

FINANCIAL SUMMARY

Financial information

Turnover increased by 65% to £20m in 2008, including £7.1m from first tranche sales of shared ownership units. Excluding the first tranche sales, turnover has increased by 6.6% on a 'like for like' basis. Much of this increase comes from income generated by the completion of the new 69-unit mixed tenure extra care scheme at Plaxton Court in Scarborough.

Although Plaxton Court was completed in May 2008, the problems in the housing market have resulted in a slower rate of occupation and by the end of the year 10 units were not reserved. Whilst this is disappointing compared to the original aspirations, the performance in such a difficult housing market is regarded as relatively positive. The completion of this scheme and the delay in achieving the sales has also accounted for the increase in net finance costs.

The housing market has certainly had an impact on the volume and value of sales of existing property (shared ownership staircasing and full sale under the SAVE programme) with only eight sales taking place in the year (2007: 20) generating a surplus of £0.8m. In addition, there were three re-sales at Hartrigg Oaks (2007: 11), resulting a surplus of £0.4m, which is designated for use at Hartrigg Oaks.

The overall surplus including property sales reduced from £3.3m in 2007 to £1.2m in 2008.

In the balance sheet, the significant increase in the net book value of housing, land and buildings reflects expenditure in the year on Plaxton Court and the retirement village at Hartfields in Hartlepool. This latter scheme was completed in April 2009.

The housing market is one of three key financial challenges facing JRHT, the others being the general recession and specific issues relating to the funding of JRHT's care operations.

The general recession has the potential to impact on JRHT's finances in a number of ways. However, financial planning and sensitivity analysis indicate that JRHT's financial position remains robust.

The financial position of the care operations remains challenging, primarily because over a number of years, the increasing cost of providing high quality care and support has not been matched by the level of funding available.

In response to these challenges, the five year financial plan is being reviewed and, if necessary, updated on a quarterly basis. This includes forward projections for loan finance, which are being monitored against the available facility, which stood at £44m at the end of the year.

Table 1: 2008 revenue results

	2008 £'000	2007 £'000	2006 £'000
Income			
Rents and service charges	5,594	5,192	4,964
Residential care homes	3,976	3,826	3,705
Hartrigg Oaks	2,237	2,156	2,083
Other	865	682	512
First tranche sales	7,120	-	-
Total turnover	19,792	11,856	11,264
Sale of property	1,203	2,980	2,218
Total income	20,995	14,836	13,482
Expenditure			
Direct property management	4,040	3,877	3,467
Residential care homes	4,421	3,960	3,851
Hartrigg Oaks	2,138	1,967	1,860
Cost of Sale	7,205	-	-
Community services (net)	302	399	324
Interest (net)	918	679	945
Other	798	616	468
	19,822	11,498	10,915
Surplus	1,173	3,338	2,567

Table 2: Balance Sheet at 31 December 2008

	2008 £'000	2007 £'000	2006 £'000
Housing land and buildings (cost)	87,605	74,723	74,332
Less: Social Housing Grant	(27,938)	(27,036)	(26,675)
Other grants	(13,345)	(13,345)	(13,345)
Depreciation	(2,876)	(2,452)	(2,110)
	43,446	31,890	32,202
Hartrigg Oaks	22,195	20,845	19,403
Housing Stock for re-sale	13,216	16,650	-
Other fixed assets, including Homebuy	11,845	9,312	2,611
Net current (liabilities)/assets	(1,924)	(3,614)	4,302
Total assets less current liabilities	88,778	75,083	58,518
Creditors due after more than one year	4,621	4,657	3,422
Housing loans	36,611	22,892	12,185
Hartrigg Oaks loans	904	1,377	1,874
Hartrigg Oaks residence fees	15,191	15,513	13,920
Bonds and loan stock	5,453	5,819	5,630
Reserves	25,998	24,825	21,487
	88,778	75,083	58,518