

**BALANCE SHEET**  
**as at 31 December 2008**

		<b>2008</b>		<b>2007</b>	
				<b>(Re-stated)</b>	
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed Assets</b>					
Housing Land and Buildings: Cost	2		87,605		74,723
Less: Social Housing Grant	2		(27,938)		(27,036)
Less: Other Grants	2		(13,345)		(13,345)
Less: Depreciation	2		<u>(2,876)</u>		<u>(2,452)</u>
			43,446		31,890
Hartrigg Oaks	3		22,195		20,845
Homebuy Loans	4	4,458		3,583	
Homebuy Grants	4	<u>(4,442)</u>		<u>(3,567)</u>	
			16		16
Other Fixed Assets	5		<u>11,829</u>		<u>9,296</u>
			77,486		62,047
<b>Current Assets</b>					
Debtors	6	14,453		17,611	
Cash at Bank and Short Term Deposit	7	<u>5,968</u>		<u>2,962</u>	
			20,421		20,573
<b>Creditors: Amounts falling due within one year</b>	8	<u>(9,129)</u>		<u>(7,537)</u>	
<b>Net Current Assets</b>			<u>11,292</u>		<u>13,036</u>
<b>Total Assets less Current Liabilities</b>			<u>88,778</u>		<u>75,083</u>
<b>Creditors: Amounts falling due after one year</b>					
<b>Loans due after one year</b>	9		4,621		4,657
<b>Hartrigg Oaks Residence Fees</b>	12		37,515		24,269
<b>Bonds and Loan Stock</b>	13		15,191		15,513
<b>Reserves</b>	14		5,453		5,819
Revenue Reserves		22,061		19,476	
Restricted Reserves		1,575		2,293	
Designated Reserves		<u>2,362</u>		<u>3,056</u>	
			25,998		24,825
			<u>88,778</u>		<u>75,083</u>

The Financial Statements were approved on behalf of the Trustees at a meeting of the Finance and Personnel Committee on 20 May 2009.

**Chair of the Trustees**

Deborah Ounsted

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**Deputy Chair of the Trustees**

Anthony D Stoller

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**Director of Finance**

Paul M Dack

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**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 December 2008**

		2008	2007
	Note	£'000	£'000
<b>Turnover</b>	18	20,033	12,075
Less: Operating Costs	18	(11,940)	(11,038)
Cost of Sales	18	<u>(7,205)</u>	<u>-</u>
<b>Operating Surplus</b>	18	888	1,037
Surplus on Sales	20	1,203	2,980
Interest Receivable	18	249	228
Interest Payable and similar charges	24	<u>(1,167)</u>	<u>(907)</u>
<b>Surplus for the Year</b>	25	1,173	3,338
Transfer from/(to) Restricted Reserves	15(b)	718	(336)
Transfer from/(to) Designated Reserves	15(c)	<u>694</u>	<u>(903)</u>
		2,585	2,099
<b>Revenue Reserves at 1 January</b>		<u>19,476</u>	<u>17,377</u>
<b>Revenue Reserves at 31 December</b>		<u>22,061</u>	<u>19,476</u>

There are no recognised gains or losses other than the Surplus for the year. The Surplus for the year is entirely generated from continuing activities.

<b>Chair of the Trustees</b>	Deborah Ounsted _____
<b>Deputy Chair of the Trustees</b>	Anthony D Stoller _____
<b>Director of Finance</b>	Paul M Dack _____

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

	2008		2007 (Re-stated)	
	£'000	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities (Note i)</b>		4,143		(5,880)
<b>Returns on investments and servicing of finance</b>				
Interest received	249		228	
Interest paid	<u>(1,129)</u>		<u>(854)</u>	
		(880)		(626)
<b>Capital Expenditure and financial investment</b>				
Expenditure on Housing Land and Buildings	(12,953)		(9,464)	
Expenditure on Hartrigg Oaks	(929)		(23)	
Purchase of Other Fixed Assets	(2,695)		(4,801)	
Sale of Other Fixed Assets	-		15	
Sale of Housing Properties (Note iv)	835		1,902	
Homebuy Loans redeemed	43		256	
Provision of Homebuy loans	(918)		(852)	
Homebuy Grant received	918		852	
Social Housing Grant - received (Note v)	<u>875</u>		<u>-</u>	
		(14,824)		(12,115)
<b>Financing</b>				
Capitalised Community Fees received	54		351	
Capitalised Community Fees repaid	-		-	
Hartrigg Oaks Residence Fees (Note vi)	(93)		1,811	
Hartrigg Oaks Loans repaid	(476)		(500)	
Revolving Credit received	14,000		8,000	
Bridging Loan received	1,818		4,053	
Housing Loans received	-		3,000	
Housing Loans principal repayments	(266)		(251)	
Bonds and Loan Stock received	1,273		1,225	
Bonds and Loan Stock repaid	<u>(1,743)</u>		<u>(1,118)</u>	
		<u>14,567</u>		<u>16,571</u>
<b>Net Cash inflow/(outflow)</b>		<u>3,006</u>		<u>(2,050)</u>

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

**NOTES TO THE CASH FLOW STATEMENT**

	2008		2007 (Re-stated)	
	£'000	£'000	£'000	£'000
<b>(i) Reconciliation of Operating Surplus to Net Cash Inflow/(Outflow) from Operating Activities</b>				
Operating Surplus		888		1,037
Depreciation of Housing Buildings	428		363	
Depreciation of Hartrigg Oaks	36		35	
Depreciation of Other Fixed Assets	162		119	
Amortisation of Non-refundable Residence Fees	(251)		(248)	
Amortisation of Capitalised Community Fees	(98)		(94)	
(Increase)/Decrease in Loans	(22)		2	
(Increase)/Decrease in Stock of Materials	(9)		3	
Decrease/(Increase) in Debtors	3,189		(10,065)	
(Decrease)/Increase in Creditors	(180)		2,968	
		3,255		(6,917)
Net inflow/(outflow) from Operating Activities		4,143		(5,880)

**(ii) Analysis of Net Debt**

	At 1.1.08 £'000	Cash Flow £'000	At 31.12.08 £'000
Cash at Bank and Short Term Deposit	2,962	3,006	5,968
Revolving Credit	(8,000)	(14,000)	(22,000)
Bridging Loan	(4,053)	(1,818)	(5,871)
Housing Loans	(15,157)	266	(14,891)
Hartrigg Oaks Loans	(1,459)	476	(983)
Bonds and Loan Stock	(5,819)	366	(5,453)
Debt	(34,488)	(14,710)	(49,198)
Net Debt	(31,526)	(11,704)	(43,230)

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

**NOTES TO THE CASH FLOW STATEMENT (continued)**

**(iii) Reconciliation of Net Cash Flow to Movement in Net Debt**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>(Re-stated) £'000</b>
Increase/(Decrease) in cash	3,006	(2,050)
Cash flows from increase in debt	<u>(14,710)</u>	<u>(14,491)</u>
	(11,704)	(16,541)
Net Debt at 1 January	<u>(31,526)</u>	<u>(14,985)</u>
Net Debt at 31 December	<u>(43,230)</u>	<u>(31,526)</u>

**(iv) Sale of Housing Properties**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Proceeds from sales (Note 20)	865	1,945
Less: Direct Expenditure (Note 20)	<u>(30)</u>	<u>(43)</u>
	<u>835</u>	<u>1,902</u>

**(v) Social Housing Grant Received**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Received in the year (Note 2)	<u>875</u>	<u>-</u>
	<u>875</u>	<u>-</u>

**(vi) Net Cash Movement on Hartrigg Oaks Properties**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Residence Fees received	386	2,432
Residence Fees repaid	<u>(457)</u>	<u>(591)</u>
	(71)	1,841
Less: Direct Expenses (Note 20)	<u>(22)</u>	<u>(30)</u>
	<u>(93)</u>	<u>1,811</u>

The restatement of the cash flow has arisen from the adoption of the Statement of Recommended Practice for Registered Social Landlords update 2008 and the consequent effect this has on the treatment of first tranche sales at housing developments, together with the reclassification of Communal Space at the Trust's Extra Care schemes from Other Housing Land and Buildings to Other Freehold Land and Buildings. The changes have resulted in the comparatives being re-stated as follows:-

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

**NOTES TO THE CASH FLOW STATEMENT (continued)**

	2007 (Re-stated)		2007 (Original)	
	£'000	£'000	£'000	£'000
<b>Net cash (outflow)/inflow from operating activities</b> <b>(Note i)</b>		(5,880)		4,098
<b>Returns on investments and servicing of finance</b>				
Interest received	228		228	
Interest paid	(854)		(854)	
		(626)		(626)
<b>Capital Expenditure and financial investment</b>				
Expenditure on Housing Land and Buildings	(9,464)		(22,480)	
Expenditure on Hartrigg Oaks	(23)		(23)	
Purchase of Other Fixed Assets	(4,801)		(1,763)	
Sale of Other Fixed Assets	15		15	
Sale of Housing Properties	1,902		1,902	
Homebuy Loans redeemed	256		256	
Provision of Homebuy loans	(852)		(852)	
Homebuy Grant received	852		852	
		(12,115)		(22,093)
<b>Financing</b>				
Capitalised Community Fees received	351		351	
Hartrigg Oaks Residence Fees (Note vi)	1,811		1,811	
Hartrigg Oaks Loans repaid	(500)		(500)	
Revolving Credit received	8,000		8,000	
Bridging Loan received	4,053		4,053	
Housing Loans received	3,000		3,000	
Housing Loans principal repayments	(251)		(251)	
Bonds and Loan Stock received	1,225		1,225	
Bonds and Loan Stock repaid	(1,118)		(1,118)	
		16,571		16,571
<b>Net Cash outflow</b>		(2,050)		(2,050)

**CASH FLOW STATEMENT**  
for the year ended 31 December 2008

**NOTES TO THE CASH FLOW STATEMENT (continued)**

	2007 (Re-stated)		2007 (Original)	
	£'000	£'000	£'000	£'000
<b>(i) Reconciliation of operating surplus to net cash (outflow)/inflow from operating activities</b>				
Operating Surplus		1,037		1,037
Depreciation of Housing Buildings	363		363	
Depreciation of Hartrigg Oaks	35		35	
Depreciation of Other Fixed Assets	119		119	
Amortisation of Non-refundable Residence Fees	(248)		(248)	
Amortisation of Capitalised Community Fees	(94)		(94)	
Decrease in Loans	2		2	
Decrease in Stock of Materials	3		3	
Increase in Debtors	(10,065)		(87)	
Increase in Creditors	2,968		2,968	
		<u>(6,917)</u>		<u>3,061</u>
<b>Net (outflow)/inflow from operating activities</b>		<u>(5,880)</u>		<u>4,098</u>

## NOTES TO THE ACCOUNTS

### 1 Accounting Policies

#### (a) Accounting Convention

The Financial Statements of the Trust are prepared under the historical cost convention in accordance with applicable accounting standards, the Statement of Recommended Practice for Registered Social Landlords update 2008 and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

#### (b) Fixed Assets

Fixed Assets are stated at cost. Housing Land and Buildings and Other Freehold Land and Buildings includes properties in the course of construction which are being developed with a view to the Trust retaining a long-term interest. Cost of Housing Land and Buildings and Other Freehold Land and Buildings includes directly attributable management expenses and directly attributable finance costs which are capitalised until the property reaches practical completion.

Costs of modernisation and re improvements to existing properties are capitalised if those costs result in an enhancement of economic benefits arising from the property.

#### (c) Shared Ownership Properties

Included within Housing Land and Buildings is the Trust's outstanding interest in dwellings developed on Shared Ownership terms. Under Shared Ownership arrangements the purchaser acquires a portion of the equity of the property and has an option to acquire at any time further portions up to a limit determined by the Trust: the price payable is a corresponding portion of the market value of the property at the date of the initial purchase or the exercise of the option. A rent is payable on any portion of the equity which is retained in the Trust's ownership.

At the discretion of the Trust the terms of tenure between rent, shared ownership and outright ownership can be varied over time.

The book value of the Trust's outstanding interest in Shared Ownership properties is stated at cost, plus cost of equity subsequently repurchased by the Trust.

#### (d) Hartrigg Oaks

Hartrigg Oaks represents the cost of construction of 152 bungalows, 42 rooms in the Care Centre, and communal facilities, together with apportioned management expenses, start-up costs, and directly attributable finance costs incurred up to completion.

On subsequent sales, when a new lease for the occupation of a bungalow at Hartrigg Oaks is entered into, the cost of the bungalow is restated at the Fully Refundable Residence Fee, or equivalent sum, included in the lease for that bungalow.

**(e) Depreciation**

**(i) Land and Buildings**

No depreciation is provided on freehold land. Depreciation on buildings is provided, on a straight line basis, so as to write down the net book value of the buildings to their estimated residual value over their estimated useful economic lives. The depreciable amount is based on the original cost, less Social Housing Grant and other grants applicable to the buildings.

Depreciation is calculated at the following rates:-

Housing Properties built since 1 January 2000: over 100 years

Housing Properties built prior to 1 January 2000:-

Housing Properties built before 1950: over 50 years from 1 January 2000

Housing Properties built since 1950: over the balance of 100 years from 1 January 2000

Hartrigg Oaks Care Centre and Communal Facilities: over the balance of 100 years from 1 January 2000

Other Buildings built since 1950: over the balance of 50 years from 1 January 2000

Other Buildings more than 50 years old at 1 January 2000 and those from which the Trust receives no financial benefit have been fully depreciated.

**(ii) Vehicles, Furniture and Equipment**

Vehicles, Furniture and Equipment are written off over five years by a straight line method. Computer Equipment and Software is written off over three and five years respectively by a straight line method.

**(f) Social Housing Grant**

Certain Housing Land and Buildings of the Trust have been developed with the benefit of Social Housing Grant. This Grant, which is paid by the Homes and Communities Agency (previously the Housing Corporation) or the Local Authority in which the housing is developed, is deducted from the Cost of Housing Land and Buildings to which it relates. Social Housing Grant may be repayable in certain circumstances such as when a property is sold or if the development of a property is not completed.

**(g) Other Grants**

Other Grants, which includes grants from other public bodies, legacies and other donations received for the development of specific capital projects are deducted from the cost of Housing Land and Buildings.

**(h) Homebuy**

Under the Homebuy loan arrangements the Trust has made loans to individuals to enable them to purchase a property. The loan is equivalent to a specified percentage, ranging from 12½% to 30% of the market value of the property. No interest is charged on the loan but the Trust is entitled to receive the specified percentage of the market value of the property which is credited in full to interest receivable in the Income and Expenditure Account when it is sold. The loans are secured on the properties to which they relate. This scheme is supported by the Homes and Communities Agency (previously the Housing Corporation) through the provision of Social Housing Grant.

**(i) Stock**

Stock, which comprises materials, loose tools and other building supplies for use by the Direct Labour Organisation, and food and drink for use in the restaurant/coffee shop at Hartrigg Oaks, is stated at the lower of cost and net realisable value.

**(j) Deferred Income - Amounts Received in Advance**

**(i) Leaseholders**

The Trust has entered into Leases in which it is required to defer income to match against future expenditure on maintenance and repairs and equipment from sums collected via the service charge. Interest is added to the sums set aside at the Trust's overdraft rate.

**(ii) Residential Care Homes**

The Trust has deferred income to match against future expenditure on furnishings and equipment at its Residential Care Homes from fees received from residents. Interest is added to the sums set aside at the Trust's overdraft rate.

**(iii) Rents Received in Advance**

The Trust has received rental income in advance on Office Accommodation which will be released to the Income and Expenditure Account over the length of the lease.

**(k) Hartrigg Oaks Capitalised Community Fees**

Hartrigg Oaks Capitalised Community Fees represent sums paid in advance by residents at Hartrigg Oaks towards the Community Fee. Capitalised Community Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis, except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Capitalised Community Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from the Trust's actuaries.

**(l) Recycled Capital Grant Fund**

Following the full sale of a rented property (other than under the Voluntary Purchase Grant or Social Homebuy programmes), the partial sale of a shared ownership property or upon a Homebuy redemption, the Social Housing Grant attributable to that property is transferred to the Recycled Capital Grant Fund. Sums in that Fund must be applied in accordance with criteria established by the Homes and Communities Agency.

**(m) Disposal Proceeds Fund**

Following the sale of a rented property under the Government's Voluntary Purchase Grant programme or Social Homebuy Programme, the Social Housing Grant attributable to that property is transferred to the Disposal Proceeds Fund. The surplus on sale over book cost is transferred to the Sales Re-investment Fund. Sums in the Disposal Proceeds Fund must be applied in accordance with criteria established by the Homes and Communities Agency, principally in the provision of replacement property for rent.

**(n) Hartrigg Oaks Residence Fees**

Hartrigg Oaks Residence Fees represents sums received from residents under the Lease and Care Agreements at Hartrigg Oaks. Fully Refundable Residence Fees are refundable in the original sum within 14 days of a resident leaving Hartrigg Oaks on a permanent basis. No interest is payable by the Trust on the sums received. Non-refundable Residence Fees are not refundable when a resident leaves Hartrigg Oaks on a permanent basis except partial repayments, on a decreasing basis, are made over the first 56 months of residence. Non-refundable Residence Fees are amortised in the Accounts over the anticipated lives of the residents at a rate based on advice from the Trust's actuaries.

**(o) Bonds and Loan Stock**

The Trust has issued Bonds and Loan Stock at its Residential Care Homes. Residents who take up Bonds or Loan Stock are entitled to a rebate on their fee. Any interest which is earned on the Bonds or Stock in excess of the rebates given is available to provide Bursary Support to those residents in the Homes who are unable to meet the full fee. Repayments are made when a resident ceases to be in occupation or following a re-assessment of a resident's financial position.

**(p) Designated Reserves**

**(i) Hartrigg Oaks Reserve**

The Trustees have earmarked sums from the surplus on Hartrigg Oaks operations to meet the future care needs of the residents of Hartrigg Oaks and Major Repairs/Improvements to the property.

**(ii) Hartrigg Oaks Bursary Reserve**

The Trustees have earmarked sums to provide Bursary Support to residents of the Trust to enable them to join Hartrigg Oaks.

**(q) Restricted Reserves: Sales Re-investment Fund**

The surplus on sale over book cost arising from sales of property under the Government's Voluntary Purchase Grant and Social Homebuy programmes have been transferred to the Sales Re-investment Fund. Sums in the Fund will be released when they have been applied to provide replacement housing property.

**(r) Sales of Housing Land and Buildings**

Sales of Housing Land and Buildings are included in the Accounts with effect from the date of the legal completion of the sale. The proceeds of sale of the first tranche of shared ownership properties are stated net of any contribution required to cross subsidise other elements of the scheme concerned and are included in turnover.

Surpluses on subsequent tranches and from other Sales are recognised in their entirety in the Income and Expenditure Account (Note 20) after the Operating Surplus. At the Trust's Extra Care schemes the Trust is committed to buying back property on the termination of the lease. The price paid to the outgoing resident is the original price paid plus a percentage of the equity appreciation. The remaining equity appreciation is retained by the Trust.

**(s) Major Repairs and Cyclical Maintenance**

Expenditure on Major Repairs, including reimprovements, and Cyclical Maintenance on general needs housing accommodation and Residential Care Homes is charged to the Income and Expenditure Account in the year in which it is incurred unless it results in an enhancement of economic benefit. Major Repair Social Housing Grant which is received is offset against expenditure incurred.

**(t) Impairment**

For all properties with a remaining useful economic life of more than fifty years, impairment reviews are carried out on an annual basis in accordance with Financial Reporting Standard 11.

**(u) Joseph Rowntree Foundation**

The Joseph Rowntree Housing Trust (JRHT) has the same Trustees as the Joseph Rowntree Foundation (JRF). The JRF funds a programme of Research and Development in Social Policy and Practice.

Directors and staff are employed by the JRF and certain Administration Costs are shared between JRHT and JRF. Those costs which are solely attributable to one of the Organisations are charged to that Organisation. Shared costs are apportioned between JRHT and JRF on the basis of an estimated division of staff time.

**(v) Pensions**

The pensions costs charged in the accounts are calculated so as to spread the cost of pensions over the service lives of employees in the Social Housing Pension Scheme.

**(w) VAT**

The Trust is registered for VAT. Expenditure is included gross of VAT and any recoveries made are netted off other operating costs (Note 18a).

**2 Housing Land and Buildings**

	<b>Housing Property held for letting £'000</b>	<b>Residential Care Homes £'000</b>	<b>Other Housing Property £'000</b>	<b>Property in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 January (Re-stated)	45,377	10,090	1,218	18,038	74,723
Additions	953	60	-	11,940	12,953
Sales (Note 20)	(64)	-	(7)	-	(71)
Reclassification	388	(388)	-	-	-
Completions	8,448	-	-	(8,448)	-
At 31 December	<u>55,102</u>	<u>9,762</u>	<u>1,211</u>	<u>21,530</u>	<u>87,605</u>
<b>Social Housing Grant</b>					
At 1 January	22,357	2,040	1,184	1,455	27,036
Received in Year	-	-	-	875	875
Transferred from the Recycled Capital Grant Fund (Note 10)	60	-	-	35	95
Transferred to the Recycled Capital Grant Fund (Note 10)	(26)	-	-	-	(26)
Transferred from the Disposal Proceeds Fund (Note 11)	-	-	-	130	130
Transferred to the Disposal Proceeds Fund (Note 11)	-	-	-	(172)	(172)
Reclassification	18	(11)	(7)	-	-
Completions	647	-	-	(647)	-
At 31 December	<u>23,056</u>	<u>2,029</u>	<u>1,177</u>	<u>1,676</u>	<u>27,938</u>
<b>Other Grants</b>					
At 1 January	-	990	-	12,355	13,345
Completions	2,500	-	-	(2,500)	-
At 31 December	<u>2,500</u>	<u>990</u>	<u>-</u>	<u>9,855</u>	<u>13,345</u>
<b>Depreciation</b>					
At 1 January	2,058	391	3	-	2,452
Reclassification	60	(61)	1	-	-
Charge for the year	371	57	-	-	428
Disposals (Note 20)	(3)	-	(1)	-	(4)
At 31 December	<u>2,486</u>	<u>387</u>	<u>3</u>	<u>-</u>	<u>2,876</u>
<b>Net Book Value</b>					
At 1 January (Re-stated)	20,962	6,669	31	4,228	31,890
At 31 December	27,060	6,356	31	9,999	43,446
<b>Represented by:</b>					
Freehold Land and Buildings	21,810	6,356	31	9,999	38,196
Long Leasehold Land and Buildings	5,250	-	-	-	5,250
	<u>27,060</u>	<u>6,356</u>	<u>31</u>	<u>9,999</u>	<u>43,446</u>

## 2 Housing Land and Buildings (continued)

- (i) Included within the net book value of £27,060,000 (2007: £20,962,000) of Housing Properties held for letting are Shared Ownership properties with a net book value of £5,756,000 (2007: £3,995,000).
- (ii) Additions in the year include £362,745 (2007: £269,715) in respect of Development Administration and £1,380,277 (2007: £845,996) in respect of bridging interest. The average rate of interest was 5.69% (2007: 6.51%).
- (iii) Expenditure on existing housing properties during the year totalled £1,020,000 (2007: £1,305,000). Of this amount £379,000 (2007: £483,000) was capitalised and £641,000 (2007: £822,000) was classified as major repairs and charged to the Income and Expenditure Account.
- (iv) Reclassification refers to care units which were reconfigured to rented units during the year.
- (v) The total accumulated Social Housing Grant received by the Trust up to 31 December 2008, including Major Repairs Grant, was £31,281,212 (2007: £30,406,000).

The re-statement has arisen following the adoption of the Statement of Recommended Practice for Registered Social Landlords update 2008, and the consequent effect this has on the treatment of first tranche sales at Housing developments, together with a proportion of properties in the course of construction at 31 December 2007 being reclassified as Other Freehold Land and Buildings (Note 5).

The changes have resulted in the comparatives for property in the course of construction in Note 2 being re-stated as follows:-

	<b>2007</b> <b>Re-stated</b> <b>£'000</b>	<b>2007</b> <b>Original</b> <b>£'000</b>
Cost	18,038	39,760
Social Housing Grant	(1,455)	(1,455)
Other Grants	(12,355)	(12,355)
Depreciation	-	-
Net Book Value	<u>4,228</u>	<u>25,950</u>

## 3 Hartrigg Oaks

	<b>2008</b>	
	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>		
At 1 January		21,122
Expenditure in the year		929
Current Residence Fees on bungalows re-sold in the year	690	
Less: previous Residence Fees on bungalows re-sold in the year	<u>(233)</u>	
Increase in Residence Fees on bungalows re-sold in the year		457
At 31 December		<u>22,508</u>
<b>Depreciation</b>		
At 1 January		277
Charged in the year		36
At 31 December		<u>313</u>

**3 Hartrigg Oaks (continued)**

**Net Book Value**

At 1 January	20,845
At 31 December	22,195

Hartrigg Oaks is a Continuing Care Retirement Community built on land in the Trust's ownership in New Earswick. It consists of 152 bungalows, a 42 room Care Centre, together with communal facilities.

**4 Homebuy**

**2008**  
**£'000**

**Loans**

At 1 January	3,583
Additions	918
Repayments	(43)
At 31 December	4,458

**Grants**

At 1 January	3,567
Received in the year	918
Applied to Recycled Capital Grant Fund (Note 10)	(43)
At 31 December	4,442

**Net Book Value**

At 1 January	16
At 31 December	16

**5 Other Fixed Assets**

	Other Freehold Land and Buildings £'000	Vehicles, Furniture and Equipment £'000	Total £'000
<b>Cost</b>			
At 1 January (re-stated)	9,894	934	10,828
Additions	2,504	191	2,695
Disposals/Repayments	-	(48)	(48)
At 31 December	12,398	1,077	13,475
<b>Depreciation</b>			
At 1 January	784	748	1,532
Charge for the year	87	75	162
Disposals/Repayments	-	(48)	(48)
At 31 December	871	775	1,646

**5 Other Fixed Assets (continued)**

**Net Book Value (re-stated)**

At 1 January	9,110	186	9,296
At 31 December	11,527	302	11,829

Other Freehold Land and Buildings consists of the Trust's farm holdings, business and office premises, communal areas at Extra Care schemes, other non-housing property in New Earswick and an outdoor activity school at Stape on the North Yorkshire Moors.

The re-statement has arisen following the reclassification of expenditure on communal areas at Extra Care schemes at Plaxton Court and Hartfields. In 2007 a proportion of the overall expenditure on these areas was classified within Housing Land and Buildings.

The changes have resulted in Other Freehold Land and Buildings within the Fixed Asset Note 5 being re-stated as follows:-

	<b>2007</b> <b>Re-stated</b> <b>£'000</b>	<b>2007</b> <b>Original</b> <b>£'000</b>
Cost	9,894	4,822
Depreciation	<u>(784)</u>	<u>(784)</u>
Net Book value	<u>9,110</u>	<u>4,038</u>

**6 Debtors**

	<b>2008</b>		<b>2007</b> <b>Re-stated</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing Stock held for re-sale		13,216		16,650
Loans		29		7
Stock		139		130
Rent Arrears				
Gross	377		332	
Bad Debt Provision	<u>(52)</u>		<u>(38)</u>	
		325		294
Other Debtors		<u>744</u>		<u>530</u>
		<u>14,453</u>		<u>17,611</u>

Loans represent sums advanced to New Earswick Sports and Social Club, Joseph Rowntree School and New Earswick Nature Reserve. The loan to the Club attracts interest at the Trust's overdraft rate and has a final repayment date of April 2010. The loan to the School is interest free and has a final repayment date of April 2009. The loan to the Nature Reserve is interest free and has a final repayment date of September 2014.

The re-statement has arisen following the adoption of the Statement of Recommended Practice for Registered Social Landlords update 2008, and the consequent effect this has on the treatment of first tranche shared ownership sales at Housing developments.

The changes have resulted in debtors in Note 6 being re-stated as follows:-

**6 Debtors (continued)**

	<b>2007</b>		<b>2007</b>	
	<b>Re-stated</b>		<b>Original</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing stock held for re-sale		16,650		-
Loans		7		7
Stock		130		130
Rent Arrears				
Gross	332		332	
Bad Debt Provision	(38)		(38)	
		294		294
Other Debtors		530		530
		<u>17,611</u>		<u>961</u>

**7 Cash at Bank and Short Term Deposit**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Cash at Bank and in-hand	5,968	2,962
	<u>5,968</u>	<u>2,962</u>

**8 Creditors: Amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Bridging Loan	5,871	4,053
Housing Loans (Note 12)	280	265
Hartrigg Oaks Loans (Note 12)	79	82
Rent in Advance	78	71
Recycled Capital Grant Fund (Note 10)	272	69
Disposal Proceeds Fund (Note 11)	107	57
Other Creditors	2,442	2,940
	<u>9,129</u>	<u>7,537</u>

The Bridging Loan has been provided by the Joseph Rowntree Foundation. Interest is charged at the Foundation's overdraft rate.

**9 Creditors: Amounts falling due after one year**

	<b>2008</b>		<b>2007</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred Income - amounts received in advance:				
Rents received in advance	733		750	
Leaseholders	1,266		1,159	
Residential Care Homes	650		576	
Hartrigg Oaks	272		229	
		<u>2,921</u>		<u>2,714</u>

**9 Creditors: Amounts falling due after one year (continued)**

	2008		2007	
	£'000	£'000	£'000	£'000
Capitalised Community Fees:				
At 1 January	1,291		1,034	
Received in the year	54		351	
Repaid in the year	-		-	
Amortisation in the year	(98)		(94)	
At 31 December		1,247		1,291
Recycled Capital Grant Fund (Note 10)		453		652
		<u>4,621</u>		<u>4,657</u>

**10 Recycled Capital Grant Fund (RCGF)**

	2008	2007
	£'000	£'000
At 1 January	721	482
Transfer in the year (Note 2)	26	157
Applied in the year (Note 2)	(95)	(210)
Homebuy Grant repaid (Note 4)	43	256
Interest added to the Fund (Note 24)	30	36
At 31 December	<u>725</u>	<u>721</u>

RCGF is applicable in the following periods:-

	2008	2007
	£'000	£'000
Within one year (Note 8)	272	69
More than one year (Note 9)	453	652
	<u>725</u>	<u>721</u>

**11 Disposal Proceeds Fund (DPF)**

	2008	2007
	£'000	£'000
At 1 January	57	348
Transfer in the year (Note 2)	172	4
Applied in the year (Note 2)	(130)	(312)
Interest added to the Fund (Note 24)	8	17
At 31 December	<u>107</u>	<u>57</u>

All of the DPF balance at 31 December 2008 is applicable within one year.

**12 Loans due after one year**

	2008	2007
	£'000	£'000
Housing Loans (Note i)	14,611	14,892
Hartrigg Oaks loans (Note ii)	904	1,377
Revolving Credit (Note iii)	22,000	8,000
	<u>37,515</u>	<u>24,269</u>

**12 Loans due after one year (continued)**

**Note i**

The Housing Loans comprise:-

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Greenwich NatWest	1,276	1,345
Lloyds TSB plc Loan 1	3,335	3,547
Lloyds TSB plc Loan 2	<u>10,000</u>	<u>10,000</u>
	<u>14,611</u>	<u>14,892</u>

- (a) The loans from Greenwich NatWest are settled by equal half-yearly instalments of capital and interest over the estimated life of the scheme for which the loan was provided. The final instalments fall to be repaid in the period 2009 to 2047. The rates of interest are fixed and range from 9.25% to 15.875%. The loans are secured against 156 of the Trust's properties.
- (b) Loan 1 from Lloyds TSB plc is for a 25 year term at a fixed rate of interest of 4.89% with the final instalment being due in 2021. The loan is secured against 67 of the Trust's properties and has been guaranteed by the Joseph Rowntree Foundation.
- (c) Loan 2 from Lloyds TSB is for a 30 year term with a bullet repayment. Interest up to 26 September 2008 was charged at a variable rate linked to LIBOR. Since that date the cost of funds is fixed at 4.52%. Including agreed margins this increases to 4.74% until September 2013. The margins increase over the life of the loan so that from September 2030 the rate, including margins, is 4.84%. The average rate charged during the year was 5.73%. The loan is secured against 148 of the Trust's properties.

The Housing Loans are repayable in the following periods:-

	<b>2008</b>		<b>2007</b>	
	£'000	£'000	£'000	£'000
In one year or less (Note 8)		280		265
Between one and two years	297		280	
Between two and five years	948		892	
In five years or more	<u>13,366</u>		<u>13,720</u>	
		<u>14,611</u>		<u>14,892</u>
		<u>14,891</u>		<u>15,157</u>

**Note ii**

The Hartrigg Oaks Loans comprise:-

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Joseph Rowntree Foundation		
Fixed	904	983
Variable	<u>-</u>	<u>394</u>
	<u>904</u>	<u>1,377</u>

Interest is charged on the Fixed loan at an interest rate of 6.75%. The loan is due to be repaid in 2023.

**12 Loans due after one year (continued)**

The Hartrigg Oaks Loans are repayable in the following periods:-

	2008		2007	
	£'000	£'000	£'000	£'000
In one year or less (Note 8)		79		82
Between one and two years	76		79	
Between two and five years	213		220	
In five years or more	615		1,078	
		904		1,377
		983		1,459

**Note iii**

The Revolving Credit represents a drawdown from a facility of £40m with Lloyds TSB. Interest is charged at a variable rate linked to LIBOR: the average rate charged during the year was 5.63%. The Facility is secured against 401 of the Trust's properties.

**13 Hartrigg Oaks Residence Fees**

	Fully Refundable Fees £'000	Non- refundable Fees £'000	Total £'000
At 1 January	13,425	2,088	15,513
Received in the year	151	235	386
Repaid in the year	(457)	-	(457)
Amortised in the year	-	(251)	(251)
At 31 December	13,119	2,072	15,191

**14 Bonds and Loan Stock**

	2008 £'000	2007 £'000
At 1 January	5,819	5,630
Bonds and Loan Stock received in the year	1,273	1,225
Bonds and Loan Stock repaid in the year	(1,743)	(1,118)
Indexation	104	82
At 31 December	5,453	5,819

Indexation represents an increase in sums due to Bedford Court bond holders.

**15 Reserves**

**(a) Revenue Reserves**

	£'000
At 1 January	19,476
Surplus for the year	1,173
	20,649
Transfers:	
From Restricted Reserves	718
From Designated Reserves	694
At 31 December	22,061

**(b) Restricted Reserves**

	Sales Re- investment Fund £'000
At 1 January	2,293
Transfer to Revenue Reserves	(718)
At 31 December	1,575

## 15 Reserves (continued)

The transfer from the Sales Re-investment Fund has been calculated as follows:-

	<b>£'000</b>
Transfer to General Reserves to fund Affordable Housing at Plaxton Court	(800)
Add: Notional Interest	<u>82</u>
	<u>(718)</u>

## (c) Designated Reserves

	<b>Hartrigg Oaks Reserve £'000</b>	<b>Hartrigg Oaks Bursary Reserve £'000</b>	<b>Total £'000</b>
At 1 January	2,881	175	3,056
Transfers to Revenue Reserves	<u>(699)</u>	<u>5</u>	<u>(694)</u>
At 31 December	<u>2,182</u>	<u>180</u>	<u>2,362</u>

## 16 Capital Commitments

	<b>2008 £'000</b>	<b>2007 £'000</b>
Expenditure authorised not contracted	500	5,792
Expenditure contracted less certified	<u>14,417</u>	<u>19,275</u>
	<u>14,917</u>	<u>25,067</u>

Included within "Expenditure contracted less certified" is £1.59m relating to land purchased on deferred consideration terms. Payment falls due between the years 2026 and 2044 or, if earlier, at the time of freehold sales of the dwellings developed on the land.

## 17 Housing Stock

	<b>Housing Properties</b>	<b>Lease- hold Scheme</b>	<b>Residential Care Homes (Bedspaces)</b>	<b>Hartrigg Oaks</b>	<b>Total</b>
	<b>Rent</b>	<b>Shared Ownership</b>	<b>for Elderly</b>		
At 1 January	1,254	367	157	188	2,160
Additions	29	22	-	-	51
Reconfiguration	(3)	-	-	(7)	(10)
Net switches in tenure	2	(2)	(1)	1	-
Sales	<u>(4)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
At 31 December	<u>1,278</u>	<u>386</u>	<u>156</u>	<u>182</u>	<u>2,196</u>

In addition, the Trust manages 42 units within two leasehold schemes and owns 14 shops and two farm holdings in New Earswick. There are also 9 units used as accommodation by scheme managers.

Reconfiguration relates to units where the use was changed during the year. The units created have been included in additions.

## 18 Turnover, Operating Surplus and Surplus for the Year

### (a) By class of business

	Turnover £'000	Operating Costs £'000	Cost of Sales £'000	Surplus/ (Deficit) for the year £'000	2007 Surplus/ (Deficit) for the year £'000
<b>Social Housing Activities:</b>					
Housing for Rent	4,536	(3,194)	-	1,342	980
Shared Ownership	776	(470)	-	306	369
Service Charges eligible for housing benefit	133	(225)	-	(92)	(34)
Care and Support Charges	149	(151)	-	(2)	-
Residential Care Homes	3,976	(4,421)	-	(445)	(134)
First tranche sales	7,120	-	(7,205)	(85)	-
	<u>16,690</u>	<u>(8,461)</u>	<u>(7,205)</u>	<u>1,024</u>	<u>1,181</u>
<b>Other Social Housing Activities:</b>					
Community Services and Special Initiatives (Note 19)	241	(543)	-	(302)	(399)
Management Services	334	(302)	-	32	7
Property Services	361	(406)	-	(45)	(29)
VAT	-	6	-	6	8
	<u>936</u>	<u>(1,245)</u>	<u>-</u>	<u>(309)</u>	<u>(413)</u>
<b>Notes 18(b) &amp; 18(c)</b>	<u>17,626</u>	<u>(9,706)</u>	<u>(7,205)</u>	<u>715</u>	<u>768</u>
<b>Non-Social Housing Activities:</b>					
Hartrigg Oaks	2,237	(2,138)	-	99	189
Business Properties and Farms	170	(96)	-	74	80
	<u>2,407</u>	<u>(2,234)</u>	<u>-</u>	<u>173</u>	<u>269</u>
Operating Surplus	<u>20,033</u>	<u>(11,940)</u>	<u>(7,205)</u>	888	1,037
Interest Receivable				249	228
Interest Payable (Note 24)				(1,167)	(907)
Surplus on Sales (Note 20)				<u>1,203</u>	<u>2,980</u>
Surplus for the year				<u>1,173</u>	<u>3,338</u>

First tranche sales includes outright sales at Extra Care schemes, Hartfields and Plaxton Court.

**18 Turnover, Operating Surplus and Surplus for the Year (continued)**

**(b) Turnover from Social Housing Activities**

	2008		2007	
	£'000	£'000	£'000	£'000
Rents and service charges from Housing Properties		5,469		5,141
Charges for Care and Support Services from Housing		149		73
Income from Residential Care Homes				
Fees	4,022		3,826	
Supporting People Grant	<u>47</u>		<u>46</u>	
		4,069		3,872
Proceeds from first tranche sales		7,120		-
Other Social Housing Activities		<u>936</u>		<u>574</u>
		17,743		9,660
Less: Voids on Housing Properties	(24)		(22)	
Voids on Residential Care Homes	<u>(93)</u>		<u>(46)</u>	
		<u>(117)</u>		<u>(68)</u>
		<u>17,626</u>		<u>9,592</u>

**(c) Operating Costs of Social Housing Activities**

	Housing for Rent	Shared Ownership	Total 2008	Total 2007
	£'000	£'000	£'000	£'000
<b>Direct Property Management:</b>				
Management Expenses	1,005	240	1,245	1,154
Repairs and Maintenance	1,062	59	1,121	1,111
Major Repairs	557	84	641	822
Depreciation	304	67	371	299
Estate Maintenance	247	16	263	284
Bad Debts	<u>19</u>	<u>4</u>	<u>23</u>	<u>9</u>
	<u>3,194</u>	<u>470</u>	3,664	3,679
<b>Other Operating Costs:</b>				
Service Costs			225	127
Costs of Care and Support Services to Housing Properties			151	71
Residential Care Homes Expenditure			4,421	3,960
Community Services and Other Special Initiatives			543	618
Management Services			302	219
Property Services			406	377
VAT			<u>(6)</u>	<u>(8)</u>
			<u>9,706</u>	<u>9,043</u>

**19 Community and Special Initiatives**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Special Initiatives - Care	(9)	11
Contribution to New Earswick Schools	39	56
New Earswick Community Association	53	52
Net Cost of Swimming Pool	33	34
Hartrigg Oaks Bursary Support	24	23
Family Support Worker	-	10
New Earswick Management Committee Grants	32	36
Repairs to New Earswick Folk Hall	16	14
Environmental Enhancements	-	9
Remodelling of New Earswick Primary School	35	95
Community Facilities Audit	22	22
Major Repairs to Stape School	24	-
Other	33	37
	<u>302</u>	<u>399</u>

Special Initiatives-Care represents specialist posts including a Person-Centred Planning Co-ordinator and Specialist Mental Health Nurse, net of income received from the Training function.

**20 Surplus on Sales**

	<b>Housing</b>	<b>Hartrigg</b>	<b>2008</b>	<b>2007</b>
	<b>Properties</b>	<b>Oaks</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sales proceeds	865	690	1,555	4,583
Less: Cost of properties sold (Notes 2 and 3)	(71)	(233)	(304)	(1,551)
Depreciation (Note 2)	4	-	4	21
Direct Costs	(30)	(22)	(52)	(73)
	<u>(97)</u>	<u>(255)</u>	<u>(352)</u>	<u>(1,603)</u>
Surplus on sales	<u>768</u>	<u>435</u>	<u>1,203</u>	<u>2,980</u>

**21 Trustees' and Directors' Emoluments**

No Trustee received any emoluments or benefits in kind in respect of their services.

The Executive Directors of the Trust are employed by the Joseph Rowntree Foundation (JRF) and costs of employment are apportioned to the Trust on the basis of an estimated division of time.

The remuneration paid by the Foundation to the Executive Directors, and the amounts apportioned to JRHT, were as follows:-

	<b>2008</b>		<b>2007</b>	
	<b>Total</b>	<b>Apportioned</b>	<b>Total</b>	<b>Apportioned</b>
	<b>£</b>	<b>JRHT</b>	<b>£</b>	<b>JRHT</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Highest Paid Director (excluding pension contributions, but including benefits in kind)	147,500	20,057	143,315	18,443
Total Directors' Emoluments (including pension contributions and benefits in kind)	<u>629,851</u>	<u>344,737</u>	<u>579,084</u>	<u>321,614</u>

## 21 Trustees' and Directors' Emoluments (continued)

All of the Directors are ordinary members of the pension scheme.

The number of Directors of the JRF for whom a percentage of emoluments (excluding pension contributions but including benefits in kind) was apportioned to the Trust fell in the following ranges was:-

	<b>2008</b>	<b>2007</b>
£55,001 - £60,000	1	1
£65,001 - £70,000	-	2
£70,001 - £75,000	2	-
£75,001 - £80,000	-	1
£90,001 - £95,000	1	-
£110,001 - £115,000	-	1
£115,001 - £120,000	1	-
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-

A loan was advanced to one of the Directors during the year. Details of the loan, for which a commercial rate of interest is being charged, are:-

	<b>£</b>
Sum advanced	5,355
Repayments	<u>(470)</u>
Balance at 31 December 2008	<u><u>4,865</u></u>

## 22 Staff Costs

Staff are employed by the Joseph Rowntree Foundation (JRF). Costs are apportioned between JRF and the Trust on the basis of an estimated division of time. Total staff costs, including those shared with JRF, during the year, were:-

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	9,229	8,346
National Insurance contributions	674	602
Other pension costs (Note 23)	<u>666</u>	<u>650</u>
	<u><u>10,569</u></u>	<u><u>9,598</u></u>

The average weekly number of persons, including part time staff, employed by JRF in conjunction with the Trust during the year was 519 (2007: 487). £7,958,000 (2007: £7,193,000) of the staff costs was apportioned to the Trust.

The average number of full time equivalent employees, based on a working week of 35 hours, was 396 (2007: 366).

## 23 Pension Costs

The Trust participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme where the share of assets and liabilities applicable to each employer is not identified. Accordingly, the Trust accounts for its pension costs on a defined contribution basis in accordance with Financial Reporting Standard 17.

## 23 Pension Costs (continued)

Contributions to the scheme are based on applicable pension costs across the participating organisations taken as a whole and are charged to the Income and Expenditure Account so as to spread the costs over the members' working lives. The pensions charge recorded by the Trust during the account period was equal to the contributions payable.

The results and assumptions of the most recent valuation of the scheme are as follows:-

Valuation date	30 September 2005
Valuation method	Projected Unit Credit
Value of assets	£1,278m
Value of liabilities	£1,561m
Funding level for accrued benefits	82%
Investment return on future contributions per annum	7.2%
Investment return on accumulated assets per annum	4.8%
Salary scale increases per annum to 30 September 2010	5.0%
Salary scale increases per annum from 1 October 2010	4.0%
Pension increases per annum	2.5%
Rate of Price inflation	2.5%

As a result of this valuation, the funding of the scheme was reviewed from 1 April 2007. Existing staff had the option of remaining in the final salary arrangement where the average employee contribution rate was increased from 5.6% to 9.1%, or to transfer to a Career Average Revalued Earnings (CARE) arrangement where the average employee contribution rate remained at 5.6%. New staff from 1 April 2007 are entitled to join the CARE arrangement.

The JRF's standard contribution rate was increased from 1 April 2007 from 10.7% to 12.9% for both the final salary and CARE arrangements. In order to phase in the increase for staff remaining in the final salary arrangement, the employer contribution rate for those staff was increased to 14.65% in the year to 31 March 2008 with a consequential average employee contribution rate of 7.35%.

## 24 Interest Payable and Similar Charges

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Interest Paid:		
Greenwich NatWest	149	156
Joseph Rowntree Foundation	334	244
Lloyds TSB plc	1,721	726
Bank Overdraft	<u>45</u>	<u>114</u>
	2,249	1,240
Interest Applied to:		
Income received in advance	101	104
Bonds and Loan Stock	306	357
Recycled Capital Grant Fund (Note 10)	29	36
Disposal Proceeds Fund (Note 11)	8	17
Other	<u>19</u>	<u>25</u>
	2,712	1,779
Less Capitalised:		
Housing Land and Buildings (Note 2)	(1,380)	(846)
Other Freehold Land and Buildings (Note 5)	(154)	(26)
Hartrigg Oaks (Note 3)	<u>(11)</u>	<u>-</u>
	<u>1,167</u>	<u>907</u>

**25 Surplus for the Year**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Surplus for the year is stated after charging:		
Depreciation		
Recurring	626	517
Auditors' Remuneration		
In their capacity as Auditors	17	19
Other Services	-	-

**26 Joseph Rowntree Foundation (JRF) - Related Party Transactions**

**(a) Guarantee**

The JRF has provided a guarantee to Lloyds TSB against a loan to the JRHT. At 31 December 2008 the balance outstanding on the loan was £3,547,060. (2007: £3,748,467). The loan is at a fixed rate of interest of 4.89% and is due to mature on 28 February 2021. See also Note 12.

**(b) Outstanding Loans**

Outstanding loans from JRF at 31 December 2008 amounted to £6,853,786. (2007: £5,512,000). Loans made during the year amounted to £2,438,000, and loan repayments amounted to £1,094,000. Interest charged on these loans during the year was £334,000. (2007: £244,000). Further details of these loans can be found in Notes 8 and 12.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

Under the Trust Deed of the Trust and charity law, the Trustees are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and regulations.

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Trust and of the surplus or deficit for that period.

In preparing these Financial Statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- state whether the Financial Statements comply with the Trust Deed, 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 Trust will continue in business.

The Trustees are required to act in accordance with the Trust Deed of the Trust, within the framework of trust law. The Trustees are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Trust at that time and enable Trustees to ensure that its Financial Statements comply with the Charities Act 1993, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Trustees have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

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

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF JOSEPH ROWNTREE HOUSING TRUST**

We have audited the Financial Statements of Joseph Rowntree Housing Trust for the year ended 31 December 2008 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 Trustees, as a body, in accordance with Schedule 1 paragraph 16 to the Housing Act 1996, section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the Trustees 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 Trust and the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Trustees and auditors**

The responsibilities of the Trustees for the preparation of the Trustees' Annual Report, and the preparation of Financial Statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 28.

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 Charities Act 1993, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the Financial Statements, if a satisfactory system of control over transactions has not been maintained, if the Trust has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. 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. Our responsibilities do not extend to any other information.

### **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 Trustees in the preparation of the financial Statements, and of whether the accounting policies are appropriate to the Trust'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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF JOSEPH  
ROWNTREE HOUSING TRUST (continued)**

**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 Trust as at 31 December 2008 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

**KPMG LLP  
Chartered Accountants  
Registered Auditors  
Leeds**