



**ANNUAL REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2006**



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Kent Community Housing Trust

Report of the Board of Trustees for the Year Ending 31 March 2006

The Board presents the report and financial statements of KCHT for the year ended 31 March 2006. The statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The report and statements also comply with the Companies Act 1985 as KCHT is a company limited by guarantee. KCHT has no share capital and is a registered charity. The guarantee of each member is limited to £1. The governing document is the Memorandum and Articles of Association of the company, which were revised in June 2002, and members of the Board of Trustees are the non-executive Directors of the company.

The objects for which the Company is established are the relief of persons permanently or temporarily resident or for the time being resident in England who are of necessitous circumstances, or suffer or are recovering or convalescing from some physical or mental illness or disability, or are elderly people, or are younger people, adolescents or children.

Structure, Governance and Management

The Memorandum and Articles of Association provide for a minimum of 6 and a maximum of 18 Trustees. Appointment is by election at the Annual General Meeting, which takes place in October each year, and postal ballots are conducted where necessary. Each year one third of the Trustees are subject to retirement by rotation. 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 5 occasions
- Care Management Committee which met on 5 occasions
- Moving Forward Management Committee which met on 4 occasions
- Board of Directors of KCHT Futures Limited which met on 3 occasions

It is through the Board of Trustees and these Committees that the activities of Kent Community Housing Trust are controlled. Each Committee has its own Terms of Reference and their reports are a standing agenda item for the full Board meetings.

On appointment each Trustee is given a Trustee Handbook which contains information such as Standing Orders, a number of principal policies and procedures and Charity Commission Guidance. New Trustees meet with the Chairman and Chief Executive and are invited to tours of our offices and activity bases. According to their skills and interests, they take responsibility for at least one activity area by appointment to one of the committees and, where appropriate, becoming a Special Interest Trustee. Training needs are assessed and met.

Day to day responsibility for the management of the organisation's business is delegated to the Chief Executive who is the principal adviser to the Board of Trustees, reporting to them on performance against the Strategic and Operational plans approved by the Board.

Risk Assessment

During 2002 the Board of Trustees made an assessment of the major risks to which KCHT 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 KCHT 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, KCHT 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 hold the Investors in People accreditation, a Staff Council is in place and a Human Resources Department has now been established for two years. 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 include KCHT's written Health and Safety policy and its ISO 9001 accredited 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 and management integrate into their regular meetings.

Management and Staffing

The Senior Management Team consists of: -

- The Chief Executive, David Howells, who has strategic responsibility for planning and developing KCHT's services and strategies
- The Director of Finance & Resources and Company Secretary, Debbie Pert, who is responsible for Financial Accounting, Planning and Control, as well as Human Resources and Information and Communication Technology
- The Director of Property & Development, Tracey Jones, who is responsible for the maintenance of KCHT's portfolio of properties and the development programme which aims to ensure that all KCHT's facilities comply with the necessary regulations and meet the aspirations of our clients now and in the future
- The Director of Services, Mark Lloyd, who is responsible for the delivery and future development of KCHT's services

Each member of the Senior Management Team is responsible for ensuring that they employ staff with the necessary skills and qualifications to carry out the required roles within the organisation and uphold the aims and values of KCHT.

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 KCHT 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 KCHT's assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal Activities

The principal activities carried out in the furtherance of KCHT's objects are detailed below: -

KCHT Care Division

Care Homes

We care for more than 1,000 older people in our 21 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. Year to date occupancies for the year ended 31 March 2006 were 97% in the London care homes and 94% in Kent.

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 2005/06 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. February 2006 saw the completion of the first phase of the programme to refurbish and extend Russell House. Meyer House residents were transferred to the newly extended home, which has been renamed Parkview, with a minimum of disruption. Good progress has been made during the year with the building of a new Care Home in Sidcup for 120 residents which is due to be completed in August 2006 and which has been named Northbourne Court in honour of our chairman, Lady Northbourne. Discussions with Local Authority commissioners continue in order 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.

KCHT 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, providing 123,000 hours of care in the year to 31 March 2006. Following a re-tender of the service provision, KCHT remains a preferred supplier of such services with Kent County Council.

Our New Outlooks service in Kent provided almost 13,000 hours of community support to a small number of adults with learning difficulties, who have established and are maintaining their own homes.

KCHT Moving Forward Division

Moving Forward

Our service for vulnerable young people supported more than 1000 young people in difficulties during 2005/2006. 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 in Folkestone was formally opened. This is a joint project in partnership with Kent County Council. Route 25 is a resource centre for young people where they can access services such as training, counselling, addiction services, etc. As well as managing the centre, KCHT provides an outreach Moving Forward service.

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

- Connexions
- SRB Funding
- Learning and Skills Council

The Moving Forward service for young people over the age of 18 came to an end on 31st March 2006 due to termination of the funding from Supporting People. The two First Base' training programmes in Medway and in Gravesend which provided training in Life Skills, Citizenship, Cultural Awareness and Development of English Language Skills (continued under Moving Forward following the transfer to KCC of the Finding Your Feet Service) came to an end in December 2005 due to a lack of referrals to the programme.

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 Children's 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, Breakthrough worked with more than 800 families.

During the year the Six Bells Centre in Margate was formally opened. This is a family centre and is a joint project with Kent County Council and Sure Start. KCHT secured funding from the Big Lottery Fund and the Rank Foundation as well as Kent County Council to provide a Breakthrough service from the Centre.

Housing Management

Following the transfer of Finding Your Feet to KCC in April 2005, KCHT continued to provide a housing service for approximately 170 young people, managed by the Property & Development Division. During the year, KCC decided to put this service out to tender and KCHT made the decision not to retender for the service due to the difficult nature of the service and the financial risks involved. The service ended on 31st March 2006 with the majority of properties transferring to agreements with KCC.

KCHT Futures

KCHT has a subsidiary training company, KCHT Futures Limited, which is a company limited by guarantee. KCHT Futures provides training in the form of short courses on subjects such as health and safety, moving and handling, etc both to KCHT and to external customers. KCHT Futures is also an NVQ Assessment Centre accredited by both City and Guilds and Edexcel. NVQ assessment is provided to KCHT candidates and candidates from other organisations. KCHT Futures also manages the Action For Attainment Plus project on behalf of the Learning and Skills Council and the Medway College for Social Care, a virtual college managed on behalf of Medway Council.

Achievements and Performance

A review of the 2005/06 Annual Plan confirmed positive progress in a number of areas in meeting planned targets. This included:

- Budget charges have been agreed for all services with just a few out of borough cases remaining for resolution.
- Website development and telecommunications developments are in progress.
- Service Forums were completed for all services with feedback included in our annual plan where appropriate.
- Improved budget forecasting and the development of performance tables and improved performance management information have been achieved.
- New IT systems were commissioned to improve the business efficiencies of the corporate and operational delivery.
- New Quality Manuals including a Corporate Manual were introduced and re-accreditation as an ISO 9001 standard provider was achieved.
- A new comprehensive training strategy has been developed for 2006/07.
- The Care Homes development programme at York Avenue and Russell House is on target.
- Re-provision solutions for other homes will continue to be developed into 2006/07.
- The management and customer relations of the Moving Forward and Breakthrough services were improved during the year.
- Accreditation as a Supporting People provider with Kent and Medway was achieved.
- Route 25, a new service for younger people in Folkestone, was successfully opened.

Impact Report - Making a Difference

KCHT has always been mindful of the impact our services have on our beneficiaries. Each year service forums are held in each location attended by a Trustee, a member of the Management Team and a Business Team member as well as local managers and workers. Service users, relatives and commissioners as well as partner agencies are all invited to attend. The aim of the forums is to allow Management to receive feedback from our stakeholders and for those attending to hear more about KCHT's work and plans for the future. All meetings are recorded and issues and comments are fed back to the Board of Trustees.

KCHT Care Homes also carry out an annual customer satisfaction survey. A comparison of responses from the 2005 and 2006 surveys has indicated that some of the improvements that were sought following the 2005 survey have been actioned including changes to food provision and care plans. Other areas require further work including the range of activities and social time created.

This year, for the first time, an impact survey was conducted which invited anyone who used our services to express their views on KCHT and the services we provide through filling out a confidential freepost card asking five questions with the opportunity to assess the difference we make in their lives.

The assessment of people who use our services regarding the standard of delivery is extremely encouraging with 85% of the 276 responses recording services received as either excellent or good. 91% of responses confirmed they were either totally or almost satisfied with the services they received. Perhaps the most important category, enhancing the quality of life for people who use our services, saw 79% of responses confirming they were totally or almost satisfied in the difference KCHT made to their lives.

In conclusion, the impact survey has provided a snapshot of service delivery with some very encouraging outcomes, highlighting that KCHT has a very positive impact on the people that we deal with and their daily life. The survey has also identified some areas of our service that need improvement including a handful of comments relating to greater activities within our care homes and quicker response from Care at Home to providing cover. Such individual helpful comments have already been fed into our annual planning to ensure that consistency and quality of service is achieved and maintained across KCHT.

KCHT have also introduced 'Tell us what you think' cards which are simple postage paid cards encouraging feedback and comments.

Financial Review

The financial statements show a surplus of £1.281 million (5% of turnover) which is a reduction of some £130,000 on the results of the previous year (5%). The reduction in surplus can be attributed to a corresponding reduction in turnover of £2 million relating mainly to the ending of the 'Finding Your Feet Service' on 18 April 2005.

Of the total resources expended, 76% of expenditure was on staff costs including training and recruitment. Management and administration costs were 6.6% 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 million was spent on finalising the development work to extend and refurbish Russell House and £4.9 million was spent on progressing the construction of the new 120 place care home in Sidcup. New loan funding of £4.5 million was drawn in the year to fund these developments and at the year end £1.4 was still available to draw down against this expenditure.

Under FRS17 there is now a requirement to recognise defined benefit pension scheme assets or liabilities in the balance sheet. KCHT has local government pension scheme liabilities of £4.2 million and these are now shown under long-term liabilities with a corresponding reduction in revenue reserves. Compared to the valuation for March 2005, there has been an improvement of £321,000 during the year.

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

As a charitable company KCHT does not distribute dividends.

Reserves Policy

The cash reserves policy was revised during 2002 and is reviewed each year, 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.

KCHT 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 2006/07 budget would be £2 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 charity holds cash reserves of £399,000 and therefore aims to build reserves to the level of £2 million over a number of years.

Plans for Future Periods

5 Year Business Plan

A 5-Year Business Plan has been prepared for 2005 – 2010 which identifies our core objectives for the 5 years to 31 March 2010 as a foundation for 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 to 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.

Annual Plan for the Year Ending 31 March 2007

Priorities for 2006/07

Asset Maintenance

Increased provisions have been made in the 2006/07 budget to maintain our registered care properties through major repairs and cyclical redecoration. This was linked to CSCI requirements arising on many of our buildings.

Development

The Director of Services will work with KCHT managers to ensure KCHT remains in tune to Government Policy (including the NHS White Paper – Prevention At Home) and latest thinking concerning innovative models of care and support.

Our development programmes for the Bexley, Greenwich, Kent and Medway care homes continue to evolve and the management team will work in partnership with each authority in order to achieve the best possible solutions for the future.

Public Relations

A complete calendar of events for 2006 is in place including the Great Summer Getaway, Annual Review, Christmas with KCHT, Celebrating Achievements as well as an official opening for Northbourne Court.

Website design and implementation coupled with updated publications will continue in 2006 to ensure they remain relevant and responsive in promoting the work of KCHT.

Corporate Management and Administration

A review will be carried out to ensure that all corporate finance and administration systems are as effective and efficient as possible.

Staff terms and conditions of employment will be reviewed, taking into account the suggestions from the October 2005 Staff Conference.

Registered Care

Residents' care plans and the risk assessment framework will be reviewed and 2006 will see the introduction of a new comprehensive training strategy including the development of specialist dementia training to compliment the qualification base of the workforce.

The programme of community activities will be enhanced with the purchase of a fully staffed specialist minicoach which will enable more residents to get out and about more regularly.

There will be a review of the purchase and preparation of food within the care homes to ensure nutritional value, healthy cooking and consistency in cost and quality.

Care at Home

In 2006/07, KCHT will actively bid for tender opportunities to increase the service base to improve the performance of this part of the organisation.

Care at Home will participate in the comprehensive training strategy mentioned above with particular reference to Vulnerable Adult training.

The introduction of new IT software will assist with the planning of visits and enable the service to more easily match carer skills with service user requirements.

Care at Home will develop links with the KCHT Volunteer service to establish whether or not volunteers can be used to support service delivery and provide 'added value'.

Moving Forward

The awareness of changing funding streams and opportunities such as Supporting People grants and the advent of Children Trusts will be important to the future of the service.

KCHT will explore possibilities to provide specialist housing for young people.

The new training strategy will provide a co-ordinated framework for service delivery.

Breakthrough

The service will actively seek to develop links with local schools and the new Children's Trust and will continue to utilise and expand the volunteer service and seek innovative ways to use volunteers in support of operational services.

A new specialist training programme including Mediation training will be introduced as part of the overall training strategy.

Appointment of Auditors

A resolution will be proposed at the Annual General Meeting on 30 October 2006 that Appleby and Wood be re-appointed Auditors of KCHT for the year ending March 2007.

Trustees, Officers and Advisors

Board of Trustees - Trustees 2006¹

The Lady Northbourne (1990)	Chairman
Sir David Berriman CIMgt (1990)	Deputy Chairman
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 R Tapp MA DL (1999)	
Mrs J Loudon (2001)	
Mr J Russell MSc, MRAeS, Ceng (2000)	
Cllr Ann Lucas (2005)	
The Very Reverend John Richardson BA MinstD (2005)	
Mr B Munday (2006)	

Honorary President

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

Non-Executive Directors of KCHT Futures Limited 2006

Mr H J Bragg MRPharmS	Chairman
The Lady Northbourne	
Mr R J Bushell	
Mr R D Howells FCIH	Chief Executive of KCHT
Mrs D J Pert MCMi FCCA	Company Secretary
Mr M V Lloyd MA CQSW	Director of Services of KCHT

¹ Date of Appointment is shown in brackets

KCHT Management Team 2006¹

Mr R D Howells FCIH (1990)
Mrs D J Pert MCMI FCCA (2000)
Ms T S Jones MCIH (1995)
Mr M V Lloyd MA CQSW (2005)

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

KCHT Futures Ltd Management 2006

Mr D Lindars Executive Director

The Trustees of Kent Community Housing Trust and the Non-Executive Directors of KCHT Futures 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.

Auditors

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

Bankers

Barclays Bank Plc
1 Churchill Place
London E14 5HP

Solicitors

Brachers
Sommerfield House
59 London Road
Maidstone
Kent ME16 8JH

Lester Aldridge
Russell House
Oxford Road
Bournemouth
BH8 8EX

ON BEHALF OF THE BOARD OF TRUSTEES



**Debbie Pert MCMI FCCA
Company Secretary**

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 2006 which are set out on pages 1 to 11. 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 KCHT's members, as a body, in accordance with current legislation. Our audit work has been undertaken so that we might state to KCHT'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 KCHT and KCHT'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 responsible 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 International Standards on Auditing.

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 report to you, if in our opinion the information given in the Trustees report is consistent with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing 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, in accordance with the United Kingdom Generally Accepted Accounting Practice of the state of the Charity and Group affairs as at 31st March 2006 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.

In our opinion the information given in the Trustees report is consistent with the financial statements.

3 The Office Village
4 Romford Road
London E15 4EA



Appleby & Wood
Registered Auditors

Date: 30. 10. 06

KENT COMMUNITY HOUSING TRUST
 CONSOLIDATED AND CHARITY BALANCE SHEETS
 AS AT 31ST MARCH 2006

	Note	GROUP		CHARITY	
		2006 £	2005 £	2006 £	2005 £
Tangible Fixed Assets	4	36,850,245	31,987,320	36,844,533	31,981,428
Current Assets					
Debtors & Prepayments	5	1,373,536	1,445,943	1,345,899	1,360,743
Short Term Deposits		2,847,027	2,937,259	2,375,164	2,533,600
Cash at Bank and In Hand		79,227	16,741	78,383	16,510
		<u>4,299,790</u>	<u>4,399,943</u>	<u>3,799,446</u>	<u>3,910,853</u>
Current Liabilities					
Current Liabilities	6	(3,862,399)	(3,931,220)	(3,400,091)	(3,509,709)
Bank Overdraft		0	(305,119)	0	(297,850)
		<u>(3,862,399)</u>	<u>(4,236,339)</u>	<u>(3,400,091)</u>	<u>(3,807,559)</u>
Net Current Assets/(Liabilities)		437,391	163,604	399,355	103,294
Total Assets less Current Liabilities		<u>37,287,636</u>	<u>32,150,924</u>	<u>37,243,888</u>	<u>32,084,722</u>
Long Term Liabilities					
Bank Loan Account		(10,591,617)	(6,662,518)	(10,591,617)	(6,662,518)
Hire Purchase Account		(46,942)	(98,412)	(46,942)	(98,412)
		<u>(10,638,559)</u>	<u>(6,760,930)</u>	<u>(10,638,559)</u>	<u>(6,760,930)</u>
Net Assets excluding Pension Liability		<u>26,649,077</u>	<u>25,389,994</u>	<u>26,605,329</u>	<u>25,323,792</u>
Pension Liability	14	(4,209,000)	0	(4,209,000)	0
		<u>22,440,077</u>	<u>25,389,994</u>	<u>22,396,329</u>	<u>25,323,792</u>
Represented by:					
Reserves					
Revenue Unrestricted excluding Pension Liability		7,872,380	6,081,732	7,725,586	5,906,791
Pension Liability		(4,209,000)	0	(4,209,000)	0
		<u>3,663,380</u>	<u>6,081,732</u>	<u>3,516,586</u>	<u>5,906,791</u>
Revenue Restricted		0	-	103,046	108,739
Total Revenue Reserves		<u>3,663,380</u>	<u>6,081,732</u>	<u>3,619,632</u>	<u>6,015,530</u>
Capital		18,776,697	19,308,262	18,776,697	19,308,262
		<u>22,440,077</u>	<u>25,389,994</u>	<u>22,396,329</u>	<u>25,323,792</u>

Signed by:

The Lady Northbourne, Chairman

John Bragg, Chairman Finance and Resources Committee

R D Howells FCIH, Chief Executive

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

The image shows four handwritten signatures in black ink, each written over a horizontal dotted line. The signatures are: 1. The Lady Northbourne, 2. John Bragg, 3. R D Howells, and 4. D J Pert.

KENT COMMUNITY HOUSING TRUST
CONSOLIDATED AND CHARITY STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2006

Incoming Resources	Notes	Capital Reserve £	Unrestricted Funds £	Restricted Funds £	2006 Total Funds £	2005 Total Funds £
<i>Incoming Resources from Charitable Activities</i>			25,562,666	-	25,562,666	27,605,756
<i>Incoming Resources from Generated Funds</i>						-
Bank Interest			84,168	-	84,168	80,682
Trading Income			834,461	-	834,461	759,387
<i>Other Incoming Resources</i>						
Voluntary Income & Grants			-	147,557	147,557	217,983
Big Lottery Funding	2		-	44,365	44,365	-
Other Income			26,597	-	26,597	32,833
Total Incoming Resources			<u>26,507,892</u>	<u>191,922</u>	<u>26,699,814</u>	<u>28,696,641</u>
Resources expended						
<i>Cost of Generating Funds</i>						
Advertising & Publicity			59,565	-	59,565	80,139
Trading Expenditure			956,915	-	956,915	740,556
			<u>1,016,480</u>	<u>-</u>	<u>1,016,480</u>	<u>820,695</u>
<i>Charitable Activities</i>						
Residential Home Services			20,208,683	12,891	20,221,574	19,702,477
Care at Home Services			1,736,582	2,370	1,738,952	1,599,467
Moving Forward			1,160,954	182,354	1,343,308	1,217,624
Housing Management			790,692	-	790,692	3,574,586
			<u>23,896,911</u>	<u>197,615</u>	<u>24,094,526</u>	<u>26,094,154</u>
<i>Governance</i>			335,255	-	335,255	296,162
			<u>335,255</u>	<u>-</u>	<u>335,255</u>	<u>296,162</u>
Total Resources Expended	3		<u>25,248,646</u>	<u>197,615</u>	<u>25,446,261</u>	<u>27,211,011</u>
Net Incoming resources for the year		-	1,259,246	(5,693)	1,253,553	1,485,630
Taxation Refundable	1e	-	5,530	-	5,530	(14,410)
Net Incoming resources for the year after Taxation		-	<u>1,264,776</u>	<u>(5,693)</u>	<u>1,259,083</u>	<u>1,471,220</u>
Realised Surplus on Assets for Charity use		(531,565)	531,565	-	-	11,819,989
Transfer of Reserves		-	(5,693)	5,693	-	-
Unrealised Gain on Pension Liability		-	321,000	-	321,000	-
Prior year adjustment re: Pension Liability		-	(4,530,000)	-	(4,530,000)	-
Balance Brought Forward at 1 April 2005		19,308,262	6,081,732	0	25,389,994	12,098,785
Balance Carried Forward at 31 March 2006		<u>18,776,697</u>	<u>3,663,380</u>	<u>0</u>	<u>22,440,077</u>	<u>25,389,994</u>

The Housing Management and Finding Your Feet services were handed back to KCC on 31 March and 18 April respectively.
All other amounts relate to continuing activities.
All recognised and unrecognised gains and losses are included in the Statement of Financial Activities.

KENT COMMUNITY HOUSING TRUST
CONSOLIDATED AND CHARITY CASHFLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2006

Net Cash (Outflow)/Inflow from Operating Activities	31.3.2006	31.3.2005	
	£	£	
Surplus on ordinary activities	1,253,553	1,485,630	
Depreciation Charge	557,211	633,227	
(Increase)/Decrease in Debtors	77,937	570,854	
Increase/(Decrease) in Creditors	<u>(120,291)</u>	<u>(40,639)</u>	
	<u>1,768,410</u>	<u>2,649,072</u>	
 Financing			
Long Term Loan (Repaid)/Received (Net)	<u>3,929,099</u>	<u>896,090</u>	
	5,697,509	3,545,162	
 Investing Activities			
Payments to acquire Tangible Fixed Assets (Net)	(6,501,286)	(2,648,466)	
Sale of Tangible Fixed Assets	<u>1,081,150</u>	<u>12,160</u>	
	<u>277,373</u>	<u>908,856</u>	
 (Decrease)/Increase in Cash			
Reconciliation of Net Cash Flow to Movement in Net Debt			
Increase/(Decrease) in Cash	277,373	908,856	
Cash (Outflow)/Inflow from change in debt	<u>3,929,099</u>	<u>(981,419)</u>	
Increase/(Decrease) in Net Debt from Cash Flows	4,206,472	(72,563)	
Net Debt at 1.4.2005	<u>(4,802,912)</u>	<u>(4,730,349)</u>	
Net Debt at 31.3.2006	<u>(596,440)</u>	<u>(4,802,912)</u>	
 Analysis of Net Debt	At 1.4.05	Cashflow	At 31.3.06
Changes in Cash	2,648,881	277,373	2,926,254
Changes in Debt: Bank Loan	<u>(7,451,793)</u>	<u>3,929,099</u>	<u>(3,522,694)</u>
Changes in Net Debt	<u>(4,802,912)</u>	<u>4,206,472</u>	<u>(596,440)</u>

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

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", published in March 2005.

The Consolidated Financial Statements incorporate the Financial Statements of the Company and its Subsidiaries for the 52 weeks ended 31st March 2006

b) **Incoming Resources**

Incoming Resources represents income from residential and community care. In the case of the trading subsidiary, income 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 the refund of Corporation Tax of £5,530 has been made in respect of assessable losses for the year ended 31 March 2006.

f) **Comparative Figures**

Comparative figures are for the year to 31 March 2005

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.

2 **Big Lottery Funding**

During the year, Big Lottery funding of £44,365 was received from the Community Fund towards the development of a new Family Support Centre in Thanet.

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Note				2006 £	2005 £
3	Resources Expended				
a)	Analysis of Total Resources Expended	Staff Costs	Support Costs	Other Direct Costs	Total
		£	£	£	£
	Unrestricted Funds				
	Cost of Generating Funds	305,938	36,248	674,294	1,016,480
	Charitable Activities				
	Care Homes	14,920,463	1,158,338	4,129,882	20,208,683
	Care at Home	1,494,035	116,780	125,767	1,736,582
	Moving Forward	738,751	65,471	356,732	1,160,954
	Housing Management	143,058	11,110	636,524	790,692
	Governance	10,322	323,849	1,084	335,255
	Total Unrestricted Resources Expended	17,612,567	1,711,796	5,924,283	25,248,646
	Restricted Funds				
	Charitable Activities				
	Care Homes	0	7,260	5,631**	12,891
	Care at Home	0	0	2,370	2,370
	Moving Forward	103,458	0	78,896	182,354
	Housing Management	0	0	0	0
	Total Restricted Resources Expended	103,458	7,260	86,897	197,615
	Total Resources Expended	17,716,025	1,719,056	6,011,180	25,446,261
	<i>Total Resources Expended 2005</i>	<i>18,153,623</i>	<i>1,542,504</i>	<i>7,514,884</i>	<i>27,211,011</i>

b) Analysis of Support Costs

	Gene- rating Funds £	Care Homes £	Care at Home £	Moving Forward £	Housing Manage- ment £	Govern- ance £	Total 2006 £	Total 2005 £
Unrestricted Funds								
Staff Costs	0	738,680	74,007	41,491	7,041	246,071	1,107,290	993,231
Premises	0	59,005	5,912	3,314	562	41	68,834	65,782
Operating Costs	36,248	302,775	30,335	17,007	2,886	77,692	466,943	424,472
Depreciation	0	57,878	6,526	3,659	621	45	68,729	50,024
Expended	36,248	1,158,338	116,780	65,471	11,110	323,849	1,711,796	1,533,509
Restricted Funds								
Depreciation	0	7,260	0	0	0	0	7,260	8,995
Expended	0	7,260	0	0	0	0	7,260	8,995
Total Support Costs	36,248	1,165,598	116,780	65,471	11,110	323,849	1,719,056	1,542,504

All support costs are allocated on the basis of Staff cost charged directly to activities, with the exception of Staff and Support costs allocated to Governance. These have been estimated on the basis of preparation for and attendance at committee and board meetings, and as appropriate to job role.

c) Analysis of Governance Costs

	2006 £	2005 £
Audit Fees	12,101	8,000
Valuation Fees	8,346	25,491
Trustees Expenses	1,500	1,158
Apportionment of Staff and Support Costs	313,308	261,513
Total Governance Costs	335,255	296,162

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Note		Freehold Property £	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Motor Vehicles £	TOTAL £
4	Tangible Fixed Assets						
	Cost/Valuation						
	At 1.4.05	31,943,105	957,599	709,340	1,695,269	192,416	35,497,729
	Additions	6,054,343	9,338	157,357	280,248	0	6,501,286
	Disposals	(1,124,241)	-	-	-	(13,076)	(1,137,317)
	Revaluation	-	-	-	-	-	0
	At 31.3.06	<u>36,873,207</u>	<u>966,937</u>	<u>866,697</u>	<u>1,975,517</u>	<u>179,340</u>	<u>40,861,698</u>
	Depreciation						
	At 1.4.05	1,374,930	336,514	518,825	1,133,134	147,006	3,510,409
	Charge for Year	239,036	27,809	79,183	202,716	8,467	557,211
	Disposals	(50,592)	-	-	-	(5,575)	(56,167)
	At 31.3.06	<u>1,563,374</u>	<u>364,323</u>	<u>598,008</u>	<u>1,335,850</u>	<u>149,898</u>	<u>4,011,453</u>
	Net Book Value						
	At 31.3.06	35,309,833	602,614	268,689	639,667	29,442	36,850,245
	At 31.3.05	30,568,175	621,085	190,515	562,135	45,410	31,987,320

5	Debtors	GROUP		CHARITY	
		2006 £	2005 £	2006 £	2005 £
	Trade Debtors	855,721	983,050	822,715	917,200
	Amounts due from Subsidiary Comj	0	-	49,922	57,172
	Other Debtors	3,215	7,504	3,111	7,400
	Prepayments	141,597	192,815	140,636	192,815
	Corporation Tax refund due	5,530	-	-	-
	Accrued Income	367,473	262,574	329,515	186,156
		<u>1,373,536</u>	<u>1,445,943</u>	<u>1,345,899</u>	<u>1,360,743</u>

6	Creditors and Accruals				
	Trade Creditors	552,304	365,217	522,964	351,147
	Amounts due to Subsidiary Compar	0	-	-	-
	Other Creditors	96,403	109,890	92,947	107,836
	Accruals	1,204,614	1,283,873	884,339	1,057,843
	Corporation Tax payable	0	14,410	-	-
	Other Taxes and Social Security	283,968	357,130	274,215	350,857
	Deferred Income	938,160	942,608	838,676	783,934
	Capital repayments due within one year on long-term loans and leasing	786,950	858,092	786,950	858,092
		<u>3,862,399</u>	<u>3,931,220</u>	<u>3,400,091</u>	<u>3,509,709</u>

7 **Capital Commitments**
Capital expenditure contracted for, unpaid for at the year end and not provided for in the financial statements - £1,164,951 (2005 £6,908,780)
Capital expenditure authorised by the Trustees but not yet contracted for - £nil (2005 £nil)

8 **Contingent Liabilities**
There is a contingent liability arising from the Social Housing Pension Scheme which is detailed under Note 14. This is an estimated figure based on the position of the scheme as at 30 september 2005. There are no known contingent liabilities arising from contracted disputes (2005 £nil).

9 **Residents' Bank Accounts**
The Trust administers bank accounts for which it has power of attorney on behalf of residents who 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:	2006	2005
	Current obligations	51,044	68,817
	Obligations due between one and five years	46,942	98,412
		<u>97,986</u>	<u>167,229</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 £11,327,523 (2005: £7,451,793) and the value of the properties charged is £27,465,000 (2005: £27,465,000).

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Note

12 Trustee and Employee Information

a) Trustee Information

No remuneration was paid to the Trustees during the year (2005: £nil). Expenses of £1,500 for travel was paid to four trustees during the year (2005: £1,158, five trustees).

b) Employee Information

	2006	2005
	£	£
<u>Employee costs during the year were:</u>		
Salaries and Wages	17,154,495	17,495,847
Staff Recruitment and Training	77,147	97,912
Employer's Social Security Costs	983,067	997,979
Employer's Pension Costs	608,606	555,116
	<u>18,823,315</u>	<u>19,146,854</u>
<u>Analysed as:</u>		
Cost of Generating Funds	305,938	298,075
Charitable Activities	17,399,765	17,904,135
Support Costs	861,219	733,850
Governance Costs	256,393	210,794
	<u>18,823,315</u>	<u>19,146,854</u>

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:-

Emoluments:	<u>No. of Employees</u>
£40,000 to £50,000	2
£50,000 to £60,000	2
£70,000 to £80,000	2
£80,000 to £90,000	1
£110,000 to £120,000	1

Number of Employees

	2006	2005
The average monthly number of persons employed during the year was:	<u>1,496</u>	<u>1,562</u>

13 Subsidiary Undertakings

KCHT Futures Limited, previously known as Kent Community Services Limited, is incorporated in the United Kingdom. This subsidiary undertaking is wholly owned and the results have been consolidated in the group accounts.

Summarised Balance Sheet and Profit & Loss account as at 31st March 2006 :

	£
<u>Fixed Assets</u>	<u>5,712</u>
Current Assets	550,266
Current Liabilities	<u>(512,230)</u>
<u>Net Current Assets</u>	<u>38,036</u>
<u>Total Net Assets</u>	<u>43,748</u>
<u>Reserves</u>	<u>43,748</u>
Turnover	<u>952,036</u>
Expenditure:	
Staff Costs & Training Providers	323,338
Other Direct Costs	623,737
Audit fees	1,257
Bad Debts	28,902
Depreciation	2,786
	<u>980,020</u>
Trading Loss for the year	<u>(27,984)</u>
Taxation Refundable	5,530
Profit for year after Taxation	<u>(22,454)</u>
Covenanted to Kent Community Housing Trust	0
	<u>(22,454)</u>
Reserves brought forward at 1 April 2005	66,202
Reserves carried forward at 31 March 2006	<u>43,748</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note FOR THE YEAR ENDED 31 MARCH 2006

14 Pension Commitments and FRS 17 Disclosures

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 12 of the financial statements.

Pension Scheme

The liabilities of the three Local Government Pension Schemes are shown on the balance sheet under long-term liabilities. The breakdown of the deficits is as follows:-

	£
Kent County Council	2,440,000
London Borough of Bexley	1,281,000
London Borough of Greenwich	488,000
	<u>4,209,000</u>

<u>Pension Scheme</u>	<u>Rate of Contribution</u>		<u>2006 Cost</u>	<u>£'ees in scheme</u>
	<u>Employer's</u>	<u>Employee's</u>	<u>£</u>	<u>at 31.3.06</u>
Social Housing Pension Scheme (SHPS)	11.7%	4.1 to 6.1 %	73,929	15
KCC Pensions (LGPS)	27.90%	5.0 & 6.0 %	228,553	54
LBG Pensions (LGPS)	14.0%	5.0 & 6.0 %	12,362	6
LBB Pensions (LGPS)	19.9%	5.0 & 6.0 %	237,090	90
Friends Provident (previously Sun Life)	Up to 5.0%	Variable	51,609	128

a) Defined Contribution Schemes

During 2005/06, the Sun Life scheme, which is a defined contribution scheme, was transferred to Friends Provident.

b) Defined Benefit Schemes

KCHT participates in four defined benefit pension schemes all of which are detailed below:-

Social Housing Pension Scheme (SHPS)

The Social Housing Pensions Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. KCHT continues to offer membership of the Scheme to its employees.

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 so that the Scheme can meet its pension obligations as they fall due.

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.

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

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 assets compared to liabilities of £117 million (equivalent to a past service funding level of 85%).

KCHT has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2005. This indicates an increase in the assets of the Scheme to £7 million and an increase in the shortfall of assets compared with liabilities to £2 million. This valuation, and any consequent alteration to future contribution rates, is currently the subject of consultation with participating employers and members. The outcome of this consultation will be made known in September 2006, and any consequent changes to contribution rates applied from 1 April 2007. The following notes therefore relate to the formal valuation of September 2002.

The financial assumptions underlying the valuation as at 30 September 2002 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 long-term joint contribution rate required from employees and members to meet the cost of future benefit accrual was assessed at 15% of pensionable salaries.

Following consideration of the results of the actuarial 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 in practice this pattern of contributions should be sufficient to eliminate the past deficit by 31 March 2017.

Following a change in legislation in September 2005, 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 the 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.

KCHT has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt for KCHT was £1.616 million.

Note 14 b) Pension Commitments and FRS 17 Disclosures (continued)

Local Government Pension Schemes

The following Defined Benefit Schemes are Local Government Pension Schemes which are multi-employer schemes. The schemes are closed to new entrants which means that under the projected unit method, the current service cost will increase as the members of the schemes approach retirement.

Kent County Council

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).

An actuarial valuation of KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit credit" method. The major assumptions used by the actuary were:

Assumptions as at	31 March 2006		31 March 2005		31 March 2004	
	% pa		% pa		% pa	
Price Increases	3.1		2.9		2.9	
Salary Increases	4.6		4.4		4.4	
Pension Increases	3.1		2.9		2.9	
Discount Rate	4.9		5.4		5.5	
Assets (Employer)	Long Term Return % pa	Assets £'000s	Long Term Return % pa	Assets £'000s	Long Term Return % pa	Assets £'000s
Equities	7.4	4,440	7.7	3,369	7.7	3,499
Bonds	4.6	790	4.8	641	5.1	586
Property	5.5	570	5.7	496	6.5	355
Cash	4.6	480	4.8	372	4.0	112
Total	6.6	6,280	6.9	4,878	7.2	4,552
Net Pension Asset	£'000s		£'000s		£'000s	
Estimated Employer Assets (A)	6,280		4,879		4,552	
Present Value of Scheme Liabilities (B)	8,720		7,366		7,163	
Net Pension Asset (A-B)	-2,440		-2,487		-2,611	

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Service Cost	172	20.3	169	19.4
Past Service Cost	-	-	-	-
Curtailement and Settlements	-	-	-	-
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	172	20.3	169	19.4
Amount credited to Other Finance Income	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Expected Return on Employer Assets	339	40.0	327	37.3
Interest on Pension Scheme Liabilities	-398	-47.0	-395	-45.0
Net Return (B)	-59	-7.0	-68	-7.7
Estimated Net Revenue Account Cost (A - B)	231	27.2	237	27.1

Analysis of amount recognised in the Statement of Financial Activities	Year to 31 March 2006	Year to 31 March 2005
	£'000s	£'000s
Actual Return less Expected Return on Pension Scheme Assets	980.00	192
Experience Gains and Losses arising on the Scheme Liabilities	0	139
Changes in Financial Assumptions underlying the Present Value of the Scheme Liabilities	-928	-116
Actuarial Gain/(Loss) in Pension Plan	52	215
Increase/(decrease) in irrecoverable Surplus from Membership Fall and other factors	-	-
Actuarial Gain/(Loss) Recognised in SOFA	52	215

Movement in Surplus/Deficit During the Year	Year to 31 March 2006	Year to 31 March 2005
	£'000s	£'000s
Surplus/(Deficit) at Beginning of the Year	-2,487	-2,611
Current Service Cost	-172	-169
Employer Contributions	227	145
Contributions in respect of Unfunded Benefits	-	-
Past Service Costs	-	-
Impact of Settlements and Curtailments	-	-
Net Return on Assets	-59	-68
Actuarial Gains/(Losses)	52	215
Surplus/(Deficit) at End of the Year	-2,439	-2,487

History of Experience Gains and Losses	Year to 31 March 2006	Year to 31 March 2005	Year to 31 March 2004	Year to 31 March 2003
	£'000s	£'000s	£'000s	£'000s
Difference between the Expected and Actual Return on Assets	980	192	624	-1,227
Value of Assets	6,277	4,879	4,552	3,548
Percentage of Assets	15.6%	3.9%	13.7%	-34.6%
Experience Gains/(Losses) on Liabilities	0	139	-3	-91
Total Present Value of Liabilities	8,716	7,366	7,163	6,274
Percentage of the total Present Value of Liabilities	0.0%	1.9%	0.0%	-1.5%
Actuarial Gains/Losses recognised in SOFA	52	215	239	-1,507
Total Present Value of Liabilities	8,716	7,366	7,163	6,274
Percentage of the total Present Value of Liabilities	0.6%	2.9%	3.3%	-24.0%

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Note
14 b) Pension Commitments and FRS 17 Disclosures (continued)

London Borough of Bexley

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 deficit of £60.3 million, giving a funding level of 83% (compared to 104% as at 31 March 2001).

An actuarial valuation of the KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit credit" method. The major assumptions used by the actuary were:

Assumptions as at	31 March 2006		31 March 2005	
	% pa		% pa	
Price Increases	2.9		2.9	
Salary Increases	4.65		4.65	
Pension Increases	2.9		2.9	
Discount Rate	4.9		5.4	
Assets (Employer)	Long Term	Assets	Long Term	Assets
	Return		Return	
	% pa	£'000s	% pa	£'000s
Equities	7.0	5,202	7.5	3,836
Government Bonds	4.3	1,015	4.7	1,168
Other Bonds	4.9	993	5.4	879
Property	6.0	0	6.5	30
Cash/Liquidity	4.5	147	4.75	108
Total		7,357		6,021
Net Pension Asset		£'000s		£'000s
Estimated Employer Assets (A)		7,357		6,021
Present Value of Scheme Liabilities (B)		8,638		7,566
Net Pension Asset (A-B)		-1,281		-1,545

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s		£'000s	
Current Service Cost	-235	20.6% payroll	-265	19.1% payroll
Past Service Gain (Cost)	153		-	
Curtailment Gain (Loss)	-		-	
Settlement Gain (Loss)	-		-	
Total Gain (Loss)	-82		-265	
Amount credited to Other Finance Income				
Expected Return on Employer Assets	377		353.0	
Interest on Pension Scheme Liabilities	-410		-411.0	
Net Gain/(Loss)	-33		-58.0	

Statement of Actuarial Gains and (Losses)	Year to 31 March 2006		Year to 31 March 2005	
	£'000s		£'000s	
Asset Gain/(Loss)	899.00	12.2% of Assets	218.00	3.6% of Assets
Liability Gain/(Loss)	-143	1.7% of Liabilities	819	10.8% of Liabilities
Changes in Assumptions	-603	7% of Liabilities	-421	5.6% of Liabilities
Net Gain/(Loss)	153	1.8% of Liabilities	616	8.1% of Liabilities

Movement in Surplus/Deficit During the Year	Year to	Year to
	31 March 2006	31 March 2005
	£'000s	£'000s
Surplus/(Deficit) at Beginning of the Year	-1,545	-2,087
Current Service Cost	-235	-265
Employer Contributions	226	249
Past Service/Curtailment/Settlement Gain (Loss)	153	0
Net Interest/Return on Assets	-33	-58
Actuarial Gains/(Losses)	153	616
Surplus/(Deficit) at End of the Year	-1,281	-1,545

Note

14 b) Pension Commitments and FRS 17 Disclosures (continued)

London Borough of Greenwich

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

An actuarial valuation of the KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit

Assumptions as at	31 March 2006		31 March 2005		31 March 2004	
	% pa		% pa		% pa	
Price Increases	3.0		2.9		2.9	
Salary Increases	4.8		4.7		4.9	
Pension Increases	3.0		2.9		2.9	
Discount Rate	4.9		5.4		5.5	
Assets (Employer)	Long Term	Assets	Long Term	Assets	Long Term	Assets
	% pa	£'000s	% pa	£'000s	% pa	£'000s
Equities	7.0	895	7.5	707	7.5	672
Gilts	4.2	87	4.5	57	4.5	48
Other Bonds	4.9	98	5.3	118	5.5	78
Property	6.5	130	7.0	107	7.0	97
Cash	4.0	27	4.3	25	4.0	21
Total	6.5	1,237	6.9	1,014	7.0	915
Net Pension Asset	£'000s		£'000s		£'000s	
Estimated Employer Assets (A)	1,237		1,014		915	
Present Value of Scheme Liabilities (B)	1,725		1,512		1,422	
Net Pension Asset (A-B)	-488		-498		-507	

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Service Cost	19	23.9	25	24.3
Past Service Cost	-	-	-	-
Curtailment and Settlements	-	-	-	-
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	19	23.9	25	24.3
Amount credited to Other Finance Income	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Expected Return on Employer Assets	69	86.6	64	63.0
Interest on Pension Scheme Liabilities	-81	-101.2	-78	-77.1
Net Return (B)	-12	-14.6	-14	-14.1
Estimated Net Revenue Account Cost (A - B)	31	38.5	39	38.4

Analysis of amount recognised in the Statement of Financial Activities	Year to	Year to
	31 March 2006	31 March 2005
	£'000s	£'000s
Actual Return less Expected Return on Pension Scheme Assets	187.00	58
Experience Gains and Losses arising on the Scheme Liabilities	-	-
Changes in Financial Assumptions underlying the Present Value of the Scheme Liabilities	-158	-24
Actuarial Gain/(Loss) in Pension Scheme	29	34
Increase/(decrease) in irrecoverable Surplus from Membership Fall and other factors	-	-
Actuarial Gain/(Loss) Recognised in SOFA	29	34

Movement in Surplus/Deficit During the Year	Year to	Year to
	31 March 2006	31 March 2005
	£'000s	£'000s
Surplus/(Deficit) at Beginning of the Year	-498	-507
Current Service Cost	-19	-25
Employer Contributions	11	15
Contributions in respect of Unfunded Benefits	-	-
Past Service Costs	-	-
Other Finance Income	-12	-14
Settlements and Curtailments	-	-
Actuarial Gains/(Losses)	29	33
Surplus/(Deficit) at End of the Year	-488	-498

History of Experience Gains and Losses	Year to	Year to
	31 March 2006	31 March 2005
	£'000s	£'000s
Difference between the Expected and Actual Return on Assets	187	58
Value of Assets	1,237	1,014
Percentage of Assets	15.1%	6.0%
Experience Gains/(Losses) on Liabilities	-	-
Total Present Value of Liabilities	1,725	1,512
Percentage of the total Present Value of Liabilities	-	-
Actuarial Gains/Losses recognised in SOFA	29	33
Total Present Value of Liabilities	1,725	1,512
Percentage of the total Present Value of Liabilities	1.7%	2.2%

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 2006 which are set out on pages 1 to 10. 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 KCHT's members, as a body, in accordance with current legislation. Our audit work has been undertaken so that we might state to KCHT'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 KCHT and KCHT'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 Trustees are responsible 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 International Standards on Auditing.

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 report to you, if in our opinion the information given in the Trustees report is consistent with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing 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.

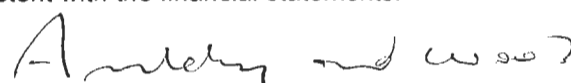
Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice of the state of the Charitable Company's affairs as at 31st March 2006 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.

In our opinion the information given in the Trustees report is consistent with the financial statements.

3 The Office Village
4 Romford Road
London E15 4EA



Appleby & Wood
Registered Auditors

Date: 30. 10. 06

KENT COMMUNITY HOUSING TRUST

BALANCE SHEET AS AT 31ST MARCH 2006

	Note	31.3.06		31.3.05	
		£	£	£	£
Tangible Fixed Assets	4		36,844,533		31,981,428
Current Assets					
Debtors & Prepayments	5	1,345,899		1,360,743	
Short Term Deposits		2,375,164		2,533,600	
Cash at Bank and In Hand		78,383		16,510	
		<u>3,799,446</u>		<u>3,910,853</u>	
Current Liabilities					
Creditors falling due within one year	6	2,613,141		2,651,617	
Capital Repayments due within one year on long-term loans & HP Accounts		786,950		858,092	
Bank Overdraft		0		297,850	
		<u>3,400,091</u>		<u>3,807,559</u>	
Net Current Assets/(Liabilities)			399,355		103,294
Total Assets less Current Liabilities			37,243,888		32,084,722
Long Term Liabilities					
Bank Loan Account	11	10,591,617		6,662,518	
Hire Purchase Account		46,942	(10,638,559)	98,412	(6,760,930)
				<u>26,605,329</u>	<u>25,323,792</u>
Net Assets excluding Pension Liability					
Pension Liability				<u>4,209,000</u>	
				<u>22,396,329</u>	
Represented by:					
Reserves					
Revenue Unrestricted excluding Pension Liability		7,725,586		5,906,791	
Pension Liability	13	(4,209,000)			
		3,516,586			
Revenue Restricted		103,046	3,619,632	108,739	6,015,530
Capital			18,776,697		19,308,262
			<u>22,396,329</u>		<u>25,323,792</u>

Signed The Lady Northbourne, Chairman

John Bragg, Chairman Finance and Resources Committee

R D Howells FCIH, Chief Executive

D J Pert MCMl FCCA,

Director, Finance & Resources and Company Secretary

KENT COMMUNITY HOUSING TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2006

Incoming Resources	Notes	Capital Reserve	Unrestricted Funds	Restricted Funds	2006 Total Funds	2005 Total Funds
		£	£	£	£	
<i>Incoming Resources from Charitable Activities</i>			25,566,866	–	25,566,866	27,609,956
<i>Incoming Resources from Generated Funds</i>			71,028	–	71,028	72,373
<i>Other Incoming Resources</i>						
Voluntary Income & Grants			–	147,557	147,557	274,483
Big Lottery Funding	2		–	44,365	44,365	–
Other Income			43,997	–	43,997	39,026
Total Incoming Resources			<u>25,681,891</u>	<u>191,922</u>	<u>25,873,813</u>	<u>27,995,838</u>
Resources expended						
<i>Cost of Generating Funds</i>			59,565	0	59,565	80,139
<i>Charitable Activities</i>						
Residential Home Services			20,300,525	12,891	20,313,416	19,787,212
Care at Home Services			1,746,605	2,370	1,748,975	1,625,997
Moving Forward			1,161,974	182,354	1,344,328	1,217,724
Housing Management			790,737	0	790,737	3,577,097
			<u>23,999,841</u>	<u>197,615</u>	<u>24,197,456</u>	<u>26,208,030</u>
<i>Governance</i>			335,255	0	335,255	296,162
Total Resources Expended	3		<u>24,394,661</u>	<u>197,615</u>	<u>24,592,276</u>	<u>26,584,331</u>
Net incoming/(outgoing) resources for the year			–	1,287,230	(5,693)	1,281,537
Realised surplus on Fixed Assets for Charity use		(531,565)	531,565	–	0	11,819,989
Unrealised gain on Pension Liability			–	321,000	–	–
Prior year adjustment re: Pension Liability			–	(4,530,000)	–	–
Balance Brought Forward at 1 April 2005		19,308,262	5,906,791	108,739	25,323,792	12,092,296
Balance Carried Forward at 31 March 2006		<u>18,776,697</u>	<u>3,516,586</u>	<u>103,046</u>	<u>22,396,329</u>	<u>25,323,792</u>

The Housing Management and Finding Your Feet services were handed back to KCC on 31 March 2006 and 18 April 2005 respectively.

All other amounts relate to continuing activities

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 2006

Net Cash (Outflow)/Inflow from Operating Activities	31.3.2006	31.3.2005	
	£	£	
Surplus on ordinary activities	1,281,537	1,411,507	
Depreciation Charge	554,425	629,094	
Decrease/(Increase) in Debtors	14,844	613,201	
Increase/(Decrease) in Creditors	<u>(107,718)</u>	<u>(264,265)</u>	
	<u>1,743,088</u>	<u>2,389,537</u>	
 Financing			
Loans (Repaid)/Received (Net)	<u>3,875,731</u>	<u>981,418</u>	
	5,618,819	3,370,955	
 Investing Activities			
Payments to acquire Tangible Fixed Assets (Net)	(5,417,530)	(2,636,306)	
Increase in Cash	<u>201,289</u>	<u>734,649</u>	
 (Decrease)/Increase in Cash			
Reconciliation of Net Cash Flow to Movement in Net Debt			
(Decrease)/Increase in Cash	201,289	734,649	
Cash (Outflow)/Inflow from change in debt	<u>(3,875,731)</u>	<u>(981,418)</u>	
Increase in Net Debt from Cash Flows	(3,674,442)	(246,769)	
Net Debt at 1.4.2005	<u>(5,199,532)</u>	<u>(4,952,763)</u>	
Net Debt at 31.3.2006	<u>(8,873,974)</u>	<u>(5,199,532)</u>	
 Analysis of Net Debt	At 1.4.05	Cashflow	At 31.3.06
Changes in Cash	2,252,260	201,289	2,453,549
Changes in Debt: Bank Loan	<u>(7,451,792)</u>	<u>(3,875,731)</u>	<u>(11,327,523)</u>
Changes in Net Debt	<u>(5,199,532)</u>	<u>(3,674,442)</u>	<u>(8,873,974)</u>

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

Note

1 Statement of Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of Accounting

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", published in March 2005.

b) Incoming Resources

Incoming Resources 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 and 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 Figures

Comparative figures are for the year to 31 March 2005

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.

2 Big Lottery Funding

During the year, Big Lottery funding of £44,365 has been received from the Community Fund towards the development of a new Family Support Centre in Thanet.

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2006

Note						2006 £	2005 £		
3	Resources Expended								
a)	Analysis of Total Resources Expended	Staff Costs	Support Costs	Other Direct Costs	Total 2006	Total 2005			
		£	£	£	£	£			
	Unrestricted Funds								
	Cost of Generating Funds	0	36,248	23,317	59,565	80,139			
	Charitable Activities								
	Care Homes	15,012,305	1,158,338	4,129,882	20,300,525	19,773,047			
	Care at Home	1,504,058	116,780	125,767	1,746,605	1,623,167			
	Moving Forward	739,771	65,471	356,732	1,161,974	1,185,749			
	Housing Management	143,103	11,110	636,524	790,737	3,399,393			
	Governance	10,322	323,849	1,084	335,255	296,162			
	Total Unrestricted Resources Expended	<u>17,409,559</u>	<u>1,711,796</u>	<u>5,273,306</u>	<u>24,394,661</u>	<u>26,357,657</u>			
	Restricted Funds								
	Charitable Activities								
	Care Homes	0	7,260	5,631	12,891	14,165			
	Care at Home	0	0	2,370	2,370	2,830			
	Moving Forward	103,458	0	78,896	182,354	31,975			
	Housing Management	0	0	0	0	177,704			
	Total Restricted Resources Expended	<u>103,458</u>	<u>7,260</u>	<u>86,897</u>	<u>197,615</u>	<u>226,674</u>			
	Total Resources Expended	<u>17,513,017</u>	<u>1,719,056</u>	<u>5,360,203</u>	<u>24,592,276</u>	<u>26,584,331</u>			
	<i>Total Resources Expended 2005</i>	<u>18,032,348</u>	<u>1,542,504</u>	<u>7,009,479</u>	<u>26,584,331</u>				
b)	Analysis of Support Costs	Gener-ating Funds	Care Homes	Care at Home	Moving Forward	Housing Manage-ment	Govern-ance	Total 2006	Total 2005
		£	£	£	£	£	£	£	£
	Unrestricted Funds								
	Staff Costs	0	738,680	74,007	41,491	7,041	246,071	1,107,290	993,231
	Premises	0	59,005	5,912	3,314	562	41	68,834	65,782
	Operating Costs	36,248	302,775	30,335	17,007	2,886	77,692	466,943	424,472
	Depreciation	0	57,878	6,526	3,659	621	45	68,729	50,024
	Expended	<u>36,248</u>	<u>1,158,338</u>	<u>116,780</u>	<u>65,471</u>	<u>11,110</u>	<u>323,849</u>	<u>1,711,796</u>	<u>1,533,509</u>
	Restricted Funds								
	Depreciation	0	7,260	0	0	0	0	7,260	8,995
	Expended	<u>0</u>	<u>7,260</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,260</u>	<u>8,995</u>
	Total Support Costs	<u>36,248</u>	<u>1,165,598</u>	<u>116,780</u>	<u>65,471</u>	<u>11,110</u>	<u>323,849</u>	<u>1,719,056</u>	<u>1,542,504</u>
	All support costs are allocated on the basis of Staff cost charged directly to activities, with the exception of Staff and Support costs allocated to Governance. These have been estimated on the basis of preparation for and attendance at committee and board meetings, and as appropriate to job role.								
c)	Analysis of Governance Costs						2006 £	2005 £	
	Audit Fees						12,101	8,000	
	Valuation Fees						8,346	25,491	
	Trustees Expenses						1,500	1,158	
	Apportionment of Staff and Support Costs						313,308	261,513	
	Total Governance Costs						<u>335,255</u>	<u>296,162</u>	

KENT COMMUNITY HOUSING TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2006

Note

4 Tangible Fixed Assets	Freehold Property	Leasehold Improvements	Computer Equipment	Fixtures & Fittings	Motor Vehicles	TOTAL
	£	£	£	£	£	£
Cost/Valuation						
At 1.4.05	31,943,106	951,957	697,602	1,683,430	192,416	35,468,511
Additions	6,054,343	9,338	154,751	280,248	0	6,498,680
Disposals	(1,124,241)	-	-	-	(13,076)	(1,137,317)
Revaluation						0
At 31.3.06	<u>36,873,208</u>	<u>961,295</u>	<u>852,353</u>	<u>1,963,678</u>	<u>179,340</u>	<u>40,829,874</u>
Depreciation						
At 1.4.05	1,374,930	334,348	507,925	1,122,874	147,006	3,487,083
Charge for Year	239,036	27,245	78,187	201,490	8,467	554,425
Disposals	(50,592)	-	-	-	(5,575)	(56,167)
At 31.3.06	<u>1,563,374</u>	<u>361,593</u>	<u>586,112</u>	<u>1,324,364</u>	<u>149,898</u>	<u>3,985,341</u>
Net Book Value						
At 31.3.06	<u>35,309,834</u>	<u>599,702</u>	<u>266,241</u>	<u>639,314</u>	<u>29,442</u>	<u>36,844,533</u>
At 31.3.05	<u>30,568,176</u>	<u>617,609</u>	<u>189,677</u>	<u>560,556</u>	<u>45,410</u>	<u>31,981,428</u>
5 Debtors				2006		2005
				£		£
Trade Debtors				822,715		917,200
Amounts due from Subsidiary Company				49,922		57,172
Other Debtors				3,111		7,400
Prepayments				140,636		192,815
Accrued Income				329,515		186,156
				<u>1,345,899</u>		<u>1,360,743</u>
6 Creditors and Accruals						
Trade Creditors				522,964		351,147
Amounts due to Subsidiary Company				0		0
Other Creditors				92,947		107,836
Accruals				884,339		1,057,843
Other Taxes and Social Security				274,215		350,857
Deferred Income				838,676		783,934
				<u>2,613,141</u>		<u>2,651,617</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 - £1,164,951 (2005 £6,908,780)					
	Capital expenditure authorised by the Trustees but not yet contracted for - £nil (2005 £nil)					
8 Contingent Liabilities	There is a contingent liability arising from the Social Housing pension Scheme which is detailed under Note 13. This is an estimated figure based on the position of the scheme as at 30 September 2005. There are no known contingent liabilities arising from contracted disputes (2005 £nil)					
9 Residents' Bank Accounts	The Trust administers bank accounts for which it has power of attorney on behalf of residents who 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				2006		2005
				£		£
Obligations under hire purchase and finance leases are analysed as follows:						
Current obligations				51,044		68,817
Obligations due between one and five years				46,942		98,412
				<u>97,986</u>		<u>167,229</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 £11,327,523 (2005: £7,451,793) and the value of the properties charged is £27,465,000 (2005: £27,465,000).					

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006

Note

12 Trustee and Employee Information

a) Trustee Information

No remuneration was paid to the Trustees during the year (2005: £nil). Expenses of £1,500 for travel was paid to four trustees during the year (2005: £1,158, five trustees).

b) Employee Information

	2006	2005
	£	£
<u>Employee costs during the year were:</u>		
Salaries and Wages	16,875,842	17,279,199
Staff Recruitment and Training	181,582	215,390
Employer's Social Security Costs	958,421	979,728
Employer's Pension Costs	604,462	551,262
	<u>18,620,307</u>	<u>19,025,579</u>
<u>Analysed as:</u>		
Cost of Generating Funds	0	59,322
Charitable Activities	17,502,695	18,021,613
Support Costs	861,219	733,850
Governance Costs	256,393	210,794
	<u>18,620,307</u>	<u>19,025,579</u>

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	2
£50,000 to £60,000	2
£70,000 to £80,000	2
£80,000 to £90,000	1
£110,000 to £120,000	1

Number of Employees

	2006	2005
The average monthly number of persons employed during the year was:	<u>1,478</u>	<u>1,552</u>

13 Pension Commitments and FRS Disclosures

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 12 of the financial statements and is detailed below. There are no outstanding or prepaid contributions at the balance sheet date. For the year ending 31 March 2006, FRS 17 is fully effective and the following disclosures are required:-

Pension Liability

The liabilities of the three Local Government Pension Schemes are shown on the balance sheet under long-term liabilities. The breakdown of the deficits is as follows:-

	£
Kent County Council	2,440,000
London Borough of Bexley	1,281,000
London Borough of Greenwich	488,000
	<u>4,209,000</u>

<u>Pension Scheme</u>	<u>Rate of Contribution</u>		<u>2006 Cost</u>	<u>£</u>	<u>£'ees in scheme at 31.3.06</u>
	<u>Employer's</u>	<u>Employee's</u>			
Social Housing Pension Scheme (SHPS)	11.7%	4.1 to 6.1 %	69,785		14
KCC Pensions (LGPS)	27.90%	5.0 & 6.0 %	228,553		54
LBG Pensions (LGPS)	14.0%	5.0 & 6.0 %	12,362		6
LBB Pensions (LGPS)	19.9%	5.0 & 6.0 %	237,090		90
Friends Provident (previously Sun Life)	Up to 5.0%	Variable	51,609		128

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006

Note

13 Pension Commitments and FRS 17 Disclosures (continued)

a) Defined Contribution Schemes

During 2005/06, the Sun Life scheme, which is a defined contribution scheme, was transferred to Friends Provident.

b) Defined Benefit Schemes

KCHT participates in four defined benefit pension schemes all of which are detailed below:-

Social Housing Pension Scheme (SHPS)

The Social Housing Pensions Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. KCHT continues to offer membership of the Scheme to its employees.

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 so that the Scheme can meet its pension obligations as they fall due.

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.

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

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 assets compared to liabilities of £117 million (equivalent to a past service funding level of 85%).

KCHT has subsequently been notified of the preliminary results of the triennial valuation carried out on 30 September 2005. This indicates an increase in the assets of the Scheme to £y million and an increase in the shortfall of assets compared with liabilities to £z million. This valuation, and any consequent alteration to future contribution rates, is currently the subject of consultation with participating employers and members. The outcome of this consultation will be made known in September 2006, and any consequent changes to contribution rates applied from 1 April 2007. The following notes therefore relate to the formal valuation of September 2002.

The financial assumptions underlying the valuation as at 30 September 2002 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 long-term joint contribution rate required from employees and members to meet the cost of future benefit accrual was assessed at 15% of pensionable salaries.

Following consideration of the results of the actuarial 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.

Following a change in legislation in September 2005, 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 the 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.

KCHT has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt for KCHT was £1.616 million.

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006

Note 13 b) Pension Commitments and FRS 17 Disclosures (continued)

Local Government Pension Schemes

The following Defined Benefit Schemes are Local Government Pension Schemes which are multi-employer schemes. The schemes are closed to new entrants which means that under the projected unit method, the current service cost will increase as the members of the schemes approach retirement.

Kent County Council

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).

An actuarial valuation of KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit credit" method. The major assumptions used by the actuary were:

Assumptions as at	31 March 2006		31 March 2005		31 March 2004	
	% pa		% pa		% pa	
Price Increases	3.1		2.9		2.9	
Salary Increases	4.6		4.4		4.4	
Pension Increases	3.1		2.9		2.9	
Discount Rate	4.9		5.4		5.5	
Assets (Employer)	Long Term Return % pa	Assets £'000s	Long Term Return % pa	Assets £'000s	Long Term Return % pa	Assets £'000s
Equities	7.4	4,440	7.7	3,369	7.7	3,499
Bonds	4.6	790	4.8	641	5.1	586
Property	5.5	570	5.7	496	6.5	355
Cash	4.6	480	4.8	372	4.0	112
Total	6.6	6,280	6.9	4,878	7.2	4,552
Net Pension Asset	£'000s		£'000s		£'000s	
Estimated Employer Assets (A)	6,280		4,879		4,552	
Present Value of Scheme Liabilities (B)	8,720		7,366		7,163	
Net Pension Asset (A-B)	-2,440		-2,487		-2,611	

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Service Cost	172	20.3	169	19.4
Past Service Cost	-	-	-	-
Curtailment and Settlements	-	-	-	-
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	172	20.3	169	19.4
Amount credited to Other Finance Income	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Expected Return on Employer Assets	339	40.0	327	37.3
Interest on Pension Scheme Liabilities	-398	-47.0	-395	-45.0
Net Return (B)	-59	-7.0	-68	-7.7
Estimated Net Revenue Account Cost (A - B)	231	27.2	237	27.1

Analysis of amount recognised in the Statement of Financial Activities	Year to 31 March 2006 £'000s	Year to 31 March 2005 £'000s
Actual Return less Expected Return on Pension Scheme Assets	980	192
Experience Gains and Losses arising on the Scheme Liabilities	0	139
Changes in Financial Assumptions underlying the Present Value of the Scheme Liabilities	-928	-116
Actuarial Gain/(Loss) in Pension Plan	52	215
Increase/(decrease) in irrecoverable Surplus from Membership Fall and other factors	-	-
Actuarial Gain/(Loss) Recognised in SOFA	52	215

Movement in Surplus/Deficit During the Year	Year to 31 March 2006 £'000s	Year to 31 March 2005 £'000s
Surplus/(Deficit) at Beginning of the Year	-2,487	-2,611
Current Service Cost	-172	-169
Employer Contributions	227	145
Contributions in respect of Unfunded Benefits	-	-
Past Service Costs	-	-
Impact of Settlements and Curtailments	-	-
Net Return on Assets	-59	-68
Actuarial Gains/(Losses)	52	215
Surplus/(Deficit) at End of the Year	-2,439	-2,487

History of Experience Gains and Losses	Year to 31 March 2006 £'000s	Year to 31 March 2005 £'000s	Year to 31 March 2004 £'000s	Year to 31 March 2003 £'000s
Difference between the Expected and Actual Return on Assets	980	192	624	-1,227
Value of Assets	6,277	4,879	4,552	3,548
Percentage of Assets	16.6%	3.9%	13.7%	-34.6%
Experience Gains/(Losses) on Liabilities	0	139	-3	-91
Total Present Value of Liabilities	8,716	7,366	7,163	6,274
Percentage of the total Present Value of Liabilities	0.0%	1.9%	0.0%	-1.5%
Actuarial Gains/Losses recognised in SOFA	52	215	239	-1,507
Total Present Value of Liabilities	8,716	7,366	7,163	6,274
Percentage of the total Present Value of Liabilities	0.6%	2.9%	3.3%	-24.0%

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006

Note
13 b) Pension Commitments and FRS 17 Disclosures (continued)

London Borough of Bexley

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 deficit of £60.3 million, giving a funding level of 83% (compared to 104% as at 31 March 2001).

An actuarial valuation of the KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit credit" method. The major assumptions used by the actuary were:

Assumptions as at	31 March 2006		31 March 2005	
	% pa		% pa	
Price Increases	2.9		2.9	
Salary Increases	4.65		4.65	
Pension Increases	2.9		2.9	
Discount Rate	4.9		5.4	
Assets (Employer)	Long Term Return	Assets	Long Term Return	Assets
	% pa	£'000s	% pa	£'000s
Equities	7.0	5,202	7.5	3,836
Government Bonds	4.3	1,015	4.7	1,168
Other Bonds	4.9	993	5.4	879
Property	6.0	0	6.5	30
Cash/Liquidity	4.5	147	4.75	108
Total		7,357		6,021
Net Pension Asset	£'000s		£'000s	
Estimated Employer Assets (A)	7,357		6,021	
Present Value of Scheme Liabilities (B)	8,638		7,566	
Net Pension Asset (A-B)	-1,281		-1,545	

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s		£'000s	
Current Service Cost	-235	20.6% payroll	-265	19.1% payroll
Past Service Gain (Cost)	153		-	
Curtailment Gain (Loss)	-		-	
Settlement Gain (Loss)	-		-	
Total Gain (Loss)	-82		-265	
Amount credited to Other Finance Income				
Expected Return on Employer Assets	377		353.0	
Interest on Pension Scheme Liabilities	-410		-411.0	
Net Gain/(Loss)	-33		-58.0	

Statement of Actuarial Gains and (Losses)	Year to 31 March 2006		Year to 31 March 2005	
	£'000s		£'000s	
Asset Gain/(Loss)	899	12.2% of Assets	218	3.6% of Assets
Liability Gain/(Loss)	-143	1.7% of Liabilities	819	10.8% of Liabilities
Changes in Assumptions	-603	7% of Liabilities	-421	5.6% of Liabilities
Net Gain/(Loss)	153	1.8% of Liabilities	616	8.1% of Liabilities

Movement in Surplus/Deficit During the Year	Year to	Year to
	31 March 2006	31 March 2005
	£'000s	
Surplus/(Deficit) at Beginning of the Year	-1,545	-2,087
Current Service Cost	-235	-265
Employer Contributions	226	249
Past Service/Curtailment/Settlement Gain (Loss)	153	0
Net Interest/Return on Assets	-33	-58
Actuarial Gains/(Losses)	153	616
Surplus/(Deficit) at End of the Year	-1,281	-1,545

KENT COMMUNITY HOUSING TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2006

Note 13 b) Pension Commitments and FRS 17 Disclosures (continued)

London Borough of Greenwich

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

An actuarial valuation of the KCHT's share in the scheme was carried out by a qualified independent actuary as at 31 March 2006 using the "projected unit

Assumptions as at	31 March 2006		31 March 2005		31 March 2004	
	% pa		% pa		% pa	
Price Increases	3.0		2.9		2.9	
Salary Increases	4.8		4.7		4.9	
Pension Increases	3.0		2.9		2.9	
Discount Rate	4.9		5.4		5.5	
Assets (Employer)	Long Term Return	Assets	Long Term Return	Assets	Long Term Return	Assets
	% pa	£'000s	% pa	£'000s	% pa	£'000s
Equities	7.0	895	7.5	707	7.5	672
Gilt	4.2	87	4.5	57	4.5	48
Other Bonds	4.9	98	5.3	118	5.5	78
Property	6.5	130	7.0	107	7.0	97
Cash	4.0	27	4.3	25	4.0	21
Total	6.5	1,237	6.9	1,014	7.0	915
Net Pension Asset	£'000s		£'000s		£'000s	
Estimated Employer Assets (A)	1,237		1,014		915	
Present Value of Scheme Liabilities (B)	1,725		1,512		1,422	
Net Pension Asset (A-B)	-488		-498		-507	

Revenue Account Costs for the year to 31 March 2006

Analysis of amount charged to operating surplus

Amount Charged to Operating Surplus	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Service Cost	19	23.9	25	24.3
Past Service Cost	-	-	-	-
Curtailment and Settlements	-	-	-	-
Decrease in Irrecoverable Surplus	-	-	-	-
Total Operating Charge (A)	19	23.9	25	24.3
Amount credited to Other Finance Income	Year to 31 March 2006		Year to 31 March 2005	
	£'000s	% of Payroll	£'000s	% of Payroll
Expected Return on Employer Assets	69	86.6	64	63.0
Interest on Pension Scheme Liabilities	-81	-101.2	-78	-77.1
Net Return (B)	-12	-14.6	-14	-14.1
Estimated Net Revenue Account Cost (A - B)	31	38.5	39	38.4

Analysis of amount recognised in the Statement of Financial Activities	Year to 31 March 2006	Year to 31 March 2005
	£'000s	£'000s
Actual Return less Expected Return on Pension Scheme Assets	187	58
Experience Gains and Losses arising on the Scheme Liabilities	-	-
Changes in Financial Assumptions underlying the Present Value of the Scheme Liabilities	-158	-24
Actuarial Gain/(Loss) in Pension Scheme	29	34
Increase/(decrease) in irrecoverable Surplus from Membership Fall and other factors	-	-
Actuarial Gain/(Loss) Recognised in SOFA	29	34

Movement in Surplus/Deficit During the Year	Year to 31 March 2006	Year to 31 March 2005
	£'000s	£'000s
Surplus/(Deficit) at Beginning of the Year	-498	-507
Current Service Cost	-19	-25
Employer Contributions	11	15
Contributions in respect of Unfunded Benefits	-	-
Past Service Costs	-	-
Other Finance Income	-12	-14
Settlements and Curtailments	-	-
Actuarial Gains/(Losses)	29	33
Surplus/(Deficit) at End of the Year	-488	-498

History of Experience Gains and Losses	Year to 31 March 2006	Year to 31 March 2005
	£'000s	£'000s
Difference between the Expected and Actual Return on Assets	187	58
Value of Assets	1,237	1,014
Percentage of Assets	15.1%	6.0%
Experience Gains/(Losses) on Liabilities	-	-
Total Present Value of Liabilities	1,725	1,512
Percentage of the total Present Value of Liabilities	-	-
Actuarial Gains/Losses recognised in SOFA	29	33
Total Present Value of Liabilities	1,725	1,512
Percentage of the total Present Value of Liabilities	1.7%	2.2%

Kent Community Housing Trust

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



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