



“JOHNNIE” JOHNSON
HOUSING

Report and Financial Statements
For the year ended 31st March 2008

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Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2008 for “Johnnie” Johnson Housing Trust Limited and the consolidated accounts of the Group.

“JOHNNIE” JOHNSON HOUSING TRUST

“Johnnie” Johnson Housing Trust Limited (The Trust) is a not for profit organisation which operates throughout northern England with a head office in Poynton, Cheshire, and other offices in Sheffield and Morpeth. The Trust is an exempt charity registered with both the Financial Services Authority and the Housing Corporation. It controls two subsidiary organisations: “Johnnie” Johnson Housing Association Ltd and “Johnnie” Johnson Developments Ltd. The Trust is one of seven housing associations with a shareholding interest in NLG Housing Ltd.

VISION, MISSION AND VALUES

Our Vision: Social responsibility and business excellence making a positive difference to peoples’ lives.

Our Mission: Working together to provide homes and services that people value.

Our Values: Dedicated to our customers. Committed to quality, inclusion and innovation. Honest, open, compassionate and idealistic. Ethical in all our dealings.

GOVERNANCE ARRANGEMENTS

The Board

The Board currently comprises eleven full members and one co-opted member and is responsible for managing the affairs of the Trust. Board members are drawn from a wide background bringing together professional, commercial and local experience, the Board also has a target to retain three residents as Board members. In addition, a place is reserved on the Board for a member of a minority ethnic community. The Board meets, formally, at least eight times a year for regular business. In addition, special awaydays are held to cover strategy and other major issues.

Board Membership Policy

It is the policy of "Johnnie" Johnson Housing Trust Ltd. that it should have a Committee and Membership that can broadly represent the communities and consumers that it serves.

The Board have established guidelines for recruitment and membership of the Board and Committees of the Trust. During the previous year, Kath Lavery was recruited as Chair of the Board of Management, and took over this responsibility in July 2007. The outgoing Chair, Mel Hill, who had held this position since 2000, remains a member of the Board.

Shareholding membership is open to all those with an active interest in the work of the Trust.

Report of the Board (continued)

Board members

The present Board members and the executive officers of the Trust are set out on page 10. All members of the Board are either elected in general meeting or co-opted in accordance with the Rules of the Trust.

Board Member Remuneration

Remuneration of Board members commenced in 2005, at levels set with reference to NHF guidance. Remuneration levels were not reviewed during the year, but a review will be effected from April 2008.

Board Members received the following payments in the period to 31 March 2008:

Name	Salary	Total Expenses	Total
Allenby P	-	1,932	1,932
Ankers D	3,000	540	3,540
Baker JTL	-	1,519	1,519
Dabhi R	2,750	951	3,701
Evans D J	3,000	619	3,619
Garvey B	3,000	362	3,362
Globe M	3,000	909	3,909
Goodman D	5,000	2,634	7,634
Robinson J	3,000	547	3,547
Hill M	4,667	3,044	7,711
Laidler N	3,000	2,651	5,651
Lavery K	7,000	413	7,413
	<hr/>	<hr/>	<hr/>
Total	37,417	16,121	53,538
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COMMITTEES

The Audit and Risk Management Committee consists of four Board members and two external appointments and meets at least three times each year. It considers in detail the raising of private finance and reports from the internal and external auditors. It reviews the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Trust’s internal control arrangements and oversees the management and monitoring of risk within the organisation.

The Remuneration Committee comprises four Board members and an external expert on salary matters who has been co-opted on to the Committee. The Committee is responsible for establishing the reward strategy and remuneration policy for all the staff of the Trust and negotiating the remuneration of the Executive Staff.

The Governance Improvement Group is a standing working party established to ensure continuous improvement of Board control and governance standards.

Report of the Board (continued)

The Board and its committees obtain external specialist advice from time to time as necessary.

A Joint Consultative Committee (JCC) exists as a forum for Board Members, management and elected staff representatives to discuss matters of interest and relevance. The Board receives an annual report from the JCC Chair on the work undertaken by the Committee.

PORTFOLIOS

Board members have been assigned specific portfolios of interest and these were reviewed during the year as follows:

Kath Lavery:	Strategy, Growth and Workforce Development
David Goodman:	Audit and Risk including Performance Reporting
David Evans:	Excellence & Efficiency including Astraline Group
Joe Robinson:	Customer Involvement Strategy; leaseholder liaison
Morris Globe:	Customer Experience including Complaints Convenor
Barbara Garvey:	Governance and Board Development
Rina Dabhi:	Social Responsibility including Diversity and Social Capital
Les Baker:	Information, Knowledge Management and Telehealth
Mel Hill:	Investment in Buildings, Health & Safety, Design
Pamela Allenby:	Sustainability, Ethical Procurement, Green Issues
Derek Ankers:	Older Peoples Champion for Dignity and Independence
Norman Laidler:	North East

NHF Code of Governance

The Trust complies with the main recommendations of the NHF Code of Governance (revised 2004), with two exceptions. The Code establishes a maximum term of office for Board members of 9 years, whereas the Trust maximum term is 12 years. The Trust also exceeds the NHF Code recommendations on the use of co-options. The justification for doing so is that co-options are used to create probationary periods for prospective new Board members, to assist succession and to bring specialist expertise onto committees.

Expectations for standards of governance in the sector are constantly being raised and the Trust regularly reviews its governance arrangements, and has a Working Party dedicated to the continuous review of the Governance Improvement Plan and the Board Effectiveness Action Plan.

Service agreements are in place for all Board members and disciplinary procedures have been established to deal with any breaches of standards. Formal appraisals for individual Board members are held on an annual basis and whole Board appraisal is conducted at an awayday.

Report of the Board (continued)

The Board is responsible for the Trust’s strategy and policy framework. It delegates the day to day management and implementation of that framework to the Chief Executive, Director of Finance, Director of Development and Property Services, and the Housing Services Director.

The executive team meets regularly and attends Board meetings as does the Strategic Projects Manager and other senior managers where appropriate.

PRINCIPAL ACTIVITIES

The Trust operates four main business streams:

- retirement housing and housing-related support;
- ‘general needs’ housing for rent, primarily by families who are unable to rent or buy at open market rates;
- low-cost home ownership, primarily shared ownership, whereby residents purchase a share in the equity of their homes and pay rent to the Trust on the remainder.
- Astraline, which is a social alarm monitoring and out of hours repair service supporting the Trust’s residents and over 180,000 customers of other not-for-profit social landlords.

As well as managing over 4,500 properties, the Group is a developer of new affordable housing and is part of a consortium, Northern Lights Group, which through its partnership with the Accent Group has been approved by the Housing Corporation as a development partner. During the year, Northern Lights Group was reconstituted as a jointly owned limited company, NLG Housing Ltd, and the organisation has also taken its first steps to widen its objectives and areas of joint working.

ACTIVITIES DURING THE YEAR

Among the key activities and achievements this year the following are highlighted:

- A Transformation Team was established to support the development of the new Strategic Plan. The Team promoted the new strategy in a series of workshops across the organisation and also used the process to gather feedback on areas for improvement. These were factored with the aims of the strategy into a broad summary of objectives as the Destination Statement.
- Budget Clinics had been introduced in the previous year as a corrective measure when mid-term re-forecasts appeared to threaten the outturn. During 2007-08 the exercise was repeated but with a different emphasis, allowing the Board to give searching scrutiny to the organisation’s spending plans with a view to maximising the value to residents.
- The Annual Efficiency Statement was given a much higher profile and made more challenging. It was also re-invigorated as a mechanism for recycling savings into services; so that the efficiencies derived could be turned into benefits for residents and support for the front line operation. At the end of the year, bidding against the efficiencies “pot” allowed sponsorship of a wide range of initiatives.

Report of the Board (continued)

- Our development programme included the completion of the regeneration of the Montrose Gardens estate in Morpeth, given new life and a new name as Bluebell Rise. We also harnessed our growing understanding of environmental sustainability in our new development at Almond Place in Wath-upon-Deerne, which will be the most ecologically efficient properties we have so far produced, and hopefully provide a model that can be transferred to future developments.
- Having decanted the residents of our 1970s sheltered housing scheme at Manston Lodge, in Stockport, we have this year been transforming the building into a modern mixed tenure retirement scheme. Also in Stockport, we have been transforming the former Salvation Army Citadel into the latest addition to our shared ownership portfolio and a landmark building in the regeneration of the town centre.
- Although we had anticipated an inspection by the Audit Commission during the year, none was scheduled, although our work to meet the Key Lines of Enquiry standard continued. To check our progress, a full mock inspection was held in January with the very pleasing outcome of a 2-star assessment with promising prospects for improvement.

EXECUTIVE OFFICERS AND STAFF

Executive officers

The executive officers of the Trust are set out on page 10.

The executive staff do not hold any interest in the Trust's shares and act as executives within the authority delegated by the Board. They are 'directors' as defined by the General Determination 2007 so far as disclosure of interests and emoluments are concerned.

A year after his appointment, the responsibilities of Director of Finance, Harvey Norton, were widened in February 2008 to include Business Services. This followed the departure of long-serving Strategic Projects Manager, Tricia Watters, to pursue opportunities in consultancy.

All the Directors hold permanent contracts of employment with the Trust, on similar terms and conditions to all other employees, including the entitlement to membership of the pension scheme. The executive officers are also entitled to other benefits such as the provision of a car under the terms of their contracts of employment. For historical reasons one of the Directors is entitled to non-contributory membership of the pension scheme.

The details of executive staff remuneration are included in note 10 to the audited financial statements. The recommendations on remuneration packages have been drawn up by the Remuneration Committee and approved by the Board.

Employees

The Trust's ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees at all levels. We therefore take investment in our staff development very seriously and over £120,000 was devoted to training during the past year. We have been re-accredited with the Investors in People Award every 3 years, since 1997.

Report of the Board (continued)

During the financial year the Trust had an average of 270 staff, many of them working part time, and of these 85% were employed in front line or direct customer contact roles. Recruitment has been buoyant with 58 staff joining the Trust across all areas. In particular, the Call Centre as the 24 hour Astraline service grows (Social Alarm and Out of Hours Repairs.)

The Trust recognises that its staff are also stakeholders in its success and via our Information and Consultation Agreement seeks to inform, consult and involve staff in the management decisions of the organisation and changes taking place. This year saw the development of our new strategy and via the Transformation Group, a rolling programme of staff presentations with feedback into the development of the Trust's forward objectives.

The Trust is committed to Diversity and Equal Opportunities for all its employees and in particular supports the employment of disabled people where possible, both in recruitment and in the retention of employees who become disabled whilst in employment. The Positive about Disabled People award recognises this. Our workforce currently comprises 3.94% of people with declared disabilities. We anticipate this figure will rise as we implement our Disability Awareness Scheme.

Performance in the employment of BME staff has continued to improve with 6.81% of our workforce coming from Black or Minority or Ethnic groups. We employ staff from the age of 16 to beyond 65 and the average age across the Trust is currently 42.

The Trust's usual high performance in attaining low sickness absence results has again dipped this year with an overall absence level of 5.46%. Certificated long term absence accounts for much of the increase and we are looking at ways to improve the health and attendance of our workforce overall.

Our labour turnover rates for 2007-08 are 19.3% which although above target, is a reduction on last year. A significant number of leavers were due to retirement or early retirement due to ill health. Without this our labour turnover would have been just under our target of 16%. It is pleasing to note that the labour turnover in Astraline significantly reduced compared to last year.

Remuneration and employment policies

A separate salary system and pay scale for Astraline staff was implemented following staff consultation. This system allows for job progression and recognition of second skills. The Remuneration Committee met on several occasions to review and monitor the Trust Reward Strategy and Remuneration Policy. A number of revisions to employment policies took place, with changes to the Training, Holiday and Trust Car and Travel Policy. A second Equal Pay Audit was conducted internally and no significant pay gaps identified. However, the 'glass ceiling' issue has been recognised as an issue for the future. This will be addressed via our Gender Equality Awareness Scheme.

Report of the Board (continued)

RISKS AND CONTROLS

Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Trust has comprehensive policies and procedures in place for the prevention, detection and reporting of fraud including codes of conduct and whistle-blowing for both staff and board members. These have now been drawn together under an overall Anti-fraud and Corruption Policy Statement. In addition, all new entries in the fraud register are specifically reported to the Board and Audit and Risk Committee.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing and has been in place throughout the period commencing 1st April 2007 up to the date of approval of the annual report and financial statements.

The Board receives and considers reports from management on these risk management and control arrangements. All reports to Board are expected to identify risk implications.

There has been a full review of the effectiveness of internal control, which included:

- A review of the adequacy of internal audit, resulting in changes to the service.
- A review of the main policies providing effective internal control, resulting in changes to the methodology for risk mapping to make it easier to identify areas of concern.

Key elements of the control framework include:

- Approved terms of reference and delegated authorities for audit and risk management and remuneration committees. These were reviewed during the year and a new Statement of Delegation approved to enshrine the different levels of authority.
- Annual review of the Trust's risk map by the Board;
- Detailed financial budgets and forecasts and regular timely review of management accounts;
- Formal policies and robust procedures for all areas of the Trust's work;
- Robust policies and procedures on recruitment, induction, appraisal and staff management;
- Formal appraisal and authorisation procedures for all significant new initiatives and commitments;
- A comprehensive and up-to-date treasury management policy with thorough scrutiny of all commitments;

Report of the Board (continued)

- Regular monitoring by senior management and the Board of key business objectives, targets and outcomes;
- Comprehensive whistle-blowing policies and robust arrangements to guard against fraud and money laundering;

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit & Risk Management Committee to regularly review the effectiveness of the system of internal control. The Board itself receives regular reports from the Audit & Risk Management Committee.

The means by which the Audit & Risk Management Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews where necessary.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Trust reviewed and updated its health and safety policies during the year and provided training and education on health and safety matters to staff at all levels, and to Board members. The Board receives regular reports on health and safety including reports to each meeting of any reportable incidents. A specified Board member has special responsibility for oversight in this area.

Legal Risks

All reports by officers to the Board indicate any legal implications of any action proposed and the Board ensures that professional advice is taken wherever necessary to guard against potential breaches of the law or the regulatory framework. There were no reported breaches of Schedule 1 of the Housing Act 1996; no legal action was taken and no cases are pending.

CUSTOMERS

Resident Involvement

We have a Residents Involvement Strategy and Action Plan and we actively encourage tenants' involvement in decision making through both formal and informal mechanisms. We have three Board members who are residents. Tenant Panels are active and a Leaseholder Advisory Panel provides an active channel for communication with this customer group. We also use focus groups and on-line forums to engage with residents. This is an area where we are always seeking improvements and an Involvement Review Group was established to ensure that our residents continue to shape our services and our standards.

Tenant Satisfaction

A major “Status” survey of tenant satisfaction levels was undertaken during the year and produced excellent feedback on performance. It was particularly pleasing to see that the percentage of residents who would recommend us as a landlord has stayed at a consistently high 93%.

Report of the Board (continued)

Complaints

We have a clear and simple complaints policy that we issue to all tenants. During the year we received 29 complaints. Of these 1 progressed to Board panel stage. None were referred to the Independent Housing Ombudsman.

AUDITORS AND ACCOUNTS

External Auditors

The Trust's external auditors had been RSM Robson Rhodes LLP until their merger with Grant Thornton. Grant Thornton were appointed auditors at the 2007 AGM pending a competitive re-tendering of this service. As a result, PKF were invited to provide external audit services and will be proposed as auditors for the year to March 2009.

Internal Auditors

Following a competitive re-tendering of this service, TIAA were appointed to provide internal audit services to the Trust, in succession to Deloitte Touche.

Going Concern

After making enquiries, the Board has a reasonable expectation that the Trust has adequate resources to continue operating for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Post Balance Sheet Events

There have been no events since the financial year end that have had a significant effect on the financial position of the Group.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 24th July 2008 at the Hat Museum, Stockport.

REPORT APPROVAL

The report of the Board was approved by the Board on 24th July 2008 and signed on its behalf by:



Kath Lavery
Chair

Board Members, Executive Directors, Advisors and Bankers

Board

Chair Kath Lavery
Deputy Chair David Goodman

Board Members Pamela Allenby David Evans
Derek Ankers Morris Globe
Les Baker Mel Hill
Rina Dabhi Norman Laidler
Barbara Garvey Joe Robinson

Executive Directors

Chief Executive and Secretary Jim Lunney
Director of Finance and Business Services Harvey Norton
Director of Development & Property Services Steven Normansell
Director of Housing Services Peter Daly

Registered office Astra House
Spinners Lane
Poynton
Cheshire
SK12 1GA

Registered number Registered as a charitable social landlord under the
Industrial and Provident Societies Acts, No: 19198R

Registered by the Housing Corporation, No: L1231

Auditors PKF (UK) LLP
5 Temple Square
Temple Street
Liverpool
L2 5RH

Solicitors Trowers & Hamlins Howarth Goodman
Heron House 8 King Street
Albert Square Manchester
Manchester M2 5HD M60 8HG

Bankers National Westminster Bank Cheshire Building Society
Plc Castle Street
Royal Bank Scotland Macclesfield
5th Floor Cheshire SK11 6AH
135 Bishopsgate
London EC2M 3UR

Bank of Scotland The Housing Finance
Housing Finance Corporation Ltd
Corporate Banking 4th Floor
Level 7, Bishopsgate 107 Cannon Street
Exchange London
155 Bishopsgate EC4N 5AF
London EC2M 3YB

Operating and Financial Review

Background

Basis of Preparation

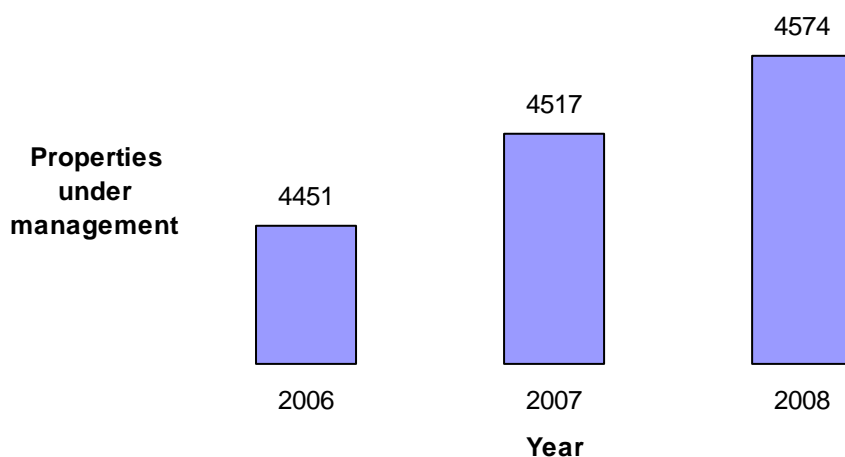
This Operating and Financial Review has been prepared in accordance with the guidelines set out in the Accounting Standards Board Reporting Standard 1: Operating and Financial Review.

Principle Activities

The JJHT group continues to operate as a provider of good quality social housing with 4,574 properties in management principally across the North of England.

In addition, 2007/08 has seen significant growth in the operation of the Trust’s Astraline business which serves an increasing number of other social housing providers.

As an organisation JJHT is committed to increasing our provision of affordable housing and expanding the customer base for Astraline services.



Objectives and strategy

The Trust reviews its strategic direction each year against the context of Government policy, customer requirements and long term aspirations.

In 2007/08 this work led to the development of the Trust’s Corporate Plan and Strategy covering the period through to 2011.

Our vision is working together to provide homes and services that people value. This will be achieved by:

- Investing in communities
- Increasing organisational excellence & efficiency
- Investing in sustainable growth

These key themes are supported by detailed targets and milestones, which will be monitored routinely to ensure delivery of the objectives.

Operating and Financial Review (continued)

Performance and development

During 2007/08 the Trust developed a new performance management framework and used new software systems to monitor progress against KPI's.

Also, the Trust made use of Housemark's benchmarking services to develop peer group comparisons both for KPI's and costs.

A sample of the Trust's outturn KPI's are shown below.

Indicator	Trust Performance	Housemark Peer Group	
		Position (sample size)	Upper Quartile Performance
Proportion of rent collected (including rent arrears)	99.68	4 (36)	98.72
Percentage of emergency repairs completed on time	92.86	38 (42)	98.00
Percentage of urgent repairs completed on time	91.29	36 (44)	97.68
Percentage of routine repairs completed on time	95.15	22 (43)	96.75
Void loss percentage – general needs	1.60	25 (46)	1.17
Percentage of current arrears	3.33	23 (49)	2.72
Average SAP rating	75	7 (39)	73.47
Proportion of homes which are non-decent	0	1 (41)	5.00
Satisfaction of tenants with the overall service	89	5 (35)	85.5

Financial Performance

The Board set a breakeven budget for 2007/08 which reflected an increased investment programme of planned and major works.

The Trust generated an outturn surplus of £0.5M principally as a result of efficiencies achieved during the year. The Trust achieved procurement savings of 17% during the year on its reactive repairs contract following the implementation of a “Procurement For All” collaborative purchasing contract.

In addition, the appointment of a new insurance broker has produced a much improved service at a significantly lower premium level, saving 40% on 2006/07.

Other efficiencies were made to staffing structures during the year in a number of teams. Savings against the loan interest budget during the year resulted from delays to development works and also from the rescheduling of some borrowings.

The Board made a commitment in March 2007 to ensure that efficiency improvements were effectively redirected to those areas important to our residents. This commitment led to the establishment of an efficiency reinvestment fund which is used principally to pay for frontline service initiatives, invest to save projects and schemes that reduce carbon emissions.

Operating and Financial Review (continued)

Financial Viability

The Trust refocused on its long term financial viability through the development of a new 30 year financial model. This has been used during the year to inform decisions around borrowing, development grant bids and planned maintenance programmes for the next ten years. The model indicates that the Trust will be able to meet its financial covenants into the future. The model incorporates assumptions for development activity, rental income growth, asset management plans, inflation and interest rates. The sensitivity of these assumptions is reviewed and stress tested to ensure that the model is robust.

External Environments and Risks

The environment in which we operate creates a number of challenges for us. The Trust regularly reviews the key risks facing the organisation and actions required to investigate and manage them.

Key risks for the Trust include the following:

Key risk	Work to mitigate potential impact
Failure to deliver consistently high services	The Trust monitors its performance against key indicator targets and addresses performance downturns through remedial actions. The Trust is also making use of benchmarking groups to explore the basis for improvements achieved in other organisations.
Reductions in levels of grant for new developments	The Trust has had a successful year as part of the Northern Lights Group and continues to develop cost effective and high quality schemes. In addition, the Trust is committed to using its balance sheet strength to support future development. This should ensure that the Trust is well placed to receive capital and other grants. Recent reductions in grant percentages have made the need for effective appraisal at the feasibility stage even more pertinent.
New legislation	The Trust constantly monitors new legislation and assesses its impact on the overall business plan.
Loss of key staff	The Trust is an accredited “Investor in People” and actively develops its policies to ensure that staff are motivated and delivering high levels of performance. In addition, the Trust reviews salaries against industry benchmarks each year to ensure that high calibre staff are attracted to the Trust.

Operating and Financial Review (continued)

Key risk	Work to mitigate potential impact
<p>Increases to the cost of long term funds/financing</p>	<p>This area of risk has increased significantly in the last 12 months due to the fallout from the “credit crunch” crisis. JJHT has had sufficient pre-agreed loan facilities to ride out the fluctuations to LIBOR costs. However, the withdrawal of lenders from the market place coupled with increases to global fuel, food and commodity prices is now likely to have a sustained impact on borrowing costs. This will be factored into our 30 year model. The Trust has £9.5m of loan facilities currently undrawn.</p>
<p>Changes to the operation of the wider housing market and to demographics</p>	<p>The Trust continues to develop and maintain high quality housing stock which is attractive to our customers. The credit crunch crisis will inevitably have an impact on the demand for shared ownership and mixed tenure properties. However, the current commitment to these properties is at a manageable level for JJHT and does not present an undue risk. The impact of housing market failure at the same time as inflationary pressures will need to be carefully monitored over the coming year.</p>

Financial position

The Group income and expenditure account and balance sheet are summarised in Table 1 (page 17) and the following paragraphs highlight key features of the Group’s financial position at 31 March 2008.

Accounting policies

The Group’s principal accounting policies are set out on pages 27 to 29 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs; deduction of capital grant from the cost of assets; housing property depreciation; and treatment of shared ownership properties. Each of these policies has remained unchanged during the period under review.

Housing properties

At 31 March 2008 the Group managed 4,574 housing properties (2007: 4,517).

The Group had a triennial valuation carried out by external professional valuers in May 2008 to identify the position at 31 March 2008. The value of the properties, on an existing use for social housing basis, was £98.7million as at March 2008, and this has been reflected in the valuation of properties in the financial statements. On valuation, the surplus over the carrying value was taken to the property revaluation reserve.

Our investment in housing properties this year was funded through a mixture of social housing grant, loan finance and working capital.

Operating and Financial Review (continued)

The Trust's treasury management arrangements are considered below.

Pension costs

The Trust participates in the Social Housing Pension Scheme (SHPS). This is a final salary scheme, offering good benefits for our staff. The Trust has contributed to the scheme in accordance with the decision of the Board at 12.9%.

The last formal valuation of the scheme took place as at 30 September 2005 and this revealed a deficit for the scheme overall of £283m, equivalent to a past service funding level of 82%. The scheme actuary has reviewed the valuation as at 30 September 2007 to provide an approximate update. This indicates that the equivalent funding level has increased to 89% and the deficit thereby reduced to £209m.

As a result of the indicated deficit in the scheme, the trustees offered member organisations options for continuing membership or leaving the scheme. Following staff consultation, the Trust will continue to operate the SHPS scheme on the basis of a 1/60th accrual for each year of service for active members as at 01/04/07 and with a 1/70th accrual rate benefit structure for new entrants from 01/04/07. However, the Trust recognises that some staff may find this option expensive and is also offering membership of the SHPS on the basis of a 1/70th accrual rate.

The Board remain committed to the SHPS as a part of the package of benefits for staff.

Reserves

After transfer of the surplus for the year of £0.5m (2007: deficit of £0.2m), Group reserves amounted to £65.6m (2007: £53.8m). This includes an accumulated £53.1m (2007: £42.2m) revaluation surplus.

Post balance sheet events

There have been no balance sheet events since the year end that have had a significant effect on the Trust's financial position.

Payment of creditors

Our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with suppliers.

Liquidity

The Trust is reporting a net current liability of £4.9m in its consolidated balance sheet. This should be set against the context of the undrawn loan facilities, £9.5m which are effectively liquid funds and are drawn down as cash requirements crystallise.

Operating and Financial Review (continued)

Capital structure and treasury policy

The Trust borrowed a further £3.5 million during the year, to develop new accommodation. By the year end Group borrowings amounted to £40.7million of which £0.6million falls due to be paid within the next year as shown below.

Maturity	2008	2007
	£m	£m
Within one year	0.6	0.7
Between one and two years	0.6	0.7
Between two and five years	2.0	2.0
After five years	37.4	34.2
	<u>40.7</u>	<u>37.6</u>
	<u><u>40.7</u></u>	<u><u>37.6</u></u>

The Trust borrows, principally from banks and building societies, at both fixed and floating rates of interest. The Trust’s policy is to keep a minimum of 70 per cent of its borrowings at fixed rates of interest. At the year-end, 89% per cent of the Group’s borrowings were at fixed rates.

The fixed rates of interest range from 5.5% to 11.5% but averaging just below 6.7%. In the current market, where long term fixed rates are below 6% and are unlikely to rise to 11.5%, this means that the Group is paying interest at rates in line with market levels.

The trend information in Table 1 (page 17) shows that gearing, calculated as total loans as a percentage of capital grants and reserves, had reduced to 25.3% by 31 March 2008. During the next twelve months further planned borrowings to finance new developments could increase the gearing to 30.0%. The Trust borrows and lends only in sterling and so is not exposed to currency risk.

Cash flows

Cash inflows and outflows during the year are shown in the consolidated cash flow statement (page 26).

The cash inflow arising from operating activities was £6.2m (2007: £2.3m). The increase reflects the increases in turnover of £0.8m, and changes to the working capital position at year end of £3m. Interest payments totalled £2.4m (2007: £2.2m), the increase being due to additional borrowing arising to fund new property development. The Trust invested £10m in new housing properties and fixed asset acquisition during the year against which £2.2m of housing corporation grant was received. The Trust received additional loan finance of £3.5m during the year.

Future developments

A key influence on the timing of borrowings is the rate at which development activity takes place. The Board has approved plans to spend £12million during the next financial year to develop housing and remodel existing accommodation. Almost £8million of the investment will be through new borrowings with the balance funded through social housing grant. Undrawn loan facilities of £9.5 million are available under existing arrangements.

Operating and Financial Review (continued)

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP ‘Accounting by Registered Social Landlords’ (Update 2005).

Table 1 – Group highlights, five-year summary

For the year ended 31 March	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Group Income and Expenditure account					
Total turnover	17,119	15,775	15,182	14,271	13,440
Income due from lettings	14,839	13,688	12,844	12,056	11,443
Operating surplus	2,846	1,869	2,252	2,497	2,477
Surplus / (Deficit) for the year transferred to reserves	507	(193)	327	615	847
Group Balance Sheet					
Housing properties	105,106	87,572	85,813	79,446	73,852
Other fixed assets	5,253	4,846	4,279	3,627	2,969
Fixed assets	110,359	92,418	90,092	83,073	76,821
Net current assets / (liabilities)	(4,912)	(1,890)	(2,608)	499	1,887
Total assets less current liabilities	105,447	90,528	87,484	83,572	78,708
Creditors (due over one year)	39,873	36,728	33,491	29,906	28,956
Reserves : Non equity share capital	-	-	-	-	-
: goodwill	475	475	480	485	490
: designated	4,080	4,080	4,080	4,080	3,568
: revenue	7,904	7,007	6,818	6,160	6,052
: revaluation	53,115	42,238	42,615	42,941	39,642
: total	65,574	53,800	53,993	53,666	49,752
	105,447	90,528	87,484	83,572	78,708
Accommodation figures					
Total housing stock owned & managed at year end (<i>number of dwellings</i>):	4,574	4,517	4,451	4,474	4,486
Statistics					
Surplus for the year as % of turnover	3.0%	(1.2%)	2.2%	4.3%	6.3%
Surplus for the year as % of income from lettings	3.4%	(1.4%)	2.5%	5.1%	7.4%
Rent losses as % of rent and service charges receivable	3.0%	3.7%	3.3%	2.1%	2.7%
Interest cover (<i>surplus before interest payable divided by interest payable and capitalised interest</i>)	1.14	0.9	1.1	1.3	1.24
Liquidity (<i>current assets divided by current liabilities</i>)	0.25	0.54	0.55	1.11	1.47
Gearing (<i>total loans as % of capital grants plus reserves</i>)	25.3%	25.6%	23.7%	21.9%	22.3%

Jim Lunney
Chief Executive

Kath Lavery
Chair

24/7/08

Statement of Responsibilities of the Board

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2008

The board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Industrial and Provident Societies Acts and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing these financial statements, the Board is required to:-

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed subject to any material departures being disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996, the Industrial and Provident Societies (Trust accounts) regulations 1969 and the Accounting Requirements for Registered Social Landlords General Determination 2006 as amended. It has general responsibility for taking reasonable steps to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of “Johnnie” Johnson Housing Trust Limited

We have audited the financial statements of Johnnie Johnson Housing Trust Limited for the year ended 31 March 2008 which comprise the Group and Trust Income and Expenditure Account, the Group and Trust Balance Sheets, the Statement of Total Recognised Surpluses and Deficits, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members of Johnnie Johnson Housing Trust Limited as a body. Our audit work has been undertaken so that we might state to the members of Johnnie Johnson Housing Trust Limited 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 Johnnie Johnson Housing Trust Limited and the members of the Johnnie Johnson Housing Trust Limited as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

The Board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of the Board's Responsibilities.

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 Industrial and Provident Societies Acts 1965 to 2002, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if Johnnie Johnson Housing Trust Limited has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trust's Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Board's Report and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 Board of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group and 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 Members of "Johnnie" Johnson Housing Trust Limited (continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Trust affairs as at 31 March 2008 and of its surpluses for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Liverpool
Date

24 July 2008

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors

Consolidated Income and Expenditure Account

For the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover: continuing activities	3	17,119	15,775
Operating costs	3	(14,273)	(13,904)
		<hr/>	<hr/>
		2,846	1,871
Exceptional operating costs – restructure costs	28	-	(2)
		<hr/>	<hr/>
Operating surplus: continuing activities	5	2,846	1,869
Surplus on sale of fixed assets – housing properties	6	28	209
Interest receivable and other income	7	47	37
Interest payable and similar charges	8	(2,414)	(2,308)
		<hr/>	<hr/>
Surplus/(Deficit) on ordinary activities before taxation		507	(193)
Tax on surplus on ordinary activities	11	-	-
		<hr/>	<hr/>
Surplus/(Deficit) for the financial year	22	507	(193)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 27 to 53 form part of these financial statements.

Trust Income and Expenditure Account

For the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Turnover: continuing activities	3	16,992	15,627
Operating costs	3	(13,959)	(13,594)
		<u>3,033</u>	<u>2,033</u>
Exceptional operating costs – restructure costs	28	-	(2)
		<u>3,033</u>	<u>2,031</u>
Operating surplus: continuing activities	5	3,033	2,031
Surplus on sale of fixed assets – housing properties	6	28	209
Interest receivable and other income	7	31	26
Interest payable and similar charges	8	(2,414)	(2,308)
		<u>678</u>	<u>(42)</u>
Surplus/(Deficit) on ordinary activities before taxation		678	(42)
Tax on surplus on ordinary activities	11	-	-
		<u>678</u>	<u>(42)</u>
Surplus/(Deficit) for the financial year	22	<u>678</u>	<u>(42)</u>

The notes on pages 27 to 53 form part of these financial statements.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2008

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Surplus /(Deficit) for the financial year	507	(193)	678	(42)
Unrealised surplus on revaluation of housing properties	8,634	-	7,720	-
Depreciation eliminated on revaluation of housing properties	2,476	-	2,465	-
Unrealised deficit on revaluation of office premises	(122)	-	(122)	-
Depreciation eliminated on revaluation of office premises	279	-	279	-
Total recognised surpluses and deficits relating to the year	<u>11,774</u>	<u>(193)</u>	<u>11,020</u>	<u>(42)</u>

Note of Historical Cost Surpluses and Deficits

For the year ended 31 March 2008

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Reported surplus/(deficit) on ordinary activities before taxation	507	(193)	678	(42)
Excess of actual depreciation charge over historical cost depreciation	390	377	390	374
Historical cost surplus on ordinary activities before taxation	<u>897</u>	<u>184</u>	<u>1,068</u>	<u>332</u>

Reconciliation of Movements in Group's and Trust's Funds

For the year ended 31 March 2008

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Opening total funds	53,800	53,993	54,052	54,094
Total recognised surpluses and deficits relating to the year	<u>11,774</u>	<u>(193)</u>	<u>11,020</u>	<u>(42)</u>
Closing total funds	<u>65,574</u>	<u>53,800</u>	<u>65,072</u>	<u>54,052</u>

Consolidated Balance Sheet


at 31 March 2008

	Note	2008 £'000	2007 £'000
Tangible fixed assets			
Housing properties	12	105,106	87,572
Other tangible fixed assets	13	5,253	4,846
		<u>110,359</u>	<u>92,418</u>
Current assets			
Debtors	15	952	1,076
Investments	16	16	14
Cash at bank and in hand		644	1,116
		<u>1,612</u>	<u>2,206</u>
Creditors: Amounts falling due within one year	17	<u>(6,524)</u>	<u>(4,096)</u>
Net current liabilities		<u>(4,912)</u>	<u>(1,890)</u>
Total assets less current liabilities		<u>105,447</u>	<u>90,528</u>
Creditors: Amounts falling due after more than one year	18	<u>39,873</u>	<u>36,728</u>
Capital and reserves			
Revaluation reserve for housing properties	22	52,313	41,593
Revaluation reserve for other fixed assets	22	802	645
Designated reserve	22	4,080	4,080
Revenue reserve	22	7,904	7,007
Goodwill reserve	22	475	475
		<u>65,574</u>	<u>53,800</u>
Consolidated funds	22	<u>65,574</u>	<u>53,800</u>
		<u>105,447</u>	<u>90,528</u>

The financial statements were approved by the Board on 24th July 2008 and signed on its behalf by:


Kath Lavery
Chair


David Goodman
Deputy Chair


Jim Lunney
Secretary

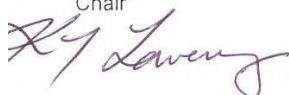
Trust Balance Sheet

at 31 March 2008

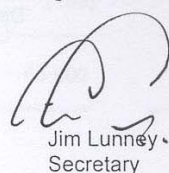
	Note	2008 £'000	2007 £'000
Tangible fixed assets			
Housing properties	12	104,727	87,946
Other tangible fixed assets	13	5,253	4,846
		<hr/>	<hr/>
Investment in subsidiaries	14	109,980	92,792
		-	-
		<hr/>	<hr/>
		109,980	92,792
Current assets			
Debtors	15	1,049	1,567
Investments	16	16	14
Cash at bank and in hand		411	510
		<hr/>	<hr/>
		1,476	2,091
Creditors: Amounts falling due within one year	17	(6,511)	(4,103)
		<hr/>	<hr/>
Net current liabilities		(5,035)	(2,012)
		<hr/>	<hr/>
Total assets less current liabilities		104,945	90,780
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	18	39,873	36,728
		<hr/>	<hr/>
Capital and reserves			
Revaluation reserve for housing properties	22	51,035	41,240
Revaluation reserve for other fixed assets	22	802	645
Designated reserve	22	4,080	4,080
Revenue reserve	22	8,680	7,612
Goodwill reserve	22	475	475
		<hr/>	<hr/>
Trust funds	22	65,072	54,052
		<hr/>	<hr/>
		104,945	90,780
		<hr/>	<hr/>

The financial statements were approved by the Board on 24th July 2008 and signed on its behalf by:

Kath Lavery
Chair




David Goodman
Deputy Chair



Jim Lunney
Secretary

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008	Error! Reference source not found. £'000
		£'000	£'000
Net cash inflow from operating activities	25	6,164	2,282
Returns on investments and servicing of finance		-----	-----
Interest received		47	37
Interest paid		(2,360)	(2,218)
		-----	-----
		(2,313)	(2,181)
Taxation paid		-----	-----
Corporation tax paid		-	-
Capital expenditure		-----	-----
Purchase and construction of housing properties		(9,000)	(6,311)
Social housing grant – received		2,220	2,559
Sale of housing properties		354	864
Purchase of other fixed assets		(987)	(1,227)
Sales of other fixed assets		-	9
		-----	-----
		(7,413)	(4,106)
Management of liquid resources		-----	-----
Cash withdrawn from money market deposit accounts		(2)	929
Financing		-----	-----
Loans received		3,500	4,000
Housing loans repaid		(408)	(670)
		-----	-----
		3,092	3,330
Increase / (decrease) in cash	26	(472)	254
		=====	=====

Notes to the Financial Statements

31 March 2008

1. Legal Status

The Trust is registered under the Industrial and Provident Societies Act 1965 and is registered with the Housing Corporation as a social landlord.

2. Accounting Policies

Basis of accounting

The financial statements of the Group and Trust are prepared in accordance with applicable accounting standards and the Statement of Recommended Practice: accounting by Registered Social Landlords, update issued in April 2005, and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

Turnover

Turnover represents rental income receivable, income from property sales, sundry income from housing and non housing services and revenue grants.

Value added tax

The Group charged value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) interest on borrowings of the Group as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Pensions

The Trust participates in the Social Housing Pension Scheme, a defined benefit final salary pension scheme managed by The Pension Trust. Contributions are based on pension costs across the various participating associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Trust.

Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pensions costs are spread evenly through the income and expenditure account over the average remaining service lives of current employees.

Housing properties

Housing properties are properties available for rent and properties subject to shared ownership leases.

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH) and the valuations are kept up to date.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. The cost of shared ownership properties is stated net of first tranche sale proceeds.

Notes to the Financial Statements

31 March 2008

2. Accounting Policies (continued)

Housing properties (continued)

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

The Trust capitalises improvements as defined in the SORP.

Social housing grant

Social housing grant (SHG) is receivable from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the Housing Corporation or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Housing Corporation. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund or Disposal Proceeds Fund and included in the balance sheet in Creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Depreciation of housing properties

The Board is of the view that whilst our properties may well have a physical life of another 125 years or more, given regular repair and maintenance, it is unlikely that their useful life will exceed 100 years for properties built since 1999 and a further 80 years for our early sheltered schemes built before 1999. Changes in demand for social housing have been a feature of recent years and the Board expects demand for our houses to change over the coming years. Accordingly, the Board is of the view that it would be appropriate not to overstate the expected useful lives of its housing assets.

Freehold land is not depreciated. Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives. The depreciable amount is arrived at on the basis of current value less residual value; the latter has been the subject of re-evaluation as part of the 2008 revaluation exercise. The Trust's housing properties are being depreciated over the following periods from 1st April 1999.

New build homes and bungalows	100 years
Flats built after 1980	100 years
Flats built prior to 1980	80 years
Refurbished properties	100 years
Listed properties	150 years

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other 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 operating surplus unless it represents a reversal of a past revaluation surplus in which case it is taken to the statement of total recognised gains and losses.

Notes to the Financial Statements

31 March 2008

2. Accounting Policies (continued)

Other tangible fixed assets

Depreciation is charged so as to write-off the cost of the assets on a straight line basis over their anticipated useful lives at the following rates:

Office furniture and equipment	15% per annum
Computer Equipment	20% per annum
Computer Equipment (desktop)	33.33% per annum
Maintenance equipment	33.33% per annum
Motor vehicles	33.33% per annum
Freehold office property	3.33% per annum of value, exclusive of land
Scheme equipment	10% per annum (excl. lifts at 4% per annum)

Properties for sale

Completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and *designated reserves* where reserves are earmarked for a particular purpose.

Revaluation reserves

The difference between the valuation of housing properties and the historical cost carrying value (net of capital grants and depreciation) is credited to the revaluation reserve – housing property.

The difference between the market value of other fixed assets and the historical cost carrying value is credited to the revaluation reserve - other fixed assets.

Cashflow Statement

The Trust has produced a Group cashflow statement and has taken advantage of the Financial Reporting Standard exemption not to produce an individual Trust cashflow statement. The Trust statement is not materially different from that of the Group.

Notes to the Financial Statements

31 March 2008

3. Turnover, cost of sales, operating costs and operating surplus

GROUP – continuing activities

	2008			
	Turnover £'000	Operating costs £'000	Exceptional items £'000	Operating surplus £'000
Social housing lettings	14,392	(11,821)	-	2,571
Other social housing activities			-	
Supporting people	1,130	(1,153)	-	(23)
Development services	116	-	-	116
Care and support services	1,089	(1106)	-	(17)
Other	392	(193)	-	199
	<u>2,727</u>	<u>(2,452)</u>	<u>-</u>	<u>275</u>
	<u>17,119</u>	<u>(14,273)</u>	<u>-</u>	<u>2,846</u>

	2007			
	Turnover £'000	Operating costs £'000	Exceptional items £'000	Operating surplus £'000
Social housing lettings	13,197	(11,504)	-	1,693
Other social housing activities				
Supporting people	1,262	(1,251)	-	11
Development services	91	(2)	-	89
Care and support services	936	(954)	-	(18)
Other	289	(193)	(2)	94
	<u>2,578</u>	<u>(2,400)</u>	<u>(2)</u>	<u>176</u>
	<u>15,775</u>	<u>(13,904)</u>	<u>(2)</u>	<u>1,869</u>

Notes to the Financial Statements

31 March 2008

3. Turnover, cost of sales, operating costs and operating surplus (continued)

TRUST – continuing activities

	2008			
	Turnover £'000	Operating costs £'000	Exceptional items £'000	Operating surplus £'000
Social housing lettings	14,266	(11,691)	-	2,575
Other social housing activities				
Supporting people	1,130	(1,153)	-	(23)
Development services	116	-	-	116
Care and support services	1,057	(1,017)	-	40
Other	423	(98)	-	325
	<u>2,726</u>	<u>(2,268)</u>	<u>-</u>	<u>458</u>
	<u>16,992</u>	<u>(13,959)</u>	<u>-</u>	<u>3,033</u>

	2007			
	Turnover £'000	Operating costs £'000	Exceptional items £'000	Operating surplus £'000
Social housing lettings	13,074	(11,350)	-	1,724
Other social housing activities				
Supporting people	1,262	(1,251)	-	11
Development services	91	(2)	-	89
Care and support services	936	(954)	-	(18)
Other	264	(37)	(2)	225
	<u>2,553</u>	<u>(2,244)</u>	<u>(2)</u>	<u>307</u>
	<u>15,627</u>	<u>(13,594)</u>	<u>(2)</u>	<u>2,031</u>

Notes to the Financial Statements

31 March 2008

3. Turnover, cost of sales, operating costs and operating surplus (continued) Particulars of income and expenditure from social housing lettings

GROUP

	General needs housing £'000	Supported housing and housing for older people £'000	Low cost Home ownership £'000	2008 Total £'000	2007 Total £'000
Rent receivable net of identifiable service charges	3,572	7,359	337	11,268	10,486
Service income	103	2,623	398	3,124	2,703
Net rental income	<u>3,675</u>	<u>9,982</u>	<u>735</u>	<u>14,392</u>	<u>13,189</u>
Other Housing Corporation revenue grants					8
Turnover from social housing lettings	<u>3,675</u>	<u>9,982</u>	<u>735</u>	<u>14,392</u>	<u>13,197</u>
Management	888	3,017	175	4,079	3,913
Services	112	2,630	297	3,039	2,797
Routine maintenance	267	655	26	948	1,028
Planned maintenance	704	2,075	73	2,852	2,953
Bad debts	51	38	-	89	51
Depreciation of housing properties	242	516	55	813	762
Operating costs on social housing lettings	<u>2,264</u>	<u>8,931</u>	<u>626</u>	<u>11,821</u>	<u>11,504</u>
Operating surplus on social housing lettings	<u>1,411</u>	<u>1,051</u>	<u>109</u>	<u>2,571</u>	<u>1,693</u>
Void losses	<u>(75)</u>	<u>(372)</u>	<u>-</u>	<u>(447)</u>	<u>(499)</u>

Notes to the Financial Statements

31 March 2008

3. Turnover, cost of sales, operating costs and operating surplus (continued) Particulars of income and expenditure from social housing lettings

TRUST

	General needs housing £'000	Supported housing and housing for older people £'000	Low cost Home ownership £'000	2008 Total £'000	2007 Total £'000
Rent receivable net of identifiable service charges	3,572	7,359	315	11,246	10,465
Service income	103	2,623	294	3,020	2,601
Net rental income	3,675	9,982	609	14,266	13,066
Other Housing Corporation revenue grants	-	-	-	-	8
Turnover from social housing lettings	3,675	9,982	609	14,266	13,074
Management	888	3,017	151	4,056	3,863
Services	112	2,630	212	2,954	2,719
Routine maintenance	267	655	21	943	1,024
Planned maintenance	704	2,075	61	2,840	2,936
Bad debts	51	38	-	89	51
Depreciation of housing properties	242	516	51	809	757
Operating costs on social housing lettings	2,264	8,931	496	11,691	11,350
Operating surplus on social housing lettings	1,411	1,051	113	2,575	1,724
Void losses	(75)	(372)	-	(447)	(499)

Notes to the Financial Statements

31 March 2008

4. Accommodation in management and development

Group and Trust

At the end of the year, accommodation in management for each class of accommodation was as follows:

	Group		Trust	
	2008 No	2007 No	2008 No	2007 No
Social housing				
General housing	1,336	1,291	1,336	1,291
Supported housing and housing for older people	2,644	2,640	2,644	2,640
Shared Ownership	573	565	483	475
	<hr/>	<hr/>	<hr/>	<hr/>
Total owned	4,553	4,496	4,463	4,406
Accommodation managed for others	21	21	21	21
	<hr/>	<hr/>	<hr/>	<hr/>
Total managed	4,574	4,517	4,484	4,427
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accommodation in development at the year end	146	111	146	111
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Group and Trust manages a small number of properties on behalf of a charitable organisation based in the North East of England.

Notes to the Financial Statements

31 March 2008

5. Operating Surplus

This is arrived at after charging/(crediting):

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Depreciation of housing properties	813	762	809	757
Impairment of housing properties				-
Depreciation of other tangible fixed assets	737	660	737	660
Surplus on disposal of other tangible fixed assets	-	(9)	-	(9)
Operating lease rentals				
- office equipment and computers	20	15	20	15
Auditors' remuneration (including VAT)				
- for audit services	15	21	15	18
- for non-audit services:				
- tax compliance	-	7	-	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. Surplus on sale of fixed assets – housing properties

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Disposal proceeds	115	864	115	864
Carrying value of fixed assets	(87)	(655)	(87)	(655)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	28	209	28	209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Interest receivable and other income

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Interest receivable and similar income	47	37	31	26
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	47	37	31	26
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Financial Statements

31 March 2008

8. Interest payable and similar charges

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Loans and bank overdrafts	2,572	2,378	2,572	2,378
Interest payable capitalised on housing properties under construction	(158)	(70)	(158)	(70)
	<u>2,414</u>	<u>2,308</u>	<u>2,414</u>	<u>2,308</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>

9. Employees

Average monthly number of employees expressed in full time equivalents:

	Group		Trust	
	2008 No	2007 No	2008 No	2007 No
Administration	32	32	32	32
Development	10	10	10	10
Housing, support and care	145	144	144	143
	<u>187</u>	<u>186</u>	<u>186</u>	<u>185</u>

Employee costs:

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Wages and salaries	3,954	3,707	3,937	3,690
Social security costs	294	279	293	278
Other pension costs	292	245	290	244
	<u>4,540</u>	<u>4,231</u>	<u>4,520</u>	<u>4,212</u>

Notes to the Financial Statements

31 March 2008

9. Employees (continued)

The Group participates in the Social Housing Pension Scheme (SHPS). The Scheme is jointly funded by the employer and its employees and is contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the “SHPS House Policies and Rules Employer Guide”.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31st March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 01/04/07 and the final salary with a 1/70th accrual rate benefit structure for new entrants from 01/04/07.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Group paid contributions at the rate of 12.9%. Member contributions varied between 5.3% and 9.6% depending on their age.

As at the balance sheet date there were 100 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £4,310,394. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2007. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,760 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £209 million, equivalent to a past service funding level of 89%. Annual funding updates of the SHPS Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However, they will provide a good indication of the financial progress of the scheme since the last full valuation.

Notes to the Financial Statements

31 March 2008

9. Employees (continued)

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

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

	% pa
- 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 valuation was carried out using the PA92C2025 mortality table for non-pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non- pensioners	20.4	23.3
Pensioners	19.4	22.4

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	17.6
Final salary with a 1/70 th accrual rate	15.3
Career average revalued earnings with a 1/60 th accrual rate	14.1

The long-term joint contribution rates required from employers and members where contributions are set on an age related basis are:

Age	Under 30	30 - 40	Over 40
	Long-term joint contribution rate (% of pensionable salaries)		
Benefit structure			
Final salary with a 1/60 th accrual rate	16.1	17.1	18.1
Final salary with a 1/70 th accrual rate	13.8	14.8	15.8
Career average revalued earnings with a 1/60 th accrual rate	12.6	13.6	14.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Notes to the Financial Statements

31 March 2008

9. Employees (continued)

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 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.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SHPS Scheme and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 31 March 2007. As of this date the estimated employer debt for the Group was £8.3m including Additional Voluntary Contribution Scheme.

The Group remains committed to its membership of the Social Housing Pension Scheme, therefore, the debt is not likely to crystallise.

Notes to the Financial Statements

31 March 2008

10. Board members and executive directors

	Basic Salary £'000	Benefits In kind £'000	Pension Contr'ns £'000	2008 Total £'000	2007 Total £'000
Chief Executive & Directors	301	31	43	375	332
Board Members	37	-	-	37	36
	<u>338</u>	<u>31</u>	<u>43</u>	<u>412</u>	<u>368</u>

Board members received emoluments totaling £37,417 (2007: £36,000). These are fully detailed within the Report of the Board.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £86,548 (2007: £81,668).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme 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

31 March 2008

11. Tax on surplus on ordinary activities

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Current tax				
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of prior years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax				
Net origination and reversal of timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Current tax reconciliation				
Surplus on ordinary activities before tax	507	(193)	678	(42)
	<u>507</u>	<u>(193)</u>	<u>678</u>	<u>(42)</u>
Theoretical tax at UK corporation tax rate 30% (2007: 30%)	152	(58)	203	(13)
- surplus attributable to charitable activities	(152)	58	(203)	13
	<u>-</u>	<u>0</u>	<u>-</u>	<u>0</u>
Current tax charge	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

31 March 2008

12. Tangible fixed assets – properties

GROUP – Housing properties	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Valuation					
At 1 April 2007	164,066	5,148	11,742	994	181,950
Additions	-	5,852	-	3,359	9,211
1 st Tranche Sales	-	-	(239)	-	(239)
Works to existing properties	448	-	-	-	448
Interest capitalised	-	102	-	56	158
Schemes completed	8,061	(8,061)	9	(9)	-
Disposals	-	-	(87)	-	(87)
Valuation adjustment	7,753	167	714	-	8,634
	<u>180,328</u>	<u>3,208</u>	<u>12,139</u>	<u>4,400</u>	<u>200,075</u>
At 31 March 2008	180,328	3,208	12,139	4,400	200,075
Depreciation					
At 1 April 2007	(1,546)	-	(117)	-	(1,663)
Depreciation charged in year	(758)	-	(55)	-	(813)
Valuation adjustment	2,304	-	172	-	2,476
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2008	-	-	-	-	-
Depreciated value					
At 31 March 2008	180,328	3,208	12,139	4,400	200,075
	<u>162,520</u>	<u>5,148</u>	<u>11,625</u>	<u>994</u>	<u>180,287</u>
At 31 March 2007	162,520	5,148	11,625	994	180,287
Social Housing and other Grant					
At 1 April 2007	(82,540)	(2,960)	(6,538)	(677)	(92,715)
Additions	(102)	(1,833)	-	(380)	(2,315)
Schemes completed	(4,162)	4,162	-	-	-
Disposals	-	-	61	-	61
	<u>(86,804)</u>	<u>(631)</u>	<u>(6,477)</u>	<u>(1,057)</u>	<u>(94,969)</u>
At 31 March 2008	(86,804)	(631)	(6,477)	(1,057)	(94,969)
Net book value					
At 31 March 2008	93,524	2,577	5,662	3,343	105,106
	<u>79,980</u>	<u>2,188</u>	<u>5,087</u>	<u>317</u>	<u>87,572</u>
At 31 March 2007	79,980	2,188	5,087	317	87,572

Notes to the Financial Statements

31 March 2008

12. Tangible fixed assets – properties (continued)

TRUST – Housing properties	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Valuation					
At 1 April 2007	164,625	5,295	11,074	994	181,988
Additions	-	6,019	-	3,359	9,378
1 st Tranche Sales	-	-	(239)	-	(239)
Works to existing properties	448	-	-	-	448
Interest capitalised	-	102	-	56	158
Schemes completed	8,208	(8,208)	9	(9)	-
Disposals	-	-	(87)	-	(87)
Valuation adjustment	7,048	-	672	-	7,720
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	180,329	3,208	11,429	4,400	199,366
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2007	(1,546)	-	(110)	-	(1,656)
Depreciation charged in year	(758)	-	(51)	-	(809)
Valuation adjustment	2,304	-	161	-	2,465
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciated value					
At 31 March 2008	180,329	3,208	11,429	4,400	199,366
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	163,078	5,295	10,964	994	180,331
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Social Housing Grant					
At 1 April 2007	(82,540)	(2,960)	(6,208)	(677)	(92,385)
Additions	(102)	(1,833)	-	(380)	(2,315)
Schemes completed	(4,162)	4,162	-	-	-
Disposals	-	-	61	-	61
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	(86,804)	(631)	(6,147)	(1,057)	(94,639)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2008	93,525	2,577	5,282	3,343	104,727
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	80,538	2,335	4,756	317	87,946
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

31 March 2008

12. Tangible fixed assets – properties (continued)

Completed housing properties are stated at Existing Use Value for Social Housing (EUV-SH), including notional directly attributable acquisition costs, as at 31 March 2008. The Group’s completed housing properties have been valued by professional external valuers, Countrywide Chartered Surveyors. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors as follows:

	£’000
Completed properties at valuation	
“Johnnie” Johnson Housing Trust Limited	98,807
“Johnnie” Johnson Housing Association Limited	379
Housing properties under construction at cost net of SHG and other grants	5,920

Consolidated at valuation date	105,106
	=====

In valuing housing properties, discounted cash flow methodology was adopted with key assumptions:

Discount rate	6.5 - 7.0%
Annual inflation rate	2.5%
Level of annual rent increase	0.5%

The carrying value of the housing properties that would have been included in the financial statements had the assets been carried at historical cost less SHG and depreciation is as follows:

	Group		Trust	
	2008 £’000	2007 £’000	2008 £’000	2007 £’000
Historical cost	149,828	141,131	149,660	140,963
Social housing grant	(94,969)	(92,715)	(94,639)	(92,385)
Depreciation and impairment	(2,906)	(2,486)	(2,898)	(2,478)
	-----	-----	-----	-----
	51,953	45,930	52,123	46,100
	=====	=====	=====	=====

Social housing grant

	Group		Trust	
	2008 £’000	2007 £’000	2008 £’000	2007 £’000
Total accumulated SHG receivable at 31 March:				
Capital grant	94,969	92,715	94,639	92,385
Revenue grant	-	361	-	361
	-----	-----	-----	-----
	94,969	93,076	94,639	92,746
	=====	=====	=====	=====

Notes to the Financial Statements

31 March 2008

12. Tangible fixed assets – properties (continued)

Housing properties book value, net of depreciation and grants comprises:

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Freehold land and buildings	83,351	68,390	82,972	68,764
Long leasehold land and buildings	21,755	19,182	21,755	19,182
	<u>105,106</u>	<u>87,572</u>	<u>104,727</u>	<u>87,946</u>

Expenditure on works to existing properties

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts capitalised	448	535	448	535
Amounts charged to income and expenditure account				
- Routine maintenance	948	1,028	943	1,024
- Planned maintenance	2,852	2,953	2,840	2,936
	<u>4,248</u>	<u>4,516</u>	<u>4,231</u>	<u>4,495</u>

13. Tangible fixed assets – other

GROUP AND TRUST

	Freehold offices £'000	Furniture Fixtures and fittings £'000	Computers and office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2007	1,517	5,051	1,002	198	7,768
Additions	-	623	334	30	987
Disposals	-	-	-	-	-
Valuation adjustment	(122)	-	-	-	(122)
	<u>1,395</u>	<u>5,674</u>	<u>1,336</u>	<u>228</u>	<u>8,633</u>
At 31 March 2008	1,395	5,674	1,336	228	8,633
Depreciation					
At 1 April 2007	(215)	(2,160)	(437)	(110)	(2,922)
Charged in year	(64)	(453)	(165)	(55)	(737)
Released on disposal	-	-	-	-	-
Valuation adjustment	279	-	-	-	279
	<u>-</u>	<u>(2,613)</u>	<u>(602)</u>	<u>(165)</u>	<u>(3,380)</u>
At 31 March 2008	-	(2,613)	(602)	(165)	(3,380)
Net book value					
At 31 March 2008	<u>1,395</u>	<u>3,061</u>	<u>734</u>	<u>63</u>	<u>5,253</u>
At 31 March 2007	<u>1,302</u>	<u>2,891</u>	<u>565</u>	<u>88</u>	<u>4,846</u>

Notes to the Financial Statements

31 March 2008

14. Investment in subsidiaries

As required by statute, the financial statements consolidate the results of “Johnnie” Johnson Housing Association Limited and “Johnnie” Johnson Developments Limited which were subsidiaries of the Trust at the end of the year. The Trust has the right to appoint members to the Boards of the two subsidiaries and thereby exercises control over them. “Johnnie” Johnson Housing Association Limited is a registered social landlord. “Johnnie” Johnson Housing Trust Limited is the ultimate parent undertaking.

During the year the Trust provided management services for “Johnnie” Johnson Housing Association Limited and charged £45,528 (2007: £44,064).

15. Debtors

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Due within one year				
Rent and service charges receivable	724	829	724	829
Less: Provision for bad and doubtful debts	(202)	(194)	(202)	(194)
	<u>522</u>	<u>635</u>	<u>522</u>	<u>635</u>
Social housing grant receivable	-	-	-	-
Amounts owed by subsidiary undertakings	-	-	109	496
Other debtors	382	396	370	391
Prepayments and accrued income	31	28	31	28
	<u>935</u>	<u>1,059</u>	<u>1,032</u>	<u>1,550</u>
Due after more than one year				
Prepayments and accrued income	17	17	17	17
	<u>952</u>	<u>1,076</u>	<u>1,049</u>	<u>1,567</u>

16. Current asset investments

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Money market deposits	16	14	16	14
	<u>16</u>	<u>14</u>	<u>16</u>	<u>14</u>

Notes to the Financial Statements

31 March 2008

17. Creditors: amounts falling due within one year

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Debt (note 20)	604	658	604	658
Rent and service charges received in advance	569	415	569	415
Social housing grant received in advance	-	-	-	-
Other capital creditors	1,434	618	1,434	618
Funds held on behalf of residents	762	626	580	470
Recycled capital grant fund (note 19)	64	98	64	98
Amounts owed to Group undertakings	-	-	183	177
Other creditors	531	541	523	534
Accruals and deferred income	2,560	1,140	2,554	1,133
	<u>6,524</u>	<u>4,096</u>	<u>6,511</u>	<u>4,103</u>

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

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Debt (note 20)	40,093	36,959	40,093	36,959
Less loan issue costs	(220)	(231)	(220)	(231)
Debt	<u>39,873</u>	<u>36,728</u>	<u>39,873</u>	<u>36,728</u>

Notes to the Financial Statements

31 March 2008

19. Recycled capital grant fund

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
At 1 April	98	286	98	271
Grants recycled	61	36	61	36
Interest accrued	6	19	6	15
Transfers from other Group members	-	-	-	19
Major repairs and works to existing stock	(101)	(243)	(101)	(243)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March	64	98	64	98
	<hr/>	<hr/>	<hr/>	<hr/>
Amount due for repayment to Housing Corporation	-	10	-	10
	<hr/>	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements

31 March 2008

20. Debt analysis

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Due within one year				
Bank loans	594	648	594	648
Local authority loans	10	10	10	10
	<hr/>	<hr/>	<hr/>	<hr/>
	604	658	604	658
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Due after more than one year				
Bank loans	39,430	36,288	39,430	36,288
Local authority loans	663	671	663	671
	<hr/>	<hr/>	<hr/>	<hr/>
	40,093	36,959	40,093	36,959
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Within one year	604	658	604	658
Between one and two years	608	657	608	657
Between two and five years	2,044	2,082	2,044	2,082
After five years	37,441	34,220	37,441	34,220
	<hr/>	<hr/>	<hr/>	<hr/>
	40,697	37,617	40,697	37,617
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Local authority and other loans are secured by fixed charges on individual properties.

Loans from local authorities represented £674,000 of the total debt at the year end. Interest payable on local authority loans range from 6% to 16.3%. The more expensive of the loans were drawn in the 1980s and 1990s when interest rates were significantly higher.

The bank and other loans are a combination of bullet repayments and payments by instalment. The loans are agreed at fixed rates of interest ranging from 5½% to 11½%. The earliest full repayment of any of the current loans would be for £4m in 2016. It is likely that a re-financing will take place before then.

At 31 March 2008 the Group had undrawn loan facilities of £9.5m (2007: £13.5m).

Notes to the Financial Statements

31 March 2008

21. Non-equity share capital

	2008 £	2007 £
Shares of £1 each issued and fully paid		
At 1 April	100	99
Shares issued during the year	-	2
Shares surrendered during the year	(7)	(1)
	<hr/>	<hr/>
At 31 March	93	100
	<hr/> <hr/>	<hr/> <hr/>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

22. Reserves

Group	Revaluation Reserve Housing Properties £'000	Revaluation Reserve - Other Fixed Assets £'000	Goodwill Reserve £'000	Major Repairs Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2007	41,593	645	475	4,080	7,007	53,800
Surplus for the year	-	-	-	-	507	507
Transfers to revenue reserve	(390)	-	-	-	390	-
Surplus/(deficit) relating to revaluation of property	8,634	(122)	-	-	-	8,512
Depreciation eliminated on revaluation	2,476	279	-	-	-	2,755
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	52,313	802	475	4,080	7,904	65,574
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Trust	Revaluation Reserve Housing Properties £'000	Revaluation Reserve - Other Fixed Assets £'000	Goodwill Reserve £'000	Major Repairs Reserve £'000	Revenue Reserve £'000	Total Reserves £'000
At 1 April 2007	41,240	645	475	4,080	7,612	54,052
Surplus for the year	-	-	-	-	678	678
Transfers to revenue reserve	(390)	-	-	-	390	-
Surplus/(deficit) relating to revaluation of property	7,720	(122)	-	-	-	7,598
Depreciation eliminated on revaluation	2,465	279	-	-	-	2,744
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	51,035	802	475	4,080	8,680	65,072
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

31 March 2008

23. Financial commitments

Capital expenditure commitments were as follows:

	Group		Trust	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Capital expenditure				
Expenditure contracted for but not provided in the accounts	4,113	3,714	4,018	2,042
Expenditure authorised by the Board, but not contracted	1,231	1,028	815	-
	<u>5,344</u>	<u>4,742</u>	<u>4,833</u>	<u>2,042</u>

The above commitments will be financed primarily through property sales (£4m) with the balance funded through social housing grant (£1.3m).

Operating leases

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

	2008 £'000	2007 £'000
Office equipment and computers expiring		
Within one year	-	20
One to five years	20	66
Beyond five years	-	2
	<u>20</u>	<u>88</u>

24. Contingent liabilities

The Group and Trust had no contingent liabilities at 31 March 2008 (2007: nil).

Notes to the Financial Statements

31 March 2008

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

	2008 £'000	2007 £'000
Operating surplus	2,846	1,869
Depreciation of tangible fixed assets	1,550	1,422
Impairment of tangible fixed assets	-	-
(Surplus) on disposal of tangible fixed assets	-	(9)
	<hr/>	<hr/>
	4,396	3,282
Working capital movements		
Debtors	125	254
Creditors	1643	(1,254)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>6,164</u>	<u>2,282</u>

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

	2008 £'000	2007 £'000
Increase / (decrease) in cash	(472)	254
Cash flow from increase/(decrease) in liquid resources	2	(929)
Cash inflow from increase in debt and lease finance	(3092)	(3,330)
	<hr/>	<hr/>
Total changes in net debt for the period	(3,562)	(4,005)
Net debt at 1 April	(36,255)	(32,250)
	<hr/>	<hr/>
Net debt at 31 March	<u>(39,817)</u>	<u>(36,255)</u>

Notes to the Financial Statements

31 March 2008

27. Analysis of net debt

	1 April 2007 £'000	Cash Flow £'000	Non-cash Movement £'000	31 March 2008 £'000
Cash at bank and in hand	1,116	(291)	-	825
Bank overdraft	-	(181)	-	(181)
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in cash	1,116	(472)	-	644
	<hr/>	<hr/>	<hr/>	<hr/>
Current asset investment	14	2	-	16
Loans	(37,385)	(3,092)	-	(40,477)
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in net debt	(36,255)	(3,562)	-	(39,817)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

28. Exceptional charges – restructure costs

During 2005/06 the Trust carried out a restructuring exercise and costs of £175,000 were incurred. Further costs amounting to £2,000 were incurred in 2006/07. These amounts included redundancy payments.

29. Related Parties

The Board routinely appoints Trust residents to their membership. Where members are tenants or leaseholders the contractual terms of their tenancies or lease agreements are consistent with those of other tenants and leaseholders and they are unable to use their position to personal advantage.