59	51
Development	25	22
Housing Support & Care	295	285
	<u>379</u>	<u>358</u>

Average Monthly Number of Employees Expressed In Full Time Equivalents:

	2009	2008
	No.	No.
Administration	57	49
Development	24	22
Housing Support & Care	272	263
	<u>353</u>	<u>334</u>

Employee costs:

	2009	2008
	£ '000	£ '000
Wages and Salaries	9,262	8,370
Social Security Costs	710	630
Other Pension Costs	1,402	1,279
	<u>11,374</u>	<u>10,279</u>

The Trust's employees are eligible to be members of the Greater Manchester Pension Fund (GMPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given overleaf.

Notes to the Financial Statements

9. Employees (continued)

The Social Housing Pension Scheme (SHPS)

The Trust participates in SHPS, a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. It is not possible to analyse the on-going funding deficit by individual employer due to the nature of the SHPS Scheme. SHPS is a multi-employer scheme where:

- The assets of the entire SHPS are pooled for investment purposes.
- Benefits are paid from the total scheme assets and
- The contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience.

As a result of this it is not possible to breakdown scheme assets by participating employer and accordingly it is not possible to analyse the on-going funding deficit by individual employer

Accordingly due to the nature of the Plan, the accounting charge for the period under FRS 17 represents the employer contribution payable. The employer contributions over the period were £154,839.

The last formal valuation of the scheme was performed as at 30 September 2005 by a professionally qualified actuary using the projected unit credit method. The market value of the scheme's assets at the latest valuation date was £1,278 million. The valuation revealed a shortfall of assets compared to liabilities of £283 million, equivalent to a past service funding level of 82%. The next full actuarial valuation will be carried out as at 30 September 2008.

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% per annum
Investment Return pre-retirement	7.2
Investment return post-retirement	4.8
Rate of salary increases to 30 September 2010	5.0
Rate of salary increases from 1 October 2010	4.0
Rate of pension increases	2.5
Rate of price inflation	2.5

The employer and employee contribution rates for 2008-09 were 12.0% and 4.1% to 6.1% of pensionable salaries respectively.

Notes to the Financial Statements

Employers joining the scheme after 1 October 2002, including the Trust, that do not transfer any past service liabilities to the scheme, pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

The Greater Manchester Pension Fund

The Greater Manchester Pension Fund (GMPF) is a multi-employer scheme with more than one participating employer, which is administered by Tameside MBC under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The latest triennial actuarial review of the fund was undertaken as at 31st March 2007 and this was used as the basis for FRS 17 calculations. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary.

The employers' contributions to the GMPF by the Trust for the period were £779,000 at a contribution rate of 13.2%.

Notes to the Financial Statements

9. Employees (continued)

Assumptions

The major assumptions used by the GMPF actuary in assessing scheme liabilities on an FRS 17 basis were:

	31st March 2009	31st March 2008
	% per annum	% per annum
Rate of increase in salaries	4.6	5.1
Rate of increase in pensions in payment	3.1	3.6
Nominal Discount rate	6.9	6.9
Inflation assumption	3.1	3.6

Fair value and expected return on assets

The fair value of assets in the GMPF and the expected rates of return were:

	Expected return	Expected return
	31st March 2009	31st March 2008
	%	%
Equities	7.0	7.7
Bonds	5.4	5.7
Property	4.9	5.7
Cash/Liquidity	4.0	4.8

Mortality

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners

Commutation

An allowance is included for 50% of future retirements to elect additional tax-free cash up to HMRC limits.

Notes to the Financial Statements

9. Employees (continued)

Amounts recognised in the Trust's balance sheet:

	2009 £'000	2008 £'000
Present value of funded obligations	(17,575)	(17,228)
Fair value of plan assets	<u>14,364</u>	<u>16,329</u>
	(3,211)	(899)
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Deficit	<u>(3,211)</u>	<u>(899)</u>
Related deferred tax asset	-	-
Net liability	<u>(3,211)</u>	<u>(899)</u>
Amounts in balance sheet		
Liabilities	(3,211)	(899)
Assets	-	-
Net liability	<u>(3,211)</u>	<u>(899)</u>

Analysis of the amount charged to operating surplus

	2009 £ '000	2008 £ '000
Current service cost	709	1,060
Past Service Cost	541	95
Curtailment and Settlements	-	-
Decrease in Irrecoverable Surplus	-	-
Total operating charge	<u>1,250</u>	<u>1,155</u>

Analysis of the amount credited to other finance income

	2009 £ '000	2008 £ '000
Expected return on pension scheme assets	1,158	874
Interest on pension scheme liabilities	(1,236)	(796)
Net charge	<u>(78)</u>	<u>78</u>

Notes to the Financial Statements

9. Employees (continued)

Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)

	2009 £ '000	2008 £ '000
Actual return less expected return on pension scheme assets	(3,984)	(1,341)
Experience gains and losses arising on scheme liabilities	1,571	(2,080)
Changes in assumptions underlying the present value of scheme liabilities	650	4,821
	<hr/>	<hr/>
Actuarial surplus recognised in Statement of Total Recognised Surpluses and Deficits	(1,763)	1,400
	<hr/> <hr/>	<hr/> <hr/>

Movement in deficit during the period

	2009 £ '000	2008 £ '000
Deficit at beginning of year	(899)	(1,884)
Movement in year:		
Current service cost	(709)	(1,060)
Past service cost	(541)	(95)
Settlement loss		
Employer Contributions	779	662
Other finance income	(78)	78
Actuarial gain	(1,763)	1,400
	<hr/>	<hr/>
Deficit at the end of the period	(3,211)	(899)
	<hr/> <hr/>	<hr/> <hr/>

History of experience gains and losses

	2009 £ '000	2008 £ '000
Difference between the expected and actual return on share of scheme assets	(3,984)	(1,341)
Value of share of scheme assets	14,364	16,329
Percentage of share of scheme assets	(27.7%)	(8.2%)
Experience gains / (losses) on share of scheme liabilities	1,571	(2,080)
Total present value of share of scheme liabilities	17,575	17,228
Percentage of present value of share of scheme liabilities	8.9%	(12.1%)
Total amount recognised in statement of total recognised surpluses and deficits	(1,763)	1,400
Total present value of liabilities	15,575	17,228
Percentage of the present value of share of scheme liabilities	(11.3%)	8.1%

Notes to the Financial Statements

10. Board Members and Executive Directors

	Basic Salary	Benefits in kind	Pension contributions	Total Pay	Compensation for loss of office	2009 Total	2008 Total
	£,000	£ '000	£'000	£'000	£'000	£ '000	£ '000
Chair of Board							
Bernard Knight	-	-	-	-	-	-	-
Chief Executive							
Matthew Gardiner	121	12	15	148	-	148	147
Director of Resources							
Larry Gold	94	9	12	115	-	115	120
Director of Neighbourhoods							
Edward Barber ¹	94	4	6	104	47	151	113
Director of Regeneration							
Jane McCall	70	7	9	86	-	86	84
Director of Transformation							
Martin Saunders ²	21	2	3	26	-	26	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate emoluments	400	34	45	479	47	526	464
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

¹ Ceased on 3rd October 2008

² Appointed on 1st January 2009

In line with the Trust's contractual obligations Edward Barber's remuneration included a sum of £47k in respect of compensation for loss of office.

None of the Board Members received emoluments. Expenses paid during the year to Board Members amounted to £6,279 (2007/08 £1,233).

The Executive Directors do not have a company car provided by the Trust and instead receive a car allowance as part of their basic salary. The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £133,360 (2007/08 £133,143).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the Fund and no enhanced or special terms apply. The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive.

Notes to the Financial Statements

11. Tax on Deficit on Ordinary Activities

	2009 £ '000	2008 £ '000
United Kingdom Tax		
Current tax on income for the year	-	-
Adjustments in respect of prior years	-	-
Deferred taxation		
Net origination (reversal) of timing differences	-	-
Tax on surplus on ordinary activities	-	-

	2009 £ '000	2008 £ '000
Current tax reconciliation		
Surplus on ordinary activities before tax and interest on tax	(1,378)	2,776
Theoretical tax at UK corporation tax rate 30%	(413)	833
Effect of:		
- Charitable income not chargeable to tax	413	(833)
Actual current taxation charge	-	-

Notes to the Financial Statements

12. Tangible Fixed Assets

	Social Housing Properties held for letting	Leasehold offices	Furniture Fixtures and fittings	Computers and office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 31 st March 2008	77,350	1,313	651	1,980	81,294
New Assets Acquired	-	2	34	355	391
Improvements made to existing assets	27,674	-	-	-	27,674
Disposals	(38)	-	-	(69)	(107)
Transfers					
At 31 st March 2009	104,986	1,315	685	2,266	109,252
Depreciation & Impairment					
At 31 st March 2008	(3,135)	(539)	(427)	(1,475)	(5,576)
Charged in year	(3,571)	(243)	(151)	(319)	(4,284)
Released on disposal				69	69
At 31 st March 2009	(6,706)	(782)	(578)	(1,725)	(9,791)
Net Book Value					
At 31 st March 2009	98,280	533	107	541	99,461
At 31 st March 2008	74,215	774	224	505	75,718

Amounts spent on works to existing properties split between capital and revenue

	2009 £ '000	2008 £ '000
Capitalised improvement works	27,674	29,046
Revenue works	5,445	4,208
	<u>33,119</u>	<u>33,254</u>

The net book value of the housing properties as at 31st March 2009 consists entirely of freehold land and buildings.

Barclays Bank Plc have a floating charge over the Trust's existing housing stock. The housing properties were valued at £104.6m on 31st March 2009 on the Existing Use Value - Social Housing (EUV-SH) basis by Savills Limited, who were instructed to provide an independent valuation of the stock for the Trust's funders, Barclays Bank plc.

Notes to the Financial Statements**13. Stock and Work in Progress**

	2009 £ '000	2008 £ '000
Raw materials and consumables	<u>55</u>	<u>48</u>

14. Debtors

	2009 £ '000	2008 £ '000
Due within one year		
Rent and service charges receivable	2,029	1,779
Less: Provision for bad and doubtful debts	<u>(969)</u>	<u>(859)</u>
	<u>1,060</u>	<u>920</u>
Other debtors	1,097	578
Prepayments and accrued income	1,724	2,393
Other taxation & social security	<u>777</u>	<u>2,023</u>
	<u>3,598</u>	<u>4,994</u>
Due after more than one year (Note 15)	119,033	151,424
	<u><u>123,691</u></u>	<u><u>157,338</u></u>

15. Debtors due after more than one year

A debtor of £119.0m representing Trafford Metropolitan Borough Council's remaining obligation to have refurbishment work carried out to the properties transferred to the Trust. Trafford Metropolitan Borough Council entered into a contract with the Trust for the Trust carry out these improvement works on its behalf. Essentially, the 'benefit' (commitment owed) to the Trust under the contract has created a debtor which is effectively offset by the creditor provision stated in note 19. The debtor reduces as the Trust completes the contracted work.

Notes to the Financial Statements**16. Creditors: amounts falling due within one year**

	2009	2008
	£ '000	£ '000
Trade creditors	7,281	12,917
Rent and service charges received in advance	572	472
Loans payable within 1 year	23,250	22,000
Other creditors	2,065	1,815
Accruals and deferred income	4,276	5,112
Other Taxation & Social Security	336	221
	<u>37,780</u>	<u>42,537</u>

Payments to Creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier. The following information has been extracted from the creditor payments system.

	2009	2008
	Number	Number
Average number of days between date of invoice and payment of purchase invoices	41	43

17. Creditors: amounts falling due after more than one year

	2009	2008
	£ '000	£ '000
Bank Loans	<u>52,000</u>	<u>24,000</u>

Notes to the Financial Statements

18. Debt Analysis

	2009 £ '000	2008 £ '000
Due after more than one year		
Bank loans	<u>52,000</u>	<u>24,000</u>
	2009 £ '000	2008 £ '000
Debt is repayable as follows		
Within one year	23,250	22,000
After five years	52,000	24,000
	<u>75,250</u>	<u>46,000</u>

The debt that is repayable after five years comprises:

£32 million at a fixed rate of 5.425% per annum which is repayable as follows; £8 million in 2023, £8 million in 2025, £8 million in 2027 and £8 million in 2029.

£20 million at a fixed rate of 5.370% per annum which is repayable in equal annual instalments of £2 million between 2039 to 2048.

On 13 February 2009, increased loan facilities totalling £110 million were approved by Barclays Bank plc. At 31 March 2009, the Trust had undrawn loan facilities of £34.75 million.

Notes to the Financial Statements**19. Provision for Liabilities and Charges**

	£ '000
At 31 st March 2008	151,424
Reduction in Development Agreement Liability	(32,391)
At 31 st March 2009	<u>119,033</u>

On the transfer of properties from Trafford Metropolitan Borough Council, the Trust was contracted by Trafford Metropolitan Borough Council to carry out improvement works to those properties. A provision has been made in respect of the Trust's outstanding commitment to Trafford Metropolitan Borough Council to carry out the refurbishment work. This provision is effectively offset by the associated debtor stated at note 15 and will reduce as the Trust completes the contracted work.

20. Reserves

Revenue Reserve	£'000
At 31 st March 2008	15,863
Deficit for the period	(1,378)
Actuarial loss relating to pension scheme	(1,762)
At 31 st March 2009	<u>12,723</u>

Notes to the Financial Statements

21. Financial Commitments

Capital expenditure commitments were as follows:

	2009	2008
	£ '000	£ '000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	29,400	14,711
Expenditure authorised by the Board, but not contracted	7,365	25,417
	<u>36,765</u>	<u>40,128</u>

Operating leases

The payments, which the Trust is committed to make in the next year under operating leases, are as follows:

	2009	2008
	£'000	£'000
(i) Land and buildings, leases expiring		
One to five years	63	67
Beyond five years	288	341
	<u>351</u>	<u>408</u>

22. Reconciliation of operating surplus to net cash inflow from operating activities

	2009	2008
	£ '000	£ '000
Operating surplus	369	1,899
Depreciation of tangible fixed assets	4,284	3,087
Pensions operating charge	1,250	1,155
Pensions contributions paid	(779)	(662)
	<u>5,124</u>	<u>5,479</u>
Working capital movements		
Increase in stock	(7)	(11)
Decrease/(Increase) in debtors	1,257	(2,474)
(Decrease)/Increase in creditors	(6,007)	9,409
	<u>(6,007)</u>	<u>9,409</u>
Net cash inflow from operating activities	<u>367</u>	<u>12,403</u>

23. Reconciliation of net cash flow to movement in net debt

	2009	2008
	£ '000	£ '000
(Decrease)/Increase in cash	(79)	1,581
Cash inflow from increase in debt and lease finance	(29,250)	(17,500)
Increase in net debt from cash flows	<u>(29,329)</u>	<u>(15,919)</u>
Total Change in the net debt for the period	<u>(29,329)</u>	<u>(15,919)</u>
Net debt at 31 st March 2008	(44,381)	(28,462)
Net debt at 31st March 2009	<u>(73,710)</u>	<u>(44,381)</u>

24. Analysis of Net Debt

	31st March 2008	Cash Flow	31st March 2009
	£ '000	£ '000	£ '000
Cash at bank and in hand	1,619	(79)	1,540
Changes in cash	<u>1,619</u>	<u>(79)</u>	<u>1,540</u>
Bank Loans	(46,000)	(29,250)	(75,250)
Changes in debt	<u>(46,000)</u>	<u>(29,250)</u>	<u>(75,250)</u>
Changes in net debt	<u><u>(44,381)</u></u>	<u><u>(29,329)</u></u>	<u><u>(73,710)</u></u>

Notes to the Financial Statements

25. Related parties

The Trust has five tenant Board Members. The tenancies are held on normal commercial terms.

Five Members of the Board are nominated councillors at TMBC. THT undertakes activities with TMBC on normal commercial terms, and Board Members cannot use their position for their own personal or the council's advantage.

The Table below shows the Related Party transactions in respect of Board Members who have made declarations of interest

Organisation	Value £	Type of Transaction
Trafford Metropolitan Borough Council	6,759,595	See below
Manchester City Council	800	Recharge Repairs
Trafford United Credit Union Ltd	4,590	Staff Savings Contributions

Related Party Transactions between the Trust and Trafford Metropolitan Borough Council covered a variety of contracts and services during the period including:

- Payment of Right to Buy Proceeds per Sharing Agreement
- Payment of VAT Shelter monies per Sharing Agreement
- Dispersed Alarms Services
- Homeless Agency Services
- Supporting People Grant
- Rechargeable Repairs
- Adaptation Services
- Garden Maintenance
- Control Room (including CCTV monitoring)
- Community Support Call Out
- Out of Hours Repairs Service
- Receipt of Social Housing Grant Funding
- Legal Services
- Environmental Services
- Offices Licenses
- Community Support Services

26. Contingent liabilities

Please see note 9 Employees re the Social Housing Pension Scheme contingent liability.

27. Restatement of prior year turnover, cost of sales, operating costs and operating surplus.

The analysis of operating costs and operating surplus for 2008 have been restated in order to more accurately reflect the activities of the Trust and related costs. The figures have been amended as below:

	As originally reported	Adjustment	As restated
	£'000	£'000	£'000
Note 3			
Other Social Housing Activities	(1023)	(669)	(1,692)
Non Social Housing Activities	(456)	(59)	(515)
Note 3a			
Expenditure On Social Housing Lettings			
Management	(10,649)	1,100	(9,549)
Routine Maintenance	(4,782)	(151)	(4,933)
Services costs	(3,669)	(188)	(3,857)
Major repairs	(4,208)	(33)	(4,241)
Operating costs on social housing lettings	(29,422)	-	(29,422)
Operating surplus on social housing lettings	1,128	-	1,128

The results for 2009 have been reported under the revised basis. If the previous definitions had been applied, the 2009 analysis would have been as follows:

	Turnover £000	Operating costs £000	Operating Surplus £000
Social Housing Lettings	31,528	(31,103)	425
Other social housing activities			
Supporting People Contract Income	301		301
Other Supporting People Income	-		-
Housing Options	370	(346)	24
Pendant alarms	235	(88)	145
Community Regeneration		(520)	(520)
	905	(953)	(48)
Non social housing activities			
Lettings	271	(176)	96
Services	96	(62)	34
Youth Team Services		(139)	(139)
	367	(376)	(10)
	32,800	(32,432)	368

	<u>General Housing £000</u>	<u>Sheltered Housing £000</u>	<u>Temp. Accomm. £000</u>	<u>Total 2009 £000</u>
Particulars of Income and Expenditure from Social Housing Lettings				
Service Charges Receivable	20,624	7,651	17	28,292
Charges for Support Services	1,932	1,025	214	3,170
Gross Rental Income	22,556	8,676	231	31,463
Net Rental Income	22,556	8,676	231	31,463
Revenue Grants Major Repairs	-			-
Other Revenue Grants	65			65
Turnover from Social Housing Lettings	22,621	8,676	231	31,528
Expenditure On Social Housing Lettings				
Management	(8,350)	(3,513)	(87)	(11,950)
Services	(1,780)	(1,202)	(341)	(3,323)
Routine Maintenance	(2,137)	(899)	(22)	(3,059)
Planned Maintenance	(2,061)	(867)	(21)	(2,950)
Major Repairs Expenditure	(3,805)	(1,601)	(40)	(5,445)
Bad Debts	(266)	(112)	(3)	(380)
Property Lease Charges	(294)	(124)	(3)	(421)
Depreciation of Housing Properties	(2,497)	(1,051)	(26)	(3,574)
Operating Costs on Social Housing Lettings	(21,190)	(9,369)	(542)	(31,103)
Operating Surplus on Social Housing Lettings	1,431	(693)	(311)	425

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किसी भी भाषा, किसी भी प्रकार में लेने के लिये, कृपया सम्पर्क करें।

ਕੀ ਗੱਲ-ਬਾਤ ਕਰਨ ਵਿਚ ਮਦਦ ਦੀ ਲੋੜ ਹੈ? ਇਕੋ ਨੰਬਰ 0161 968 0050.

ਕਿਸੇ ਵੀ ਭਾਸ਼ਾ, ਕਿਸੇ ਵੀ ਤਰੀਕੇ ਵਿਚ ਲੈਣ ਲਈ ਕਿਰਪਾ ਕਰਕੇ ਪੁੱਛੋ।

0161 968 0050 کوئی بھی زبان یا شکل میں۔ براہ کرم پوچھیے۔

بات چیت میں مدد چاہیے؟ ایک ہی نمبر



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INVESTOR IN PEOPLE

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