



Annual Report of Trustees And Financial Statements

For the year ended 31st March 2005

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Kent Community Housing Trust

Report of the Trustees

1 April 2004 to 31 March 2005

The Trust is a company limited by guarantee and a registered charity, controlled by a Board of Trustees acting as Non-Executive Directors of the Company.

The Memorandum and Articles of Association provide for a minimum of 6 and a maximum of 18 Trustees.

The Financial Statements for the year ending 31 March 2005 are prepared on a consolidated basis to include the activities of Kent Community Services Ltd, a wholly-owned and controlled non-charitable subsidiary Company Limited by Guarantee of the Trust.

1 Governance

At the commencement of the financial year there were 12 Trustees. Trustees Councillor Ann Lucas and The Reverend John Richardson were appointed as Members and Trustees.

The Board continually keeps under its review its membership and the breadth of skills and expertise to ensure proper governance.

During the year the Board of Trustees met on four occasions in addition to the Annual General Meeting. The Board is supported in its work by the:

- Finance & Resources Committee which met on 4 occasions.
- Care Management Committee which met on 3 occasions.
- Moving Forward Management Committee which met on 3 occasions.
- Board of Directors of Kent Community Services Limited which met on 4 occasions.

It is through the Board of Trustees and these Committees that the activities of Kent Community Housing Trust are controlled.

Day to day responsibility for the management of the Trust's business is delegated to the Chief Executive who is the principal adviser to the Board of Trustees, working with the Management Team. During the year the Director of Care, Paula Evans resigned (June 2004) and Mark Lloyd joined as Director of Services (February 2005). At the end of the financial year the Management Team comprised:

- the Chief Executive
- the Director of Finance & Resources and Company Secretary
- the Director of Property & Development
- the Director of Services

In October 2004, we received a six month termination notice for the Finding Your Feet service from KCC. This was due to reduction in service user numbers as well as changes in legislation regarding the care of the young people. This service was a substantial part of KCHT's services for Younger People and meant that a further restructure was necessary.

It was decided that instead of re-appointing the position of Director of Care, a new post of Director of Services would be appointed to take over the direction of both older and younger peoples' services. The remaining younger peoples' services were divided into the Moving Forward and Breakthrough Services each headed by newly appointed Services Managers. Some changes were also needed at Head Office to reduce corporate

overheads in line with the reduction in turnover. The acting Directorship of KCSL was passed from the Director, Finance & Resources to the Head of Human Resources.

In February, KCHT received its first review visit from the Charity Commission. At the meeting the Charity Commission representatives spoke to members of the Boards of Trustees and Senior Management Team about KCHT's activities, governance and internal controls. The Charity Commission's report which followed, said "Overall, our impression was of a charity that performs admirably to provide an important service to the community. We were impressed by the focus on efficiency and the importance of high quality staff." They also commented positively on our ISO 9001 accreditation and the open forms we hold for service users and their families.

2 Statement of Trustees' Responsibilities

Company Law and Charity Law require Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs and the surplus or deficit for that period. In preparing such statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are responsible and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in Financial Statements
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The Trustees are responsible for keeping proper accounting records which disclose - with reasonable accuracy at any time - the financial position of the Trust and enable them to ensure that the Financial Statements comply with the Companies Act 1985 and the requirements of the Charity Commissioners in relation to accounting for charities. They are responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

3 Principal Activities

3.1 KCHT Care Division

Care Homes

We care for more than 1,000 older people in our 22 Care Homes together with further additional older people receiving Respite Care and Day Care. The greater number of our residents have high dependency needs resulting from dementia and Alzheimer's. The demand for our services continues to remain very high and most care homes maintain waiting lists.

The Government's continuing policy of enabling the elderly to remain in their own homes for a longer period of time has resulted in new residents having very much higher dependency needs and shorter stays within our Care Homes than was the situation in previous years.

The majority of our residents and clients are sponsored by Social Services Departments who continue to face considerable financial constraints.

However, during 2004 we were able to negotiate higher levels of funding from some Authorities to more closely match the dependency needs of residents, which improved the resources available to enhance our services.

We have a planned programme of development for our Care Homes in order that they will meet the new Care Standards and provide a comfortable home meeting the needs and expectations of our residents now and in the future. 2004/05 saw the completion of the first phase of the programme to refurbish and extend Russell House and we started on site with the building of a new Care Home in Sidcup for 120 residents. During the year discussions with Local Authority commissioners took place to consider how KCHT can work in partnership with

them to progress its development programme to ensure that we are able to provide services which meet the changing needs of our residents now and in the future.

The Trust remains a preferred provider for the care of older people with Kent County Council, Medway Council, Bexley Council and the London Borough of Greenwich. In addition, we are commissioned by a variety of other Local Authorities to provide services to individual residents.

Care at Home

Our Care at Home service continues to support more than 400 older people and people with disabilities in their own homes. The Trust remains a preferred supplier of such services with Kent County Council. During the year a service manager was appointed to enhance and develop the service.

Our New Outlooks service in Kent continues to provide community support to a small number of adults with a learning difficulty, who have established and are maintaining their first homes.

3.2 KCHT Moving Forward Division

Moving Forward

Our service for vulnerable young people supported more than 1000 young people in difficulties during 2003/2004. The service aims to provide young people with opportunities and choices to lift self esteem and promote inclusion.

During the year a new service called Route 25 was set up in Folkestone. This is a joint project in partnership with Kent County Council into which KCHT has invested £100,000 towards the cost of fixtures and fittings and equipment. Route 25 is a resource centre for young people where they can access services such as training, counseling, addiction services, etc. As well as managing the centre, KCHT provides an outreach Moving Forward service.

The Building Skills project ended on 31 March 2005 as the grant funding ceased and we were unable to find alternative funding. Although this was disappointing, a very positive outcome at the end of the project was that two of the young people were offered jobs by Dennes, one of our approved building contractors.

In addition to funding for a variety of statutory sources including Supporting People monies, we have benefited from the additional sources of finance such as:

- Connexions
- SRB Funding
- Learning and Skills Council

Breakthrough

Breakthrough is a mediation service providing support and empowerment for young people aged 8 to 16 years of age and their families in looking for solutions to their difficulties.

This service is funded by Social Services and the Childrens Fund and has expanded throughout the Kent area. Breakthrough Plus in the Gravesend area of West Kent was set up to enable us to help older children aged 16 to 21 who are still within the family unit.

During the year work commenced on a new project which will be known as the Six Bells Centre. This is a family centre based in Margate and is a joint project with Kent County Council and Sure Start. KCHT has secured funding from the National Lottery and the Rank Foundation as well as Kent County Council to provide a Breakthrough service from the Centre. It is anticipated that the Centre will open in Autumn 2005.

The Breakthrough service in Swale ended on 31 March 2005 due to lack of continuation funding from Social Services.

Finding Your Feet

As mentioned under Item 1, Kent County Council served notice on this contract in October 2004 which means the project will end in mid-April 2005. Kent County Council will be transferring the service to their in-house asylum team and KCHT has been assisting them in this process. As a result of the closure of the service, 29 members of staff were made redundant, 19 were redeployed within KCHT and 7 were transferred to Kent County Council under TUPE Regulations.

The service set up for young people over the age of 18, funded by Supporting People, will continue under the management of Moving Forward. Two First Base Training Programmes in Medway, funded by NACRO, and in Gravesend, funded by Key Training, will also continue under Moving Forward. First Base provides training in Life Skills, Citizenship, Cultural Awareness and Development of English Language Skills.

By the end of the year KCHT had reached agreement with Kent County Council to provide a housing service for approximately 170 young people. The service will be managed by the Property & Development Division.

4 Quality Management

KCHT has ISO 9001 Accreditation for its Care Homes, Care at Home and Moving Forward Services. During the year work was carried out towards developing an ISO accredited Quality System for the Corporate functions. This work will be completed in 2005/06.

In September 2005, KCHT had an ISOQAR inspection. The auditor commented "*Good 5 day audit, with only a small number of observations, which were dealt with on the day. Staff committed and local managers empowered to provide the best service to the service users in all areas of the organisation. This is complimented by good records and infrastructure. All this is supported by committed top management resulting in an excellent service to service users in all areas.*"

The Trust also has accreditation under Investors in People with reaccreditation due in spring 2006.

5 Business Plan

Our 5-Year Business Plan was agreed in March 2000 and remains the framework and visions to guide our work until March 2005.

Our Business Plan 2000/2005 focuses on:

- (i) Extending our Quality Assurance and Management Systems to encompass the whole organisation by 2005.
- (ii) Continuing to concentrate on enhancing and developing our services to meet the specialist needs of vulnerable people.
- (iii) Seeking to add value to our services wherever possible, particularly by enhancing and developing the work of volunteers within the Trust.
- (iv) Continuing to work in partnership with other organisations and agencies wherever this can be seen to be beneficial to those using our services.
- (v) Sustaining and developing a flexible staff establishment and continuing our work to provide opportunities for all our staff to achieve accredited recognition of their skills.
- (vi) Containing overhead costs to below 6% of income, thereby ensuring that the maximum financial resources are employed in delivering care services.
- (vii) Continuing to invest in the Trust's capital assets to ensure that our services provide the facilities required to meet the needs of beneficiaries.

(viii) Harnessing new and emergent technologies to maximise efficiency and effectiveness.

During 2004/05 we were able to make further progress against the Business Plan:

- (a) Our increasing concentration on the needs of older people with dementia and Alzheimers, together with the addition of 2 new services for children and young people, took forward our objective of enhancing and developing our services.
- (b) Accessing new forms of funding, for example through Connexions, the Children's Fund and Supporting People Grant, Rank Foundation and National Lottery funding, has enabled us to work in closer partnership with a variety of other organisations and agencies.
- (c) Progress was made in recruiting and supporting volunteers to add value to the services we provide, this will continue in 2005.
- (d) Significant work was carried out under the second phase of our care homes development programme with plans being developed for Phase 3 in Bexley, Kent and Medway.
- (e) Continuing to invest in training and development for all of our employees and finding new ways of recruiting staff particularly in our Care Homes. A successful new initiative during the year was to recruit care staff from overseas.
- (f) Commencing work on upgrading our IT facilities which included converting to ADSL (Broadband) throughout our network, implementing a new financial accounting package and working towards better ways of working by sharing data and avoiding duplication throughout our services.

A new 5-Year Business Plan has been prepared for 2005 – 2010 which identifies our core objectives for the next 5 years as a new foundation for our future Annual Plans. The core aims included in the plan are summarised below: -

Corporate Management and Administration

- To maintain efficient structures and systems for effective management allowing resources to be focused on enhancing our services and meeting local needs.

Communications and Accountability

- Ensuring systems are in place promote user friendly access to our services and information about our work
- Enabling Trustees and senior management to have direct contact with service users, staff and volunteers in order to receive direct information on the delivery of our services. Such information will be a driver for our service standards and business planning.

Financial Resources

- Continuing in our aim of creating and sustaining a sound social business by ensuring our contracts allow for security and growth of our services

Staff Resources

- Ensuring that staff receive the relevant job related training and also have accredited qualifications relevant to their duties
- To improve staff employment packages as far as resources allow.

KCHT Care

- To continue our Care Homes development programme in order to meet the aspirations of future services users

- To develop Care at Home to provide specialised services to vulnerable older people and adults with learning disabilities
- Where appropriate and realistic, to bring our services to new communities

KCHT Moving Forward

- To continue to provide a holistic support service to young people
- KCHT Breakthrough will continue to focus on mediation and support services to children and their families

6 Review of Financial Position

The financial statements show a surplus of £1.41 million (5% of turnover) which is an increase of some £400,000 on the results of the previous year (3.37%). The improvement in profitability can be attributed to improvements in fees for services and efficiency exercises throughout the organisation as well as running for part of the year with senior staff vacancies.

Of the total resources expended, 71% of expenditure was on staff costs including training and recruitment. Management and administration costs were 5.4% of turnover. Trustees aim to keep this figure below 7% to ensure that maximum resources can be expended on service provision to service users.

During the year £1.9 million was spent on the development work to extend and refurbish Russell House and new loan funding of £1.7 million was drawn in the year to fund this.

In line with the requirements of FRS 15, our Freehold properties were revalued on 31 March 2005 (the last valuation being on 31 March 2000) The properties were valued on an existing use basis and the revised value results in a an unrecognised gain of £11.8 million (when compared to the depreciated net book value at the end of the year) which is shown in capital reserves in the financial statements.

7 Reserves Policy

The cash reserves policy was reviewed during 2002, bearing in mind that as a charitable organisation, our primary stakeholders are our beneficiaries and our financial objectives are to maximise the value to those beneficiaries.

The Trust needs to ensure that it has adequate reserves in order that it can continue to care for and support service users in unforeseen circumstances should funding from any source temporarily cease. Free reserves are also necessary to meet working capital requirements as well as to allow for the development of new initiatives (where we would incur expenditure in advance of anticipated income). Having considered income variability and risks relating to income as well as financial obligations and their flexibility, Trustees agreed that our policy should be to hold reserves of one month's expenditure which, based on the 2005/06 budget would be £1.96 million.

The Charity SORP definition of reserves excludes amounts which could only be realised on disposal of assets used by the Charity to carry out its activities. Using this definition, at the end of the year the Trust hold cash reserves of £130,000 and therefore aims to build reserves to the level of £1.96 million over a number of years.

8 Risk Assessment

During 2002 the Board of Trustees made an assessment of the risks to which the Trust is exposed, taking into account financial, operational and regulatory risks. The risks are reviewed annually to ensure comprehensiveness and to follow up any of the current measures in operation to mitigate risks.

The major risks facing the Trust appeared to be the risk of loss of income and the risk of being unable to recruit and retain personnel.

In order to mitigate risks, the Trust has measures and controls in place. With regards to risks to income, there are monthly management accounts and performance data, debtor control and internal audits. With regard to recruitment and retention we are Investors in People, a Staff Council is in place and a Human Resources Department is now established. Staff 'Terms and Conditions' are kept continually under review.

As an organisation which provides care and support to vulnerable people KCHT has policies in place to ensure the protection of children, young people and vulnerable adults against abuse. The policies are included KCHT's written Health and Safety policy and its ISO 9001 Quality Manuals which comply with the guidelines in the Home Office Code of Practice "Safe from Harm". KCHT obtains enhanced Criminal Records Bureau Disclosures for all of its employees.

Reviewing risk is an ongoing part of the governance of the organisation which the Board integrates into its regular meetings.

9 Information About the Trust's Work

The Trust will launch a new edition of "Profile" at this years Annual Review. This is available free upon request and gives greater information on the work of KCHT.

10 Accounts and Dividends

The results for the Trust for the year under review are considered to be satisfactory and an increase in the revenue reserves was achieved, The Trust is committed to continually enhancing and developing its services, and the greater part of the operating the operating surplus has been invested, over the year, in improving property, enhancing existing services and developing additional services.

As a charitable company the Trust does not distribute dividends.

11 Going Concern

Within its not for profit objective, and its status as a charity, Trustees consider the Trust to be a continuing going concern. The Year End Balance Sheet shows net current assets of £130,000 compared to net current liabilities of £154,000 last year. This is due to the improved profitability during the year.

12 Auditors

A resolution will be proposed at the Annual General Meeting on 31 October 2005 that Appleby and Wood be re-appointed Auditors of the Trust for the year ending March 2006.

13 Board of Trustees - Trustees 2005¹

The Lady Northbourne (1990)	Chairman
Sir David Berriman CIMgt (1190)	Deputy Chairman & Honorary Treasurer
Mr H J Bragg FRPharmS (1991)	Deputy Chairman
Mrs A Cottrell (2001)	
Mr R J Bushell (1994)	
Mrs M E de Courcy BSC (1991)	
Mr A H M de Gelsey CBE DL (1991)	
Mr R Tapp MA DL (1999)	
Mr R Pickett BSc (Econs) FCCA (2001)	
Mrs J Loudon (2001)	
Mr J Russell MSc, MRAS, Ceng (2000)	
Cllr Mr R Lewis (2003)	
Cllr Ann Lucas (2005)	
The Very Reverend John Richardson BA MinstD (2005)	

Honorary President

The Rt Hon The Countess Mountbatten of Burma CBE CD JP DL (1990)

¹ Date of Appointment is shown in brackets

14 Non-Executive Directors of Kent Community Services Limited 2004

Mr H J Bragg MRPharmS The Lady Northbourne Mr B Bushell	Chairman
Mr R Pickett BSc (Econs) FCCA Mr R D Howells FCIH Mrs D J Pert MCMI FCCA	Chief Executive of KCHT Company Secretary

15 Management Team 2005¹

Mr R D Howells FCIH (1990)	Chief Executive
Mrs D J Pert MCMI FCCA (2000)	Director of Finance & Resources and Company Secretary
Ms T Jones MCIH (1995)	Director of Property & Development
Mr M V Lloyd MA CQSW (2005)	Director of Services (Joined 14.2.2005)

The Trustees of Kent Community Housing Trust and the Non-Executive Directors of Kent Community Services Limited both act in the voluntary capacity of Non-Executive Directors and do not have service contracts nor do they receive any emoluments in connection with those duties.

BY ORDER OF THE BOARD

**Debbie Pert MCMI FCCA
Company Secretary**

¹ Date of Appointment is shown in brackets

Independent Auditor's Report to the Members of Kent Community Housing Trust.

We have audited the financial statements of Kent Community Housing Trust for the year ended 31st March 2005 which are set out on pages 11 to 19. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with the Companies Acts. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and Auditors

As described in the Statement of Trustees' Responsibilities, the company's trustees are non-executive company directors, for preparing the financial statements in accordance with applicable law and UK Accounting Standards.

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

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 Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and group affairs as at 31st March 2005 and of their incoming resources and application of resources including cashflow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Appleby & Wood
Registered Auditors
3 The Office Village
4 Romford Road
London E15 4EA

Date:

KENT COMMUNITY HOUSING TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31ST MARCH 2005

	Note	GROUP		CHARITY	
		2005	2004	2005	2004
		£	£	£	£
Tangible Fixed Assets	4	31,987,320	18,164,252	31,981,428	18,154,227
Current Assets					
Debtors & Prepayments	5	1,445,943	2,016,797	1,360,743	1,973,944
Short Term Deposits		2,937,259	1,678,927	2,533,600	1,446,669
Cash at Bank and In Hand		16,741	71,051	16,510	70,943
		<u>4,399,943</u>	<u>3,766,775</u>	<u>3,910,853</u>	<u>3,491,556</u>
Current Liabilities					
Current Liabilities	6	(3,931,220)	(3,945,052)	(3,509,709)	(3,676,250)
Bank Overdraft		(305,119)	(9,953)	(297,850)	-
		<u>(4,236,339)</u>	<u>(3,955,005)</u>	<u>(3,807,559)</u>	<u>(3,676,250)</u>
Net Current Assets/(Liabilities)		163,604	(188,230)	103,294	(184,694)
Total Assets less Current Liabilities		<u>32,150,924</u>	<u>17,976,022</u>	<u>32,084,722</u>	<u>17,969,533</u>
Long Term Liabilities					
Bank Loan		(6,662,518)	(5,766,428)	(6,662,518)	(5,766,428)
Hire Purchase Account		(98,412)	(110,809)	(98,412)	(110,809)
		<u>(6,760,930)</u>	<u>(5,877,237)</u>	<u>(6,760,930)</u>	<u>(5,877,237)</u>
Net Assets		<u>25,389,994</u>	<u>12,098,785</u>	<u>25,323,792</u>	<u>12,092,296</u>
Represented by					
Reserves					
Revenue Unrestricted		6,081,732	4,616,319	5,906,791	4,552,088
Revenue Restricted		-	(5,807)	108,739	51,935
Capital		19,308,262	7,488,273	19,308,262	7,488,273
		<u>25,389,994</u>	<u>12,098,785</u>	<u>25,323,792</u>	<u>12,092,296</u>

Signed by:

The Lady Northbourne, Chairman

.....

Sir David Berriman CIMgt, Honorary Treasurer

.....

R D Howells FCIH, Chief Executive

.....

D J Pert MCMI FCCA, Director, Finance & Resources and Company Secretary

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KENT COMMUNITY HOUSING TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2005

Incoming Resources	Notes	Capital Reserves £	Unrestricted Funds £	Restricted Funds £	2005 Total Funds £	2004 Total Funds £
Income from Charitable Activities			27,597,447	-	27,597,447	29,116,192
Voluntary Income & Grants			-	217,983	217,983	227,625
Interest Receivable			80,682	-	80,682	52,947
Other Charitable Income			32,833	-	32,833	5,301
Trading Income			767,696	-	767,696	530,146
Total Incoming Resources			<u>28,478,658</u>	<u>217,983</u>	<u>28,696,641</u>	<u>29,932,211</u>
Resources expended						
Direct Charitable Expenditure	3a					
Residential Home Services			18,740,451	5,170	18,745,621	17,843,692
Care at Home Services			1,503,173	2,830	1,506,003	1,326,942
Moving Forward			1,139,615	31,975	1,171,590	968,208
Finding Your Feet			3,323,606	177,704	3,501,310	5,714,494
			<u>24,706,845</u>	<u>217,679</u>	<u>24,924,524</u>	<u>25,853,336</u>
Other Expenditure						
Advertising and Publicity			19,676	-	19,676	18,495
Management & Administration	3b		1,526,255	-	1,526,255	1,904,331
Trading Expenditure	3c		740,556	-	740,556	1,159,194
			<u>2,286,487</u>	<u>-</u>	<u>2,286,487</u>	<u>3,082,020</u>
Total Resources Expended			<u>26,993,332</u>	<u>217,679</u>	<u>27,211,011</u>	<u>28,935,356</u>
Net incoming resources for the year		-	1,485,326	304	1,485,630	996,855
Taxation		-	(14,410)	-	(14,410)	-
Net incoming resources for the year after taxation		-	1,470,916	304	1,471,220	996,855
Unrealised Surplus on Assets for Charity use	1g	11,819,989	-	-	11,819,989	-
Transfer of Reserves		-	(5,503)	5,503	-	-
Balance Brought Forward at 1 April 2004		7,488,273	4,616,319	(5,807)	12,098,785	11,101,930
Balance Carried Forward at 31 March 2005		<u>19,308,262</u>	<u>6,081,732</u>	<u>-</u>	<u>25,389,994</u>	<u>12,098,785</u>

All amount relate to continuing activities

None of the Trust's activities was acquired or discontinued during the above two-year period

All recognised and unrecognised gains and losses are included in the Statement of Financial Activities

KENT COMMUNITY HOUSING TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2005

Net Cash (Outflow)/Inflow from Operating Activities	31.3.2005	31.3.2004	
	£	£	
Surplus on ordinary activities	1,485,630	996,855	
Depreciation Charge	633,227	598,856	
(Increase)/Decrease in Debtors	570,854	(542,554)	
Increase/(Decrease) in Creditors	(40,639)	564,714	
	<u>2,649,072</u>	<u>1,617,871</u>	
 Financing			
Long Term Loan (Repaid)/Received (Net)	896,090	(260,000)	
	<u>3,545,162</u>	<u>1,357,871</u>	
 Investing Activities			
Payments to acquire Tangible Fixed Assets (Net)	(2,648,466)	(1,348,670)	
Sale of Tangible Fixed Assets	12,160	-	
	<u>908,856</u>	<u>9,201</u>	
 (Decrease)/Increase in Cash			
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase/(Decrease) in Cash	908,856	9,201	
Cash (Outflow)/Inflow from change in debt	(981,419)	10,349	
Increase/(Decrease) in Net Debt from Cash Flows	<u>(72,563)</u>	<u>19,550</u>	
Net Debt at 1.4.2004	(4,730,349)	(4,749,899)	
Net Debt at 31.3.2005	<u>(4,802,912)</u>	<u>(4,730,349)</u>	
 Analysis of Net Debt	At 1.4.04	Cashflow	At 31.3.05
Changes in Cash	1,740,025	908,856	2,648,881
Changes in Debt: Bank Loan	(6,470,374)	(981,419)	(7,451,793)
Changes in Net Debt	<u>(4,730,349)</u>	<u>(72,563)</u>	<u>(4,802,912)</u>

KENT COMMUNITY HOUSING TRUST
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

Note

1 Statement of Accounting Policies

a Basis of Accounting and Consolidation

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, and comply with the requirements of SORP, "Accounting and Reporting by Charities".

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its Subsidiaries for the 52 weeks ended 31st March 2005

b Turnover

Turnover represents income from residential and community care. In the case of the trading subsidiary, turnover is from the provision of training services.

c Depreciation

Depreciation is provided from the date of purchase on a straight line basis on cost as follows:-

Leasehold Improvements	Remaining period of Lease
Computer Equipment	25% per annum
Fixtures and Fittings	20% per annum
Motor Vehicles	20% per annum

The freehold properties have been revalued on an existing use basis. Depreciation has been provided for at the rate of 2% per annum on the buildings element contained within the revalued amount.

d Current Liabilities

Capital Repayments due on long-term loans & HP accounts relates to instalments due in the next twelve months.

e Tax Status

No provision for taxation is necessary as the Charity has exemption under Section 505 of the ICTA 1998. In the case of the trading subsidiary, provision for Corporation Tax of £14,410 has been made on assessable profits for the year ended 31 March 2005.

f Comparative Figure

Comparative figures are for the year to 31 March 2004

g Capital Reserve

Capital Reserve includes the revaluation surplus on the Freehold Property. The Freehold Properties were revalued by Stiles Harold Williams, Surveyors and Valuers, on an Existing Use basis as at 31 March 2005. This revaluation gave an unrealised profit of £11,819,989 over the net book value at 31 March 2005. Previous valuations were carried out on 31 March 2000 and 26 June 1997.

i Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

KENT COMMUNITY HOUSING TRUST

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

Note		2005 £	2004 £
2	Staff Costs		
	Salaries and Wages	17,349,933	17,201,641
	Staff Recruitment and Training	97,912	195,475
	Employer's Social Security Costs	958,221	899,816
	Employers Pension Cost	551,262	647,238
		<u>18,957,328</u>	<u>18,944,170</u>
	Analysed as:		
	Works Programme - Capitalised 2004	-	9,370
	Works Programme Expenditure (including Garden Maintenance and Property Repairs)	-	135,940
	Residential Care	14,597,899	13,647,881
	Care at Home	1,403,313	1,218,046
	Moving Forward	704,176	580,287
	Finding Your Feet	1,020,132	1,523,803
	Management and Administration	993,055	1,123,541
	Trading Subsidiary	238,753	705,302
		<u>18,957,328</u>	<u>18,944,170</u>

	2005	2004
The average monthly number of persons employed during the year was:	<u>1,562</u>	<u>1,616</u>

3a	Direct Charitable Expenditure	Care Homes	Care at Home	Moving Forward	Finding Your Feet	Total	Total
	Staff Costs	14,597,899	1,403,313	704,176	1,020,132	17,725,520	16,970,017
	Property Costs	1,692,342	7,497	245,680	150,376	2,095,895	2,078,815
	Operating Costs	1,498,455	90,829	197,930	2,294,407	4,081,621	5,889,729
	Depreciation	522,756	1,534	11,563	30,621	566,474	530,330
	Finance Charges	428,999	-	8,227	5,774	443,000	376,660
	Charitable Fund Expenditure	5,170	2,830	4,014	-	12,014	7,785
	Total	<u>18,745,621</u>	<u>1,506,003</u>	<u>1,171,590</u>	<u>3,501,310</u>	<u>24,924,524</u>	<u>25,853,336</u>

3b	Management and Administration of the Charity	Total	Total
	Staff Costs	993,055	1,259,481
	Property Costs	64,703	67,017
	Operating Costs	397,877	502,674
	Audit Fees	8,000	12,500
	Depreciation	62,620	62,659
	Total	<u>1,526,255</u>	<u>1,904,331</u>

3c	Trading Expenditure	Total	Total
	Staff Costs	238,753	595,696
	Training Providers	425,381	508,803
	Property Costs	2,539	1,954
	Operating Costs	66,792	45,837
	Audit Fees	1,257	764
	Bad Debts	1,700	-
	Depreciation	4,134	5,867
	Total	<u>740,556</u>	<u>1,159,194</u>

KENT COMMUNITY HOUSING TRUST

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2005

Note 4	Tangible Fixed Assets	Freehold Property £	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
	Cost / Valuation						
	At 1.4.04	17,771,000	903,151	660,672	1,513,950	231,201	21,079,974
	Additions	2,352,116	54,448	48,668	181,319	11,915	2,648,466
	Disposals	-	-	-	-	(50,700)	(50,700)
	Revaluation	11,819,989	-	-	-	-	11,819,989
	At 31.3.05	31,943,105	957,599	709,340	1,695,269	192,416	35,497,729
	Depreciation						
	At 1.4.04	1,058,191	313,625	439,339	932,668	171,899	2,915,722
	Charge for Year	316,739	22,889	79,486	200,466	13,647	633,227
	Disposals	-	-	-	-	(38,540)	(38,540)
	At 31.3.05	1,374,930	336,514	518,825	1,133,134	147,006	3,510,409
	Net Book Value						
	At 31.3.05	30,568,175	621,085	190,515	562,135	45,410	31,987,320
	At 31.3.04	16,712,809	589,526	221,333	581,282	59,302	18,164,252
5	Debtors		GROUP			CHARITY	
			2005	2004		2005	2004
			£	£		£	£
	Trade Debtors		983,050	1,602,379		917,200	1,561,151
	Amounts due from Subsidiary		-	-		57,172	-
	Other Debtors		7,504	18,721		7,400	18,294
	Prepayments		192,815	152,674		192,815	152,674
	Accrued Income		262,574	243,023		186,156	241,825
			1,445,943	2,016,797		1,360,743	1,973,944
6	Creditors and Accruals						
	Trade Creditors		365,217	548,498		351,147	542,428
	Amounts due to Subsidiary Companies		-	-			44,089
	Other Creditors		109,890	86,888		107,836	84,823
	Accruals		1,283,873	1,253,004		1,057,843	967,514
	Corporation Tax Payable		14,410	-		-	-
	Other Taxes and Social Security		357,130	273,376		350,857	257,727
	Deferred Income		942,608	932,193		783,934	928,576
	Capital Payments due within one year on long term loans and leases		858,092	851,093		858,092	851,093
			3,931,220	3,945,052		3,509,709	3,676,250
7	Capital Commitments						
	Capital expenditure contracted for, unpaid for at the year end and not provided for in the financial statements						
	- £6,908,780 (2004 £1,603,092)						
	Capital expenditure authorised by the Trustees but not yet contracted for - £ nil (2004 £1,376,390)						
8	Contingent Liabilities						
	There are no know contingent liabilities arising from contracted disputes of from any other cause (2004 Nil)						
9	Residents' Bank Accounts						
	The Trust administers bank accounts on behalf of residents that cannot manage their own affairs						
	These accounts have not been reflected in these Financial Statements as an asset or liability						
10	Obligations under Hire Purchase and Finance Leases						
	Obligations under hire purchase and finance leases are analysed as follows:					2005	2004
	Current Obligations					68,817	147,146
	Obligations due between one and five years					98,412	110,809
						167,229	257,955

KENT COMMUNITY HOUSING TRUST
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

Note

11 Bank Loan Accounts

The bank loans are secured by mortgages on certain of the Trust's properties. The amount of the loan liability is £7,451,793 (2003: £6,470,374) and the value of the properties charged is £27,465,000 (2004: £11,995,000)

12 Employee's Emoluments

Senior Management

The number of employees whose emoluments for the year fell within each band of £10,000 from £40,000 upwards was as follows:-

<u>Emoluments</u>	<u>No. of Employees</u>
£40,000 to £50,000	1
£50,000 to £60,000	2
£60,000 to £70,000	-
£70,000 to £80,000	2
£80,000 to £90,000	-
£90,000 to £100,000	-
£100,000 to £110,000	1

13 Subsidiary Undertakings

Kent Community Services Limited incorporated in the United Kingdom. This Subsidiary undertaking is wholly owned and the results have been consolidated into the group accounts.

As 31st March 2005

Fixed Assets	5,892
Current Assets	546,262
Current Liabilities	(485,952)
Net Current Assets	60,310
	<hr style="border-top: 1px solid black;"/>
	66,202
Reserves	<hr style="border-top: 1px solid black;"/>
	66,202
Turnover	885,174
Expenditure	(754,551)
Profit for the Year	<hr style="border-top: 1px solid black;"/>
	130,623
Taxation	(14,410)
Profit for the Year	<hr style="border-top: 1px solid black;"/>
	116,213
Covenanted to Kent Community Housing Trust	(56,500)
	<hr style="border-top: 1px solid black;"/>
	59,713
Reserves brought forward at 1 April 2004	6,489
	<hr style="border-top: 1px solid black;"/>
Reserves carried forward at 31 March 2005	<hr style="border-top: 1px solid black;"/>
	66,202

KENT COMMUNITY HOUSING TRUST
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

Note
14

Pension Commitments

The Trust participates in the pension schemes which are named below. The costs are charged to the profit and loss account as and when they are paid on a monthly basis. The pension cost charge for the period is stated in Note 2 of the financial statements and is detailed below. There are no outstanding or prepaid contributions at the balance sheet date.

Pension Scheme	Rate of Contribution		2005 Cost	E'ees in scheme at 31.3.05
	Employer's	Employee's	£	
The Pensions Trust	11.7%	4.1 to 6.1%	68,459	15
KCC Pensions (LGPS)	15.0 & 18.0%	5.0 & 6.0%	143,705	58
LBG Pensions (LGPS)	13.0%	5.0 & 6.0%	14,563	8
LBB Pensions (LGPS)	17.5%	5.0 & 6.0%	243,052	107
Sun Life	Up to 5.0%	Variable	77,084	146

The Sun Life Scheme is a defined contribution scheme and Pensions Trust and LGPS schemes are defined benefit pension schemes. Whilst the Trust continues to account for pensions costs in accordance with SSAP 24, under FRS 17 the following transitional disclosures are required for the defined benefit schemes:-

The Pensions Trust

The Social Housing Pensions Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating members.

The last formal valuation of the scheme was performed at 30 September 2002 by a professionally qualified actuary using the "Projected Unit Credit" method. The market value of the Scheme's assets at the last valuation date was £650 million. The valuation revealed a shortfall of some £117 million (equivalent to a past service funding level of 85%).

Due to the nature of the scheme, the profit and loss account charge for the period under both SSAP 24 and FRS17 represents employer contribution payable.

The financial assumption underlying the valuation were as follows:

	%pa
Rate of return on future contributions	6.60
Rate of return on accumulated assets	7.20
Rate of salary increases	4.50
Rate of pension increases	2.50
Rate of price inflation	2.50

The accumulated assets of the scheme were assumed to earn the same return as if they had been invested in a portfolio comprising 100% UK equities for a non-pensioner liabilities and 25% UK equities/75% gilts for pensioner liabilities.

Following consideration of the results of the actual valuation it was agreed that, with effect from 1 April 2004, the standard employer contribution rate would be increased from 10.6% to 11.7% of pensionable salaries and member contributions would be increased by 1.1% from 2.0-5.0% to 3.1-6.1% of pensionable salaries depending on age. If the valuation assumptions are born out of practice, this pattern of contributions should be sufficient to eliminate the past deficit by 31 March 2017.

Kent County Council

The Kent County Council Pension fund is a multi-employer defined benefit scheme.

The last formal valuation of the Scheme was performed at 31 March 2004 by a professionally qualified actuary. The valuation revealed a past service deficit of £941 million giving a funding level of 63% (compared to 76% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005 using the "Projected Unit Credit" method. The deficit at the beginning of the year was valued at £2,611,000 and the deficit at the end of the year valued at £2,487,000, giving a funding level of 66% (compared to 63% as at 31 March 2004).

The financial assumptions (under current market condition) underlying the valuation were as follows:

	%pa
Investment return	7.70
- Equities	7.70
- Bonds	4.80
- Property	5.70
- Cash	4.80
Pay Increases	4.40
Price inflation / pension increases	2.90

KENT COMMUNITY HOUSING TRUST
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

Note

14 **Pension Commitments (cont'd)**

London Borough of Bexley

The London Borough of Bexley Pension Fund is a multi-employer defined benefit scheme.

The last formal valuation of the Scheme was performed at 31 March 2004 by a professionally qualified actuary using the "Project Unit Method". The valuation revealed a service deficit of £60.3 million, giving a funding level of 83% (compared to 104% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005. The deficit at the beginning of the year was valued at £2,087,000 and the deficit at the end of the year valued at £1,545,000.

The financial assumptions (under current market condition) underlying the valuation were as follows:

Investment return	<u>%pa</u>
- Equities	7.50
- Government Bonds	4.70
- Other Bonds	5.40
- Property/ Other	6.50
Pay Increases	4.65
Price inflation / pension increases	2.90

London Borough of Greenwich

The London Borough of Greenwich Pension Fund is a multi-employer defined benefit statutory scheme.

The last formal valuation of the Scheme was performed at 31 March 2004 by a professionally qualified actuary. The valuation revealed a service deficit of £109.6 million, giving a funding level of 82% (compared to 102% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005 using the "Projected Unit Method". The deficit at the beginning of the year was valued at £507,000 and the deficit at the end of the year valued at £498,000.

The financial assumptions (under current market condition) underlying the valuation were as follows:

Investment return	<u>%pa</u>
- Equities	7.50
-Gilts	4.50
- Other Bonds	5.30
- Property	7.00
- Cash	4.30
Pay Increases	4.70
Price inflation / pension increases	2.90

Independent Auditor's Report to the Members of Kent Community Housing Trust.

We have audited the financial statements of Kent Community Housing Trust for the year ended 31st March 2005 which are set out on pages 21 to 29. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with the Companies Acts. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Trustees and Auditors

As described in the Statement of Trustees' Responsibilities, the company's trustees are non-executive company directors, for preparing the financial statements in accordance with applicable law and UK Accounting Standards.

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

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 Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company affairs as at 31st March 2005 and of its incoming resources and application of resources including cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Appleby & Wood
Registered Auditors
3 The Office Village
4 Romford Road
London E15 4EA**

Date:

KENT COMMUNITY HOUSING TRUST

BALANCE SHEET

AS AT 31ST MARCH 2005

	Note	31.3.05		31.3.04	
		£	£	£	£
Tangible Fixed Assets	4		31,981,428		18,154,227
Current Assets					
Debtors & Prepayments	5	1,360,743		1,973,944	
Short Term Deposits		2,533,600		1,446,669	
Cash at Bank and In Hand		16,510		70,943	
		<u>3,910,853</u>		<u>3,491,556</u>	
Current Liabilities					
Creditors falling due within on year	6	2,651,617		2,825,157	
Capital Repayments due within one year on long-term loans & HP Accounts		858,092		851,093	
Bank Overdraft		297,850		-	
		<u>3,807,559</u>		<u>3,676,250</u>	
Net Current Assets/(Liabilities)			103,294		(184,694)
Total Assets less Current Liabilities			32,084,722		17,969,533
Long Term Liabilities					
Bank Loan	11	6,662,518		5,766,428	
Hire Purchase Account		98,412	(6,760,930)	110,809	(5,877,237)
			<u>25,323,792</u>		<u>12,092,296</u>
Net Assets					
Represented by					
Reserves					
Revenue Unrestricted		5,906,791		4,552,088	
Revenue Restricted		108,739	6,015,530	51,935	4,604,023
Capital			19,308,262		7,488,273
			<u>25,323,792</u>		<u>12,092,296</u>

Signed by:

The Lady Northbourne, Chairman

.....

Sir David Berriman CIMgt, Honorary Treasurer

.....

R D Howells FCIH, Chief Executive

.....

D J Pert MCMI FCCA, Director, Finance & Resources and Company Secretary

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KENT COMMUNITY HOUSING TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2005

Incoming Resources	Notes	Capital Reserve £	Unrestricted Funds £	Restricted Funds £	2005 Total Funds £	2004 Total Funds £
Income from Charitable Activities			27,609,956	-	27,609,956	29,124,110
Voluntary Income & Grants			-	274,483	274,483	227,625
Interest Receivable			72,373	-	72,373	52,319
Other Income			39,026	-	39,026	5,301
Total Incoming Resources			<u>27,721,355</u>	<u>274,483</u>	<u>27,995,838</u>	<u>29,409,355</u>
Resources expended						
Direct Charitable Expenditure	3a					
Residential Home Services			18,828,787	5,170	18,833,957	18,284,830
Care at Home Services			1,529,703	2,830	1,532,533	1,334,180
Moving Forward			1,139,715	31,975	1,171,690	982,633
Finding Your Feet			3,325,943	177,704	3,503,647	5,738,313
			<u>24,824,148</u>	<u>217,679</u>	<u>25,041,827</u>	<u>26,339,956</u>
Other Expenditure						
Advertising and Publicity			19,676	-	19,676	18,495
Management & Administration	3b		1,522,828	-	1,522,828	2,058,872
			<u>1,542,504</u>	<u>-</u>	<u>1,542,504</u>	<u>2,077,367</u>
Total Resources Expended			<u>26,366,652</u>	<u>217,679</u>	<u>26,584,331</u>	<u>28,417,323</u>
Net incoming resources for the year		-	1,354,703	56,804	1,411,507	992,032
Unrealised surplus on Fixed Assets for Charity use	1g	11,819,989	-	-	11,819,989	-
Balance Brought Forward at 1 April 2004		7,488,273	4,552,088	51,935	12,092,296	11,100,264
Balance Carried Forward at 31 March 2005		<u>19,308,262</u>	<u>5,906,791</u>	<u>108,739</u>	<u>25,323,792</u>	<u>12,092,296</u>

All amounts relate to continuing activities

None of the Trust's activities was acquired or discontinued during the above two-year period

All recognised and unrecognised gains and losses are included in the Statement of Financial Activities

KENT COMMUNITY HOUSING TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2005

Net Cash (Outflow)/Inflow from Operating Activities	31.3.2005	31.3.2004	
	£	£	
Surplus on ordinary activities	1,411,507	992,032	
Depreciation Charge	629,094	592,989	
(Increase)/Decrease in Debtors	613,201	(449,120)	
Increase/(Decrease) in Creditors	(264,265)	20,286	
	<u>2,389,537</u>	<u>1,156,187</u>	
 Financing			
Long Term Loan (Repaid)/Received (Net)	981,418	(10,349)	
	<u>3,370,955</u>	<u>1,145,838</u>	
 Investing Activities			
Payments to acquire Tangible Fixed Assets (Net)	(2,636,306)	(1,348,670)	
	<u>734,649</u>	<u>(202,832)</u>	
 (Decrease)/Increase in Cash			
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase/(Decrease) in Cash	734,649	(202,832)	
Cash (Outflow)/Inflow from change in debt	(981,419)	10,349	
Increase/(Decrease) in Net Debt from Cash Flows	<u>(246,769)</u>	<u>(192,483)</u>	
Net Debt at 1.4.2004	(4,952,763)	(4,760,280)	
Net Debt at 31.3.2005	<u>(5,199,532)</u>	<u>(4,952,763)</u>	
 Analysis of Net Debt			
	At 1.4.04	Cashflow	At 31.3.05
Changes in Cash	1,517,611	734,649	2,252,260
Changes in Debt: Bank Loan	(6,470,374)	(981,418)	(7,451,792)
Changes in Net Debt	<u>(4,952,763)</u>	<u>(246,769)</u>	<u>(5,199,532)</u>

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005

Note

1 **Statement of Accounting Policies**

a **Basis of Accounting and Consolidation**

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, and comply with the requirements of SORP, "Accounting and Reporting by Charities".

b **Turnover**

Turnover represents income from residential and community care.

c **Depreciation**

Depreciation is provided from the date of purchase on a straight line basis on cost as follows:-

Freehold Properties	Depreciated over 50 years (buildings element only)
Leasehold Improvements	Remaining period of Lease
Computer Equipment	25% per annum
Fixtures an Fittings	20% per annum
Motor Vehicles	20% per annum

d **Current Liabilities**

Capital Repayments due on long-term loans & HP accounts relates to instalments due in the next twelve months.

e **Tax Status**

No provision for taxation is necessary as the Company has exemption under Section 505 of the ICTA 1998.

f **Comparative Figure**

Comparative figures are for the year to 31 March 2004

g **Capital Reserve**

Capital Reserve includes the revaluation surplus on the Freehold Property. The Freehold Properties were revalued by Stiles Harold Williams, Surveyors and Valuers, on an Existing Use basis as at 31 March 2005. This revaluation gave an unrealised profit of £11,819,989 over the net book value at 31 March 2005. Previous valuations were carried out on 31 March 2000 and 26 June 1997.

h **Leased Assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005

Note	2005	2004
	£	£
2 Staff Costs		
Salaries and Wages	17,078,646	16,995,472
Staff Recruitment and Training	214,130	337,503
Employer's Social Security Costs	954,866	899,816
Employer's Pension Cost	551,262	647,238
	<u>18,798,904</u>	<u>18,880,029</u>
Analysed as		
Development Programme - Capitalised	-	9,370
Care Homes	14,686,235	14,089,019
Care at Home	1,429,843	1,225,284
Moving Forward	667,127	594,712
Finding Your Feet	1,022,469	1,547,622
Management and Administration	993,230	1,414,022
	<u>18,798,904</u>	<u>18,880,029</u>
	2005	2004
The average monthly number of persons employed during the year was:	<u>1,552</u>	<u>1,605</u>

3a Direct Charitable Expenditure	Care Homes	Care at Home	Moving Forward	Finding Your Feet	Total	Total
Staff Costs	14,686,235	1,429,843	704,276	1,022,469	17,842,823	17,456,637
Property Costs	1,692,342	7,497	245,680	150,376	2,095,895	2,078,815
Operating Costs	1,498,455	90,829	197,930	2,294,407	4,081,621	5,889,729
Depreciation	522,756	1,534	11,563	30,621	566,474	530,330
Finance Charges	428,999	-	8,227	5,774	443,000	376,660
Charitable Fund Expenditure	5,170	2,830	4,014	-	12,014	7,785
Total	<u>18,833,957</u>	<u>1,532,533</u>	<u>1,171,690</u>	<u>3,503,647</u>	<u>25,041,827</u>	<u>26,339,956</u>

3b Management and Administration of the Charity	Total	Total
Staff Costs	993,230	1,414,022
Property Costs	64,703	67,017
Operating Costs	397,877	502,674
Audit Fees	8,000	12,500
Depreciation	59,018	62,659
Total	<u>1,522,828</u>	<u>2,058,872</u>

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2005

Note 4	Tangible Fixed Assets	Freehold Property £	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
	Cost / Valuation						
	At 1.4.04	17,771,001	897,509	648,934	1,502,111	231,201	21,050,756
	Additions	2,352,116	54,448	48,668	181,319	11,915	2,648,466
	Disposals	-	-	-	-	(50,700)	(50,700)
	Revaluation	11,819,989	-	-	-	-	11,819,989
	At 31.3.05	<u>31,943,106</u>	<u>951,957</u>	<u>697,602</u>	<u>1,683,430</u>	<u>192,416</u>	<u>35,468,511</u>
	Depreciation						
	At 1.4.04	1,058,191	312,023	429,640	924,776	171,889	2,896,529
	Charge for Year	316,739	22,325	78,285	198,098	13,647	629,094
	Disposals	-	-	-	-	(38,540)	(38,540)
	At 31.3.05	<u>1,374,930</u>	<u>334,348</u>	<u>507,925</u>	<u>1,122,874</u>	<u>147,006</u>	<u>3,487,083</u>
	Net Book Value						
	At 31.3.05	30,568,176	617,609	189,677	560,556	45,410	31,981,428
	At 31.3.04	16,712,810	585,486	219,294	577,335	59,302	18,154,227

5	Debtors	2005 £	2004 £
	Trade Debtors	917,200	1,561,151
	Amounts due from Subsidiary	57,172	-
	Other Debtors	7,400	18,294
	Prepayments	192,815	152,674
	Accrued Income	186,156	241,825
		<u>1,360,743</u>	<u>1,973,944</u>

6	Creditors and Accruals	2005 £	2004 £
	Trade Creditors	351,147	542,428
	Amounts due to Subsidiary Companies	-	44,089
	Other Creditors	107,836	84,823
	Accruals	1,057,843	967,514
	Other Taxes and Social Security	350,857	257,727
	Deferred Income	783,934	928,576
		<u>2,651,617</u>	<u>2,825,157</u>

Our policy for the payment of creditors is month end following date of invoice. The average number of days between receipt and payment of purchase invoices is 25 days

7 **Capital Commitments**
Capital expenditure contracted for, unpaid for at the year end and not provided for in the financial statements - £6,908,780 (2004 £1,603,092)
Capital expenditure authorised by the Trustees but not yet contracted for - £nil (2004 £1,376,390)

8 **Contingent Liabilities**
There are no known contingent liabilities arising from contracted disputes or from any other cause (2004 Nil)

9 **Residents' Bank Accounts**
The Trust administers bank accounts on behalf of residents that cannot manage their own affairs
These accounts have not been reflected in these Financial Statements as an asset or liability

10 **Obligations under Hire Purchase and Finance Leases**
Obligations under hire purchase and finance leases are analysed as follows:

	2005	2004
Current Obligations	68,817	147,146
Obligations due between one and five years	98,412	110,809
	<u>167,229</u>	<u>257,955</u>

11 **Bank Loan Accounts**
The bank loans are secured by mortgages on certain of the Trust's properties. The amount of the loan liability is £7,451,793 (2003: £6,470,374) and the value of the properties charged is £27,465,000 (2004: £11,995,000)

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005

Note
12 **Employee's Emoluments**

The total emoluments (i.e. remuneration and Benefits-in-kind, as defined for taxation purposes) for the year ended 31 March 2005 was **£16,922,582**

Senior Management

The number of employees whose emoluments for the year fell within each band of £10,000 from £40,000 upwards was as follows:-

<u>Emoluments</u>	<u>No. of Employees</u>
£40,000 to £50,000	1
£50,000 to £60,000	2
£60,000 to £70,000	-
£70,000 to £80,000	2
£80,000 to £90,000	-
£90,000 to £100,000	-
£100,000 to £110,000	1

13 **Pension Commitments**

The Trust participates in the pension schemes which are named below. The costs are charged to the profit and loss account as and when they are paid on a monthly basis. The pension cost charge for the period is stated in Note 2 of the financial statements and is detailed below. There are no outstanding or prepaid contributions at the balance sheet date.

<u>Pension Scheme</u>	<u>Rate of Contribution</u>		<u>2005 Cost</u>	<u>£ees in scheme</u>
	<u>Employer's</u>	<u>Employee's</u>	£	<u>at 31.3.05</u>
The Pensions Trust	11.7%	4.1 to 6.1%	68,459	15
KCC Pensions (LGPS)	15.0 & 18.0%	5.0 & 6.0%	143,705	58
LBG Pensions (LGPS)	13.0%	5.0 & 6.0%	14,563	8
LBB Pensions (LGPS)	17.5%	5.0 & 6.0%	243,052	107
Sun Life	Up to 5.0%	Variable	77,084	146

The Sun Life Scheme is a defined contribution scheme and Pensions Trust and LGPS schemes are defined benefit pension schemes. Whilst the Trust continues to account for pensions costs in accordance with SSAP 24, under FRS 17 the following transitional disclosures are required for the defined benefit schemes:-

The Pensions Trust

The Social Housing Pensions Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating members.

The last formal valuation of the scheme was performed at 30 September 2002 by a professionally qualified actuary using the "Projected Unit Credit" method. The market value of the Scheme's assets at the last valuation date was £650 million. The valuation revealed a shortfall of some £117 million (equivalent to a past service funding level of 85%).

Due to the nature of the scheme, the profit and loss account charge for the period under both SSAP 24 and FRS17 represents employer contribution payable.

The financial assumption underlying the valuation were as follows:

	<u>%pa</u>
Rate of return on future contributions	6.6
Rate of return on accumulated assets	7.2
Rate of salary increases	4.5
Rate of pension increases	2.5
Rate of price inflation	2.5

The accumulated assets of the scheme were assumed to earn the same return as if they had been invested on a portfolio comprising 100% UK equities for a non-pensioner liabilities and 25% UK equities/75% gilts for pensioner liabilities.

Following consideration of the results of the actual valuation it was agreed that, with effect from 1 April 2004, the standard employer contribution rate would be increased from 10.6% to 11.7% of pensionable salaries and member contributions would be increased by 1.1% from 2.0-5.0% to 3.1-6.1% of pensionable salaries depending on age. If the valuation assumptions are born out of practice, this pattern of contributions should be sufficient to eliminate the past deficit by 31 March 2017.

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2005

Note

14 Pension Commitments (cont'd)

Kent County Council

The Kent County Council Pension fund is a multi-employer defined benefit scheme

The last formal valuation of the scheme was performed at 31 March 2004 by a professionally qualified actuary. The valuation revealed a past service deficit of £941 million giving a funding level of 63% (compared to 76% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005 using the "projected unit credit" method. The deficit at the beginning of the year was valued at £2,611,000 and the deficit at the end of the year valued at £2,487,000, giving a funding level of 66% (compared to 63% as at 31 March 2004).

The financial assumptions (under current market condition) underlying the valuation were as follows:

Investment Return	<u>%pa</u>
- Equities	7.70
- Bonds	4.80
- Property	5.70
- Cash	4.80
Pay Increases	4.40
Price inflation / pension increases	2.90

London Borough of Bexley

The London Borough of Bexley Pension Fund is a multi-employer defined benefit scheme.

The last formal valuation of the scheme was performed at 31 March 2004 by a professionally qualified actuary using the "Projected Unit Method". The valuation revealed a service deficit of £60.3 million, giving a funding level of 83% (compared to 104% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005. The deficit at the beginning of the year was valued at £2,087,000 and the deficit at the end of the year valued at £1,545,000.

The financial assumptions (under current market condition) underlying the valuation were as follows:

Investment return	<u>%pa</u>
- Equities	7.50
- Government Bonds	4.70
- Other Bonds	5.40
- Property/Other	6.50
Pay Increases	4.65
Price inflation / pension increases	2.90

London Borough of Greenwich

The London Borough of Greenwich Pension Fund is a multi-employer defined benefit statutory scheme.

The last formal valuation of the Scheme was performed at 31 March 2004 by a professionally qualified actuary. The valuation revealed a service deficit of £109.6 million, giving a funding level of 82% (compared to 102% as at 31 March 2001).

The actuarial valuation of KCHT's share in the scheme was carried out as at 31 March 2005 using the "Projected Unit Method". The deficit at the beginning of the year was valued at £507,000 and the deficit at the end of the year valued at £498,000.

The financial assumptions (under current market condition) underlying the valuation were as follows:

Investment return	<u>%pa</u>
- Equities	7.50
- Gilts	4.50
- Other Bonds	5.30
- Property	7.00
- Cash	4.30
Pay Increases	4.70
Price inflation / pension increases	2.90

Kent Community Housing Trust
A Company Limited by Guarantee:
Company Registration No. 2565021 (England)
A Registered Charity Registration No. 1002727



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