

Company Registration No. 00173199
Charity Registration No. 211235
Housing Corporation Registered No. LH0526

ENHAM

A company limited by guarantee

Annual Report and Financial Statements

For the year ended 31 March 2008

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OFFICERS AND PROFESSIONAL ADVISERS**PATRON**

Her Royal Highness the Duchess of Gloucester GCVO

PRESIDENT

The Rt. Hon. The Lord Owen CH

VICE-PRESIDENTS

The Countess of Chichester
 Mrs Mary Fagan, Lord Lieutenant of Hampshire
 Jacqueline, Lady Killearn
 The Mayor of Test Valley
 Mrs Mary Ward-Booth
 Mrs Dianne Mabey
 Dr Herta von Stiegel (Appointed 5 November 2007)
 The Lord Bishop of Winchester **

Major David Sebag-Montefiore
 Mr Charles Hunt
 Lieutenant Commander Peter St Quintin RN
 Mr John Woodcock OBE
 Mr Jeremy Bennett OBE
 Bishop Trevor Willmott
 His Excellency the Ambassador of Egypt ++
 Admiral of the Fleet , Sir Henry Leach GCB,DI'A**
 Sir Patrick Moore CBE,FRS **

**Resigned 5 November 2007

++ Appointed 10 December 2007

MEMBERS OF THE BOARD OF TRUSTEES**CHAIRMAN**

Roderick Chamberlain

HONORARY TREASURER

Herta von Stiegel (Resigned 30 June 2007)
 Roderick Chamberlain (Appointed 1 July 2007),
 (Resigned as Treasurer 5 November 2007)
 Bernard Horn (Appointed 5 November 2007)

OTHERS

Paul Charlesworth

Elizabeth Driver (Appointed 17 March 2008 , Resigned
 7 July 2008)

Bernard Horn (Appointed 5 November 2007)

Glynis Hunt

Brian Machin (Resigned 22 August 2007)

Mark Maclay

Dr John Marriott

Julian Miller (Appointed 17 March 2008)

Tony Pooley

Roger Squire

John Tashiro (Appointed 5 November 2007)

Herta von Stiegel (Resigned 30 June 2007)

All members of the Board of Trustees are also Directors appointed in accordance with the Companies Act.

EXECUTIVE BOARD

Chief Executive

Mike Smith

Director of Finance

Graham Deverill

External Affairs Director

Mel Waters (Resigned 31 May 2007)

Director of Operations

Louise Gordon

HR Manager

Viv Laurie

Head of Employment Services

Linda Mathews (Appointed 1 June 2007)

Development and Commercial Director

Peter Cotterill (Appointed 10 Sept 2007, resigned 16
 May 2008)

Head of Marketing, Communications & Fundraising

Melinda Carey-Hock (Appointed 10 Sept 2007)

Head of Research and Development

Mark Deal (Appointed 1 June 2008)

Head of Industries

Paul Hambling (Appointed 1 June 2008)

OTHER GROUP EXECUTIVES

Company Secretary

Richard Ashdown

OFFICERS AND PROFESSIONAL ADVISERS

ENHAM FORUM ON DISABILITY

Sir Bert Massie CBE

Mr Phil Friend

Dr Kevin Fitzpatrick

Ms Judith Jesky

REGISTERED OFFICE

Enham Place
Enham Alamein
Andover
SP11 6JS

BANKERS

National Westminster Bank Plc
22 Chantry Way
Andover
SP10 1LX

SOLICITORS

Blake Laphorn Linnell
New Court
1 Barnes Wallis Road
Segensworth
Fareham
PO15 5UA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

TRUSTEES' REPORT

LEGAL STATUS

Enham is a charity, a Registered Social Landlord and a company limited by guarantee. It is regulated by the Charity Commission, the Housing Corporation and Companies House.

BUSINESS OVERVIEW

Enham provides services for disabled people. The headquarters is based in Enham Alamein near Andover, Hampshire where the charity provides housing, supported living, residential care, vocational training and employment for disabled people over the age of 18 years. Away from the Andover site, Enham delivers Pathways to Work, Workstep/Job Broker, Business Ability self-employment opportunities, entry2employment for 16 to 18 year olds, ESF Outreach projects, Not in Education, Training and Employment, Dress to Impress, Skills for Life and New Deal for Disabled People.

We believe in a society where disabled people are valued as individuals and are enabled to achieve their full potential. Our mission is to improve equality of opportunity, assist access to employment and independence, and improve the quality of life for disabled people. In all of our work we provide a person centred approach to learning programmes and a range of options to give the maximum personal choice.

We have worked hard to grow and broaden our range of services across new regions, to reach more people than ever. During 2007/8, over 3,000 disadvantaged and disabled people accessed one or more of our programmes. We deliver services within eight counties across the whole of the South of England and have several satellites further afield.

The year 2007/8 has continued to be one of investment and development. In particular:

- We have made significant progress in becoming the sub-contractor of choice in the Pathways to Work programme working with the Royal British Legion Industries (RBLI).
- We have developed our entry2employment programmes to the extent that we are the largest provider in Hampshire.
- We have invested in our properties to ensure that our properties will conform to Decent Homes standards before the target date set by the Housing Corporation.
- We have invested significantly in Information Technology to improve our business performance.
- We are working towards our third renewal of Investors In People by investing in our staff.
- We have opened a community café in Portsmouth to act as both a business and a training venue for disabled people wishing to work in the catering field.
- We have continued to improve the quality of our delivery as demonstrated by the excellent external regulatory authority reports.
- We have commenced a training programme linked to the formation of social businesses and have achieved considerable success with initiatives such as selling on eBay and community lunches in local village halls.
- We have improved the performance of our Supported Businesses and gained significant new contracts.
- We have worked on a property development plan for Enham Alamein that is in line with our strategy and linked to our responsibility in the local community.

TRUSTEES' REPORT

ENHAM'S BUSINESS, OBJECTIVES AND STRATEGY

The main business areas over 2007/8 have been:

- Four Supported Businesses employing 65 disabled people at Enham and involving packaging and assembly, commercial horticulture, storage, administration, and furniture making located at both at Enham Alamein and Eastleigh.
- Step2Employment residential training for disabled people in Computer Aided Design and Information Technology.
- Work preparation courses of six weeks duration to quickly get disabled people into work.
- Three modern Registered Care Homes for 64 disabled people aged 18 to 85 years.
- Supported Living Accommodation for 150 people at Enham Alamein.
- Two hundred housing units at Enham Alamein, Andover and Oxford.
- Workstep places for 230 people providing employers with incentives to employ disabled people.
- New Deal for Disabled People in Hampshire and Dorset.
- Nextstep advice and guidance service for those aged 20 years and over.
- Business Ability self-employment courses in the South of England.
- Entry2Employment courses for 16 to 18 year olds in Farnborough, Alton and Borden.
- Not in Education, Employment or Training courses.
- Dress to Impress.
- Direct Payments advice to help disabled people remain in their own homes.
- Service User Seal of Excellence (SUSE) to empower disabled people to evaluate their services.
- Self Directed Support (SDS) pilots to assist disabled people to manage their own lives.
- Job Club to facilitate the process of finding a job.
- Fundraising to provide resources to offer more opportunities to disabled people.

Enham has almost 90 years of experience as a major provider of disabled peoples' services and we aim to help each disabled person to achieve their personal full potential.

The areas of particular note this year have been:

- The increase in work carried out on behalf of the Learning and Skills Council in the fields of Entry2Employment and Next Steps. This work has provided disabled and disadvantaged young people, particularly in the age group 16 – 18 years, with a fresh start to their young lives and the opportunity to find a career or a suitable training programme.
- The move to provide more opportunities for more severely disabled people to work and live in the community so that disabled people have more options and choices in life to progress. This has meant more work placements with local employers and training in the start up of small businesses to encourage disabled people to develop their skills and participate in work related opportunities where they can generate income.
- The increasing success of Step2Employment, the residential training courses where there is a 100% success rate in passing both City & Guilds and NVQs, and almost 80% of graduates have a successful work-related outcome.
- Business Ability, Enham's self-employment programme continues to do well and we have obtained new contracts with commissioners over a wider geographical area. We have signed up 3,335 disabled people on this programme and there are 720 businesses that have been sustained for more than 12 months. Though many of these businesses are sole traders or small partnerships, there are also several multi-million pound businesses in operation. There has been considerable success in the Barclays Trading Places Awards where one Enham client featured among the finalists in 2007 and there are even better hopes for this year's 2008 final in October.
- The property development plans for Enham Alamein on the land owned by the charity have been completed and will be submitted later in 2008 following full public consultations. The aims of the plans are to renew and refurbish the charity's buildings, to enhance the environment and sustainability of the existing village,

TRUSTEES' REPORT

and to offer disabled people more choices for accommodation in locations away from Enham where they can access facilities important to their lives. The plans will also facilitate a more balanced community with disabled and non-disabled people at Enham, provide more choices in terms of home ownership and bring more economic activity into the village.

- The Trustees Advisory Forum on Disability has been formed so that Enham's strategy is more closely related to the needs of disabled people. Under the Chairmanship of Sir Bert Massie it has been in full operation and has assisted on a number of projects related to Enham's services for disabled people. We hope that the Forum will play an increasingly important part in Enham's future. The members of the Enham Forum on Disability are also members of Enham and have voting rights in line with those of Vice Presidents and Trustees.
- The external reports on Enham's work across the wide range of service provision from Residential Care Homes to Employment and Learning Programmes is excellent. The reports were all of a high quality and many were exceptional in terms of their comments on the services and the staff who deliver those services. We are constantly preparing for these examinations and see them as an essential in attracting disabled customers who want to come to Enham while providing the quality services that our commissioners require.
- Enham's Supported Businesses have experienced a very successful year with Mount Industries turnover exceeding £1.2 million. We have won a major new order with Fortnum & Mason worth £1 million per annum starting in 2008 and we are employing more disabled people both in our factories and in new initiatives like the community café in Portsmouth. These achievements are even more impressive in the light of an environment where many Supported Businesses are cutting back or closing.
- The charity has been active in many areas related to increasing its profile and creating awareness of disability issues. In particular, several disabled and non-disabled members of Enham are undertaking a Kilimanjaro climb to promote team working between disabled and non-disabled people, Enham has renewed its links with Egypt and The Egyptian Ambassador has become a Vice President of Enham, and the charity has been active with the Armed Services and the care and training of disabled ex-service personnel.
- Enham has been able to leverage its good practice to develop greater influence for the benefit of disabled people. Hampshire County Council invited Enham to develop a new community based brokerage service to support Self Directed Support. This service is about individuals receiving a personal budget so that they control to meet their own care needs. It has the potential to improve the lives of vulnerable people by offering them more choice and control.

Future Plans

Our assessment of the future tells us there is an ongoing need for a range of care provision, support and housing services for disabled people. This number will grow with the increasing number of people who become disabled through old age. We will continue to expand to achieve our objectives. Our strength and uniqueness as an organisation lies in the breadth and depth of our services and continuing the growth across more regions and client groups will underpin our strategy.

In particular, as we move forward we will:

- Develop new community based services that are driven by the needs of disabled and disadvantaged people.
- Develop a Self Directed Support Brokerage service relevant to the client group and focussed on empowering disabled people to run their own lives.
- Improve the range and standard of learning and employment programmes to more closely meet with clients' needs and the requirements of the commissioners.
- Develop improved models for residential care and supported living that exceed current market standards.
- Acquire more accommodation in urban areas where disabled people can more easily access the facilities they need.
- Work with the military to assist disabled ex-service personnel to return to civilian life.
- Make provision for more disabled people to live independently in their own homes.
- Continue with the development of Enham Alamein village.
- Build a new residential training accommodation block on the site of Linlithgow House.
- Test the feasibility of a new disability research centre called the Enham Institute.

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- Strengthen service user participation in Enham by increasing the number of user forums and developing similar initiatives through the Trustees Disability Advisory Forum.
- Achieve our Decent Homes Standard ahead of schedule.
- Concentrate on the Workstep Programme as a delivery mechanism to progress disabled people from supported employment to open employment.
- Encourage the participation of more volunteers in Enham's work and the delivery of services.
- Grow our fundraising capability.
- Improve our marketing and communications to raise Enham's profile.
- Focus on raising our profile and activity beyond Hampshire and into the regional and national disability arena.
- Develop new 'social enterprise' that will provide training and employment opportunities for clients accessing our Individual Development Programme.
- Focus on expanding our provision to younger disabled and disadvantaged people by securing new entry to employment contracts and working more closely with Further Education establishments.

There are likely to be significant changes in the commissioning of disability services by government. We are already experiencing the government initiative of working with fewer, larger contractors and we have needed to position ourselves as a 'sub-contractor of choice'. We will develop more working relationships with larger 'top tier' providers and become their disability expert within the contract. Also, we will form strategic alliances and consortia to build economies of scale in order to win contracts in our own right.

Social policy that works towards the integration of disabled people into mainstream society is developing rapidly. This is linked to the government's policy of encouraging people to move away from benefits and into sustainable employment. Enham will reflect this sea change in social attitudes in its services and continue to develop Individualised Budgets and Self Directed Support (building on the work of Direct Payments). It is clear that in future all our clients will have greater freedom and choice to purchase their service requirements from whoever they choose. This presents both a risk to current services while opening significant opportunities for new initiatives for Enham to develop.

Our services, therefore, will increasingly be based on what disabled people want, not simply what commissioners will pay for, and we will concentrate on maintaining high standards and providing options and choice. The challenge of providing quality and innovative services must be seen in the light of increasing funding challenges across all services and we must be realistic over what can be achieved in the current economic climate. However, we will continue to focus on individual needs and our willingness to adapt to meet the changing aspirations of the disabled people who live at Enham and those who wish to come here.

We are conscious of constantly monitoring our performance and benchmarking ourselves against similar organisations. The Board uses a variety of measures to assess our success in achieving the set objectives. These include financial measures, such as operating surplus and budget, and non-financial measures such as staff and tenant satisfaction surveys, focus groups, benchmarking, and regulatory authority assessments and reports.

RISK

The assessment of risk is taken very seriously at Enham. The Board and senior management maintain and regularly review a risk register to estimate the likelihood of occurrence of a particular risk and the extent of its impact. The risks are ranked in terms of degree and action is taken to minimise risk where possible. Responsibility for managing risk is also assigned to line managers because we believe it is important to assess the impact of risk at all levels and in all departments. Risk is reviewed on all of our projects and risk is the responsibility of all of our staff.

Enham is also conscious of its responsibility to good financial management and, in particular, its exposure to commitment on contracts within its supported businesses and through its employment services where government contracts can run to millions of pounds. Financial instruments, management accounts, credit risk,

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liquidity risk and cash flow analysis are reviewed by senior management on a monthly basis, as is adequate provision for bad debt against trade debtors. The profile of Enham's financial liabilities is reviewed by members of the Finance and Development Committee, and the requirements of individual entities are discussed at Board level within those entities. Financial undertakings are monitored closely by the Audit Committee following the actions taken in the Finance and Development Committee.

The most significant challenges identified in our risk register are:

- Our ability to recruit and retain the very best people in our area of operations within the challenging funding environment.
- Our reliance on Government policy and funding, especially the move toward fewer contracts with larger providers and reductions in funding from social service commissioners, in particular, Supporting People.
- Our need to maintain a high level of fundraising activity.
- Failure of key software/hardware in our business systems.
- Loss of business in major areas of our activities.

FINANCIAL HIGHLIGHTS

In order to ensure ongoing sustainability and provide the opportunity to develop new services, it is important that Enham is financially sound and effectively managed. Our financial performance remains strong: the turnover was £ 9,715,852 (2007:£12,150,912) and the surplus generated £ 347,054 (2007: £396,715). The reduction in turnover was due to the divestment of subsidiaries in March 2007, company turnover increased by £664,029 during the year. We are pleased that following several difficult years our strong performance over the last three years has allowed us to invest in property and services, and improve the customer experience.

The investment policy for investment assets, excluding property, is to generate an annual real return of at least 4%. A diversified portfolio of investments is managed by Gerrard, and the annual real rate of return achieved during the year was a reduction of 9.6 %. Funds are also invested with the Charities Aid Foundation (CAF) and the average rate of return achieved by CAF was a reduction of 10.7 %. While the performance of the equity investments was disappointing for the last year the longer term performance of these investments has achieved the real return objective.

Other short-term cash investments were deposited with the National Westminster Bank, the Birmingham and Midshires Building Society and the Bank of Scotland at rates between 5.2% and 6.3%.

Enham has a number of longer-term investments managed through its subsidiary EPT. These stocks are closely aligned to the objectives of Enham and are unlikely to produce a significant short-term return.

The Trustees do not consider the expense of a full and independent valuation of Enham's properties to be justified. However, in the opinion of the Trustees the value of these properties, calculated on an existing use cash flow basis, would be greater than the historic cost.

ASSOCIATE COMPANIES

Route2mobility, Enham Finance and Agilis Insurance (formerly Enham Direct)

Enham, through its trading subsidiary EPT Ltd, has over one third shareholdings in the above three commercial organisations. The investments were made with the dual purpose of creating a financial return in the future together with providing services to disabled people.

The activities of the organisations were as follows:

Enham Finance

The principal activity of Enham Finance has been to provide finance to disabled people who were unable to access finance through the Motability powered wheelchair and scooter scheme. The company ceased taking new business on 1 January 2007.

Agilis Insurance

The principal activity of Agilis Insurance has been to provide insurance for disabled people, in support primarily of the above Motability scheme. Agilis Insurance is authorised to conduct the business of offering a general insurance service by the Financial Services Authority.

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Route2mobility

The principal activity of Route2mobility Limited (r2m) is to deliver the Motability scheme. The Trustees are pleased to note the progress which r2m has achieved in continuing to develop the dealer network together with ensuring that the access for disabled people to electric scooters and powered wheelchairs has improved in terms of access and price. Trustees are also pleased with the progress which has been made in reducing the level of the terminations of contracts. The reduction in the level of overheads together with the increase in activity has resulted in the business reporting a profit before tax for the year ending 31 March 2008. The Trustees are confident that, subject to a successful conclusion of the recently commenced contract renewal discussions with Motability the business will continue to be profitable.

Enham has retained one directorship together with an observer on the boards of the above three companies. The boards meet on a monthly basis to plan and review the operational and financial performance of the companies.

SUBSIDIARY COMPANIES

Enabling Partnership (Trading) Ltd (EPT)

EPT Ltd is a wholly owned subsidiary of the charity Enham which holds the investments in the above three trading companies. The company currently has the sole activity of being an investment company. The current profitability of the trading companies does not warrant a payment of dividends on the ordinary share holdings. The Trustees are now more confident, following the changes identified above, that the companies will in the future provide a financial return to EPT Ltd and consequently to Enham.

Cedar Services Ltd

Cedar services exists to provide property development services to Enham. Any surpluses generated by the company are passed to the charity through gift aid.

Enham Binders Ltd

Enham Binders Ltd has not traded during the year and is registered with Companies House as not trading.

RESERVES

The reserves of the charity are regularly reviewed by the Trustees who believe that free reserves should be adequate to cover 3 months of activity, including a designated reserve specifically created to cover contingencies of £1,200,000. The Trustees are satisfied that the current level of free reserves including the contingency reserve of just over 3 months now satisfy this requirement based upon the current cost base. Funds given for specific projects are always held as Restricted Funds.

Other designated reserves have been established to ensure that Enham can continue to meet its objectives on behalf of disabled people.

TREASURY MANAGEMENT

Treasury activities are controlled and monitored by senior management under the direction of the Honorary Treasurer who is a Trustee. They are carried out in accordance with the policies approved by the Board. The purpose of the treasury management function is to ensure that adequate cost-effective funding is available at all times and that exposure to financial risk is minimised. The key risk is one of funding as the majority of Enham's income is received from Government. Treasury management activity is subject to review by both internal and external auditors on a regular basis.

Cash flow requirements are monitored through Enham's ongoing forecasting process. Our policy is to minimise cash held and repay debt as soon as possible, while ensuring there is sufficient access to funding to cover activities. Detailed cash flow forecasts are produced which feed in to a programme of short-term investment.

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PAYMENT POLICY

Enham's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to ensure suppliers are made aware of the terms of payment and abide by these terms. Trade creditors of the company at 31st March 2008 were equivalent to 30 days purchases based on the average daily amount invoiced by suppliers during the year.

THE BOARD AND ITS COMMITTEES

The Board comprises ten members, led by the Chairman, Roderick Chamberlain. It controls Enham's strategic direction and reviews its operating and financial position. There is a formal schedule of matters reserved specifically to the Board, which ensures that it takes all the major strategy, investment and policy decisions affecting Enham. The Board has an established governance framework, which encourages all members to bring an independent judgement to bear on issues of strategy, performance, resources, property, commercial, external relations, succession, and audit. The Board meets at least four times each year and delegates to six Committees, which also all meet at least four times each year, the regular business issues for practical reasons. The Committees are Finance and Development (Bernard Horn), Living and Working (Paul Charlesworth), Audit (Glynis Hunt), Property (Roger Squire), Marketing and Communications (Tony Pooley), and Nominations and Remunerations (Glynis Hunt).

The Board conducts a regular review of its effectiveness and that of its individual members of the Board, with a view to improving both individual contributions and group achievement. There is an ongoing training programme for Board members and senior management, which is regular and comprehensive.

Each member of the Board brings varying experiences and skills to the operations of the Board and its various sub-committees. The board composition is kept under review and when a new appointment is to be made, consideration is given to the kind of experience, which a potential new member could add to the existing mix. A transparent recruitment process is used.

Appointments to the Board are the responsibility of the full Board. New Board members undergo an induction programme, which includes information about the organisation, details of meeting procedures, Board member responsibilities, and allocation to Committee details, and objectives for the future. External training is arranged as appropriate.

The Board is supplied with information to enable it to effectively function and Board papers are distributed one week in advance of the relevant meeting. The Board receives independent professional advice when this is required.

The Board is responsible for Enham's system of internal control and its effectiveness to achieve the business objectives. This is regularly reviewed to manage and reduce the risk of failure in any particular activity. The Board, through the Audit Committee, reviews the effectiveness of Enham's internal financial controls and risk management.

OUR PEOPLE

Our best resource continues to remain our people. Our people strategy aims to cultivate focussed, well-managed staff who understand their role in the organisation and contribute to its success. We consult with employees in a

TRUSTEES' REPORT

variety of ways, both formally and informally, and we complete an annual far-reaching staff survey. This covers training and development, our culture and values, pay and benefits, and suggested improvements to enhance conditions of service. We are committed to act on the findings, for example, the recent introduction of a staff recreational facility in response to the 2007 Staff Survey.

We have embedded a new appraisal system designed to more accurately reflect the needs of the organisation in the development and training of our staff. This has proved challenging but successful. We hold regular briefing sessions, both formal and informal, to keep our employees up-to-date with events in the organisation and we publish a series of newsletters to assist in this process.

We endeavour to ensure that our workforce reflects the diversity of the population and clients of the areas in which we work. We have introduced a Designated Posts policy to encourage more disabled people to train for managerial roles and as a way of helping disabled people's development in the workplace.

HEALTH & SAFETY

We employ our own Health and Safety manager who assists the organisation to lay down strong foundations for effective Health & Safety systems and processes throughout the organisation. Health & Safety performance measures are included in the key performance indicators of all of our diverse businesses and compliance across the organisation is consistently good. Robust systems are in place to ensure high standards of Health & Safety compliance and the Executive Board and the Main Committees regularly review performance and make adjustments to policy as required.

POST BALANCE SHEET EVENTS

There are no post balance sheet events that require disclosure in the financial statements.

GOING CONCERN

After full examination of all the major areas of risk and financial exposure, the Trustees are satisfied that no material or significant exposures exist other than as reflected in these financial statements and that Enham has adequate resources to continue its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing these accounts.

PROVISION OF INFORMATION TO AUDITORS

The Trustees at the date of approval of this report confirm that in the case of each of the persons who are Trustees, the following apply:

- So far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The Trustee has taken all steps that they ought to have taken as a trustee in order to make him or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors of the Company and a resolution to confirm their re-appointment will be proposed at the forthcoming Annual General Meeting.

R A Chamberlain
Chairman, Board of Trustees

Mrs G A Hunt
Chairman, Audit Committee

TRUSTEES' STATEMENT ON INTERNAL CONTROL

The Board acknowledges that it is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Following publication of Housing Corporation Circular RS-25/01 the Board confirms there is an ongoing process of identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of the annual report and accounts, and that this process is regularly reviewed by the Board in accordance with the Circular.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of the business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A self-assessment and hierarchical control system has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for successive assurances to be given at increasingly higher levels of management and finally to the Board.

Management report annually on their review of risks and how they are managed to the Board who carry out a review of the key risks inherent in the business and the system of control necessary to manage such risks. The Audit Committee reviews the assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on an annual basis.

The Chief Executive and Executive Management Group also report to the Board on significant changes in the business and the external environment, which affect significant risks. The Director of Corporate Services provides the Board with regular financial information, and together with other members of the Executive team, other key performance indicators. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENHAM

We have audited the financial statements of Enham for the year ended 31 March 2008 which comprise the Consolidated and Company Income and Expenditure Accounts, Consolidated and Company Statements of Financial Activities, Consolidated and Company Statements of Total Recognised Surpluses and Deficits, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the board and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you whether in our opinion the information given in the Trustees Report is consistent with the financial statements.

In addition we report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, 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 directors' remuneration and other transactions is not disclosed.

We read the Trustees Report and the Statement of Internal Control. We review whether the Statement of Internal Control has been prepared in accordance with Housing Corporation Circular 'R2 - 25/01 Internal controls assurance'. We are not required to consider whether the Board's statement on internal control fairly presents the Company's system of internal control, or to form an opinion on the effectiveness of the Company's system of internal control. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board 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 United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Company's affairs as at 31 March 2008 and of the Group and Company's surplus and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, Schedule 1 to the Housing Act 1996 and The Accounting Requirements for Registered Social Landlords General Determination 2006; and
- the information given in the Board Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Southampton

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**For the Year ended 31 March 2008**

| | Note | 2008 £ | 2007 £ |
|---|------|-------------|--------------|
| TURNOVER: continuing operations | 2 | 9,715,852 | 12,150,912 |
| Other Income | | | |
| Fundraising | 4 | 269,015 | 479,034 |
| Operating expenditure | 2 | (9,880,129) | (12,898,652) |
| OPERATING SURPLUS/(DEFICIT): continuing operations | | 104,738 | (268,706) |
| Interest receivable and similar income | 7 | 266,125 | 401,346 |
| Interest payable and similar charges | 8 | (145) | (677,499) |
| Profit on deemed disposal of subsidiary | 13 | - | 609,641 |
| Share of loss in associated companies | | (25,078) | - |
| SURPLUS ON ORDINARY ACTIVITIES | 9 | 345,640 | 64,782 |
| Taxation | 10 | - | 51,991 |
| Equity minority interests | | 1,414 | 279,942 |
| SURPLUS FOR THE YEAR | 19 | 347,054 | 396,715 |

The turnover and surplus for the current and prior year relate to continuing activities.

COMPANY INCOME AND EXPENDITURE ACCOUNT

For the Year ended 31 March 2008

| | Note | 2008 £ | 2007 £ |
|---|------|-----------------------------|-----------------------------|
| TURNOVER: continuing operations | 2 | 9,374,915 | 8,710,886 |
| Other Income | | | |
| Fundraising | 4 | 288,383 | 496,645 |
| Operating expenditure | | <u>(9,656,524)</u> | <u>(8,908,308)</u> |
| OPERATING SURPLUS: continuing operations | | 6,774 | 299,223 |
| | | <u> </u> | <u> </u> |
| Interest receivable and similar income | 7 | 340,170 | 276,789 |
| Interest payable and similar charges | 8 | (145) | (435) |
| | | <u> </u> | <u> </u> |
| SURPLUS FOR THE YEAR | 19 | <u>346,799</u> | <u>575,577</u> |

The turnover and surplus for the current and prior year relate to continuing activities.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the Year ended 31 March 2008

| | Note | Unrestricted £ | Designated £ | Restricted £ | 2008 £ | 2007 £ |
|---|------|-------------------|-----------------|-----------------|------------|------------|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from generated funds | 2 | | | | | |
| Activities for generating funds | | 211,830 | - | 57,185 | 269,015 | 479,034 |
| Grants receivable | | 357,298 | - | - | 357,298 | 335,998 |
| Investment income | 7 | 266,125 | - | - | 266,125 | 401,346 |
| Incoming resources from charitable activities | | 6,182,428 | - | - | 6,182,428 | 5,609,444 |
| Other incoming resources | | | | | | |
| Incoming resources from accommodation and care services | | 3,169,508 | - | - | 3,169,508 | 3,061,372 |
| Trading subsidiary turnover | | - | - | - | - | 3,144,732 |
| Sale of fixed assets | | 6,618 | - | - | 6,618 | (635) |
| Deemed disposal of subsidiaries | | - | - | - | - | 609,641 |
| | | 10,193,807 | - | 57,185 | 10,250,992 | 13,640,934 |
| RESOURCES EXPENDED | | | | | | |
| Costs of generating funds | 2 | | | | | |
| Generation of voluntary income | | 157,365 | - | 15,709 | 173,074 | 183,708 |
| Interest payable and similar charges | 8 | 145 | - | - | 145 | 677,499 |
| Charitable activities | | | | | | |
| Cost relating to charitable activities | | 7,023,527 | - | - | 7,023,527 | 6,356,376 |
| Other resources expended | | | | | | |
| Trading subsidiary expenditure | | 148,876 | - | - | 148,876 | 3,980,403 |
| Costs relating to accommodation and care services | | 2,419,864 | - | - | 2,419,864 | 2,255,496 |
| Grants payable in furtherance of the charity's objects | | 1,200 | - | - | 1,200 | 13,616 |
| Share of loss in associated companies | | 25,078 | - | - | 25,078 | - |
| Governance costs | | 113,588 | - | - | 113,588 | 109,054 |
| | | 9,889,643 | - | 15,709 | 9,905,352 | 13,576,152 |
| NET SURPLUS FOR THE YEAR | | | | | | |
| | | 304,164 | - | 41,476 | 345,640 | 64,782 |
| Transfer between funds | 19 | 2,339 | (26,280) | 23,941 | - | - |
| Unrealised (losses)/gains from investments | 19 | (429,972) | - | - | (429,972) | 268,074 |
| Minority Interest | | 1,414 | - | - | 1,414 | 279,942 |
| Taxation | 10 | - | - | - | - | 51,991 |
| NET MOVEMENTS IN FUNDS | | (122,055) | (26,280) | 65,417 | (82,918) | 664,789 |
| Total funds brought forward | | 1,507,179 | 13,213,824 | 463,156 | 15,184,159 | 14,519,370 |
| Total funds carried forward | 19 | 1,385,124 | 13,187,544 | 528,573 | 15,101,241 | 15,184,159 |

The statement of financial activities is prepared to provide additional information in accordance with Charities financial reporting guidance and is additional to, and derived from, the income and expenditure account and related notes.

COMPANY STATEMENT OF FINANCIAL ACTIVITIES

For the Year ended 31 March 2008

| | Note | Unrestricted £ | Designated £ | Restricted £ | 2008 £ | 2007 £ |
|---|------|-------------------|-------------------|-----------------|-------------------|-------------------|
| INCOMING RESOURCES | 2 | | | | | |
| Incoming resources from generated funds | | | | | | |
| Activities for generating funds | | 231,198 | - | 57,185 | 288,383 | 496,645 |
| Grants receivable | | 357,298 | - | - | 357,298 | 335,998 |
| Investment income | | 340,170 | - | - | 340,170 | 276,789 |
| Incoming resources from charitable activities | | 6,182,428 | - | - | 6,182,428 | 5,626,944 |
| Other incoming resources | | | | | | |
| Incoming resources from accommodation and care services | | 3,169,508 | - | - | 3,169,508 | 3,061,372 |
| Sale of fixed assets | | 6,618 | - | - | 6,618 | (635) |
| | | <u>10,287,220</u> | <u>-</u> | <u>57,185</u> | <u>10,344,405</u> | <u>9,797,113</u> |
| RESOURCES EXPENDED | 2 | | | | | |
| Costs of generating funds | | | | | | |
| Generation of voluntary income | | 157,365 | - | 15,709 | 173,074 | 183,708 |
| Interest payable and similar charges | | 145 | - | - | 145 | 435 |
| Charitable activities | | | | | | |
| Cost relating to charitable activities | | 7,293,449 | - | - | 7,293,449 | 6,678,804 |
| Other resources expended | | | | | | |
| Costs relating to accommodation and care services | | 2,419,864 | - | - | 2,419,864 | 2,255,496 |
| Governance costs | | | | | | |
| Costs relating to the governance of the charity as outlined in Note 1 | | 111,074 | - | - | 111,074 | 103,093 |
| | | <u>9,981,897</u> | <u>-</u> | <u>15,709</u> | <u>9,997,606</u> | <u>9,221,536</u> |
| NET SURPLUS FOR THE YEAR | | 305,323 | - | 41,476 | 346,799 | 575,577 |
| Transfer between funds | 19 | 2,339 | (26,280) | 23,941 | - | - |
| Unrealised (losses)/gains from investments | 19 | (429,972) | - | - | (429,972) | 268,074 |
| NET MOVEMENTS IN FUNDS | | <u>(122,310)</u> | <u>(26,280)</u> | <u>65,417</u> | <u>(83,173)</u> | <u>843,651</u> |
| Total funds brought forward | | <u>2,029,608</u> | <u>13,213,824</u> | <u>462,260</u> | <u>15,705,692</u> | <u>14,862,041</u> |
| Total funds carried forward | | <u>1,907,298</u> | <u>13,187,544</u> | <u>527,677</u> | <u>15,622,519</u> | <u>15,705,692</u> |

The statement of financial activities is prepared to provide additional information in accordance with Charities financial reporting guidance and is additional to and derived from the income and expenditure account and related notes.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the Year ended 31 March 2008

GROUP

| | Note | 2008 £ | 2007 £ |
|---|------|-----------------|----------------|
| SURPLUS FOR THE YEAR | | 347,054 | 396,715 |
| Unrealised (loss)/gain on investments | 19 | (429,972) | 268,074 |
| TOTAL RECOGNISED (DEFICIT)/ SURPLUS SINCE LAST ANNUAL REPORT | | <u>(82,918)</u> | <u>664,789</u> |

COMPANY

| | Note | 2008 £ | 2007 £ |
|--|------|-----------------|----------------|
| SURPLUS FOR THE YEAR | | 346,799 | 575,577 |
| Unrealised (loss)/gain on investments | 19 | (429,972) | 268,074 |
| TOTAL RECOGNISED DEFICIT/SURPLUS SINCE LAST ANNUAL REPORT | | <u>(83,173)</u> | <u>843,651</u> |

ENHAM

CONSOLIDATED AND COMPANY BALANCE SHEETS

As at 31 March 2008

| | | Group | | Company | |
|--|------|--------------------|--------------------|--------------------|--------------------|
| | Note | 2008 £ | 2007 £ | 2008 £ | 2007 £ |
| TANGIBLE FIXED ASSETS | | | | | |
| Housing properties depreciated cost | 11 | 10,884,905 | 10,992,769 | 10,884,905 | 10,992,769 |
| Less: Social housing grant | 11 | (4,007,256) | (4,007,256) | (4,007,256) | (4,007,256) |
| | | <u>6,877,649</u> | <u>6,985,513</u> | <u>6,877,649</u> | <u>6,985,513</u> |
| Other fixed assets | 11 | 2,379,122 | 2,409,151 | 2,379,122 | 2,409,151 |
| | | <u>9,256,771</u> | <u>9,394,664</u> | <u>9,256,771</u> | <u>9,394,664</u> |
| Investments | 12 | 6,096,736 | 5,773,928 | 5,686,727 | 5,338,841 |
| | | <u>15,353,507</u> | <u>15,168,592</u> | <u>14,943,498</u> | <u>14,733,505</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 67,895 | 64,120 | 67,895 | 64,120 |
| Debtors due within one year | 14 | 917,742 | 888,474 | 2,038,085 | 1,928,010 |
| Cash at bank and in hand | | 478,832 | 858,253 | 243,811 | 614,554 |
| | | <u>1,464,469</u> | <u>1,810,847</u> | <u>2,349,791</u> | <u>2,606,684</u> |
| CREDITORS: amounts falling due within one year | 15 | <u>(1,170,675)</u> | <u>(1,240,307)</u> | <u>(1,125,477)</u> | <u>(1,081,703)</u> |
| NET CURRENT ASSETS | | <u>293,794</u> | <u>570,540</u> | <u>1,224,314</u> | <u>1,524,981</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>15,647,301</u> | <u>15,739,132</u> | <u>16,167,812</u> | <u>16,258,486</u> |
| CREDITORS: amounts falling due after more than one year | 16 | <u>(545,293)</u> | <u>(552,793)</u> | <u>(545,293)</u> | <u>(552,794)</u> |
| NET ASSETS | | <u>15,102,008</u> | <u>15,186,339</u> | <u>15,622,519</u> | <u>15,705,692</u> |
| CAPITAL AND RESERVES | | | | | |
| Revaluation reserve | 19 | 734,510 | 1,164,482 | 734,510 | 1,164,482 |
| Restricted reserves | 19 | 528,573 | 463,156 | 527,677 | 462,260 |
| Designated reserves | 19 | 13,187,544 | 13,213,824 | 13,187,544 | 13,213,824 |
| Revenue reserve | 19 | 650,614 | 342,697 | 1,172,788 | 865,126 |
| | | <u>15,101,241</u> | <u>15,184,159</u> | <u>15,622,519</u> | <u>15,705,692</u> |
| Minority interest | | <u>767</u> | <u>2,180</u> | <u>-</u> | <u>-</u> |
| Total capital employed | | <u>15,102,008</u> | <u>15,186,339</u> | <u>15,622,519</u> | <u>15,705,692</u> |

The financial statements on pages 14 to 46 were approved by the Trustees on

2008.

Signed on behalf of the Trustees

R A Chamberlain
Chairman, Board of Trustees

Mrs G A Hunt
Chairman, Audit Committee

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

| | Note | 2008 £ | 2007 £ |
|---|-------|-------------------------|---------------------------|
| Net cash inflow from operating activities | 20 | <u>353,908</u> | <u>913,382</u> |
| Returns on investments and servicing of finance | | | |
| Interest received | | 266,125 | 401,346 |
| Interest paid | | <u>(145)</u> | <u>(677,499)</u> |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | | <u>265,980</u> | <u>(276,153)</u> |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (229,752) | (154,291) |
| Receipts from sales of tangible fixed assets | | 8,301 | 163,882 |
| Net cash (outflow)/inflow from capital expenditure and financial investment | | <u>(221,451)</u> | <u>9,591</u> |
| Net cash inflow before use of liquid resources and financing | | <u>398,437</u> | <u>646,820</u> |
| Management of liquid resources | | | |
| Sale of current asset investments | | 250,000 | - |
| Purchase of current asset investments | | <u>(1,027,858)</u> | <u>(2,250,000)</u> |
| Net cash outflow from management of liquid resources | | <u>(777,858)</u> | <u>(2,250,000)</u> |
| Financing | | | |
| Capital element of hire purchase repayments | | - | <u>(3,701)</u> |
| Net cash outflow from financing | | <u>-</u> | <u>(3,701)</u> |
| Decrease in cash | 21,22 | <u><u>(379,421)</u></u> | <u><u>(1,606,881)</u></u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, the Companies Act 1985, and in accordance with the “Statements of Recommended Practice (SORP) Accounting by Registered Social Landlords” issued by the National Housing Federation and updated in 2005 as well as the Accounting Requirements for Registered Social Landlords General Determination 2000. In addition Enham has incorporated Statements of Financial Activities to provide additional information in accordance with charities financial reporting guidance, though the charities SORP has not been implemented in full, as the RSL SORP takes precedence where disclosures are not required under the RSL SORP but are required by the charities SORP, the Charities SORP has been followed. A summary of the more important accounting policies is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified to reflect the revaluation of certain fixed asset investments.

Basis of consolidation

Consolidated financial statements have been prepared for the group which comprises the subsidiary undertakings as detailed in note 12, in accordance with the requirements of FRS 2 “Accounting for subsidiary undertakings”.

Turnover

Turnover represents rental income receivable, income from the sale of goods and services, registered care home fees and grants from local authorities, the Housing Corporation, the EU and the Employment Service (in respect of supported employment of disabled people).

Revenue Streams

Fundraising Income

Income is recognised on a cash basis when received in bank account

Employment Services

The revenue is recognised by claims being presented to DWP, Jobcentre Plus and LSC (funding agreements of Contract for Services) on a monthly basis.

Charitable Trading

Invoices are raised on the despatch of goods.

Accommodation and Care Income

Local Authority and Clients are invoiced on a weekly or monthly basis depending on the local authority

Investment Income

Income is recognised on an accrual basis

Goodwill and intangible fixed assets

On acquisition of a business, fair values are attributed to the Group’s share of net tangible assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is capitalised and amortised over its useful economic life, which is considered to be seven years. The trustees regard seven years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and Social Housing Grant. Depreciation is charged on a straight-line basis to write off the cost of the assets to their estimated residual value over the expected useful economic lives of the assets. Useful economic lives are not deemed to be longer than the following in each category:

| | |
|---------------------|--------------------|
| Freehold properties | 3 years - 50 years |
| Plant and equipment | 5 years – 10 years |
| Motor vehicles | 4 years |

Leased assets are depreciated in line with the above policy except that where the term of the relevant contract is less than the economic life of the asset, the write off is over the shorter period.

No depreciation is provided on freehold land or assets in the course of construction as the Trustees consider that the estimated residual value of the land is greater than cost.

Freehold Residential Properties and Social Housing Grant

Freehold residential properties are shown net of the related Social Housing Grant (SHG).

SHG is repayable under certain circumstances, primarily following some sales of property, but will often be restricted to net proceeds of sale. In these cases, it is subordinated as an unsecured debt where a charge rests on the property. However, no provision is made on the balance sheet for the repayment of SHG on completed contracts as the conditions under which they were made are unlikely to change in the foreseeable future. SHG in respect of housing properties in the course of construction or renovation would be shown as a current liability.

Investments

Investment property is shown at open market value for existing use. The investment in the subsidiary is included at cost, less provision for impairment in value; other financial investments are stated at market value.

Supported Employment Procurement and Consultancy Service grants

Grants for assistance towards the cost of approved capital expenditure in connection with supported employment are treated as deferred income and are transferred to the income and expenditure account over the expected useful economic life of the related assets.

Per Capita grants

Grants of a revenue nature are credited to income in the period to which they relate.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

Taxation and deferred taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS**For the Year ended 31 March 2008****1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****Leased assets**

The acquisition values of assets held under finance leases and hire purchase agreements are included in tangible fixed assets. The capital element of related future commitments is included in creditors. Finance charges are allocated to accounting periods during the term of each lease so as to produce a constant periodic rate of charge.

Cyclical repairs and maintenance

Due to the establishment of regular programmes of repair and maintenance, the designation of a special reserve is not considered necessary. Costs are charged to the income and expenditure account as they are incurred.

Major repairs

Future major repairs expenditure was being provided for on all housing properties developed under the 1988 Housing Act arrangements by transfer to a restricted reserve of funds calculated by reference to section 55(3) of that Act. There is also a designated reserve for future expenditure on properties not covered by the restricted reserve.

Pensions

Enham operates a defined contribution scheme and participates in the Social Housing Pension Scheme (SHPS) defined benefit scheme, both of which require contributions to be made to separately administered funds. The SHPS is a multi-employer scheme and Enham is unable to separately identify its share of the assets and liabilities of the scheme. Therefore, contributions to the defined contribution scheme and defined benefit scheme are charged to the income and expenditure account as they became payable in accordance with the scheme rules.

Fund Accounting

General funds are unrestricted funds used for furthering the objects of the charity.

Designated funds are general funds which have been set aside by the Trustees at their discretion for specific purposes as shown in note 19.

Monies are received that are subject to specific conditions imposed by the donor and these are treated as restricted funds. Such income and the related expenditure is separately identified in the Statement of Financial Activities and restricted funds are recorded on the balance sheet. Further details of the individual items within restricted funds are shown in note 19.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

2. TURNOVER, OPERATING SURPLUS AND SURPLUS ON ORDINARY ACTIVITIES

Group

| | Turnover £ | Operating expenditure £ | 2008 Surplus/ (deficit) on ordinary activities £ | 2007 Surplus/ (deficit) on ordinary activities £ |
|---|------------------|-------------------------------|---|---|
| Social Housing activities | | | | |
| Residential accommodation | 3,328,928 | (2,586,420) | 742,508 | 797,175 |
| Other income and expenditure | 75,902 | (12,480) | 63,422 | 43,953 |
| Non-social housing activities | | | | |
| Charitable activities including employment and learning | 6,477,139 | (7,132,014) | (654,875) | (568,854) |
| Trading companies' activities | - | (148,876) | (148,876) | (835,671) |
| | <u>9,881,969</u> | <u>(9,879,790)</u> | <u>2,179</u> | <u>(563,397)</u> |
| Appeal income (net of costs) (note 4) | | | 95,941 | 295,326 |
| Surplus/(Deficit) on sale of fixed assets (note 9) | | | 6,618 | (635) |
| Interest receivable and similar income (note 7) | | | 266,125 | 401,346 |
| Interest payable (note 8) | | | (145) | (677,499) |
| Profit on deemed disposal of subsidiaries | | | - | 609,641 |
| Share of loss in associate companies | | | (25,078) | - |
| Total as per statement of financial activities | | | <u>345,640</u> | <u>64,782</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

2. TURNOVER, OPERATING SURPLUS AND SURPLUS ON ORDINARY ACTIVITIES (continued)

| COMPANY | | | 2008 | 2007 |
|--|------------------|--------------------|--------------------------|--------------------------|
| | Turnover | Operating | Surplus/ (deficit) on | Surplus/ (deficit) on |
| | £ | expenditure | ordinary | ordinary |
| | | £ | activities | activities |
| | | | £ | £ |
| Social Housing activities | | | | |
| Residential accommodation | 3,328,928 | (2,586,420) | 742,508 | 797,175 |
| Other income and expenditure | 75,902 | (12,480) | 63,422 | 61,453 |
| Non-social housing activities | | | | |
| Charitable activities including employment and learning | 6,477,139 | (7,398,222) | (921,083) | (871,707) |
| | <u>9,881,969</u> | <u>(9,997,122)</u> | (115,153) | (13,079) |
| Appeal income (net of costs) | | | 115,309 | 312,937 |
| (Deficit) on Sale of Fixed Assets (note 9) | | | 6,618 | (635) |
| Interest receivable and similar income (note 7) | | | 340,170 | 276,789 |
| Interest payable (note 8) | | | (145) | (435) |
| | | | <u>461,952</u> | <u>588,656</u> |
| Totals as per Statement of Financial Activities | | | <u>346,799</u> | <u>575,577</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

2. TURNOVER, OPERATING SURPLUS AND SURPLUS ON ORDINARY ACTIVITIES
(continued)

| | General needs housing £ | Supported housing £ | Care home £ | 2008 Total £ | 2007 Total £ |
|--|----------------------------------|---------------------------|--------------------|--------------------|--------------------|
| Income from residential lettings | | | | | |
| Rents | 769,668 | 112,126 | 303,755 | 1,185,549 | 1,131,498 |
| Identifiable service charges | 24,712 | 500,264 | 1,637,041 | 2,162,017 | 2,100,769 |
| | <u>794,380</u> | <u>612,390</u> | <u>1,940,796</u> | <u>3,347,566</u> | <u>3,232,267</u> |
| Less: Rent losses from voids | (3,775) | (6,422) | (18,502) | (28,699) | (24,424) |
| Total income from lettings | <u>790,605</u> | <u>605,968</u> | <u>1,922,294</u> | <u>3,318,867</u> | <u>3,207,843</u> |
| Expenditure on residential lettings | | | | | |
| Services | (131,059) | (28,851) | (819,584) | (979,494) | (937,677) |
| Management | (168,683) | (256,520) | (821,706) | (1,246,909) | (1,218,946) |
| Routine maintenance | (148,828) | (22,855) | (66,435) | (238,118) | (162,860) |
| Major repairs expenditure | (111,588) | (250) | - | (111,838) | (91,185) |
| Total expenditure on lettings | <u>(560,158)</u> | <u>(308,476)</u> | <u>(1,707,725)</u> | <u>(2,576,359)</u> | <u>(2,410,668)</u> |
| Operating surplus on residential letting activities | <u>230,447</u> | <u>297,492</u> | <u>214,569</u> | <u>742,508</u> | <u>797,175</u> |

At the end of the year, the following units of accommodation were owned and managed by Enham:

| | 2008 No. | 2007 No. |
|--|-------------|-------------|
| Housing accommodation | 186 | 186 |
| Supported housing accommodation (bed spaces) | 104 | 104 |
| Registered care home (bed spaces) | 56 | 56 |
| | <u>346</u> | <u>346</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

3. OPERATING DEFICIT – NON-HOUSING CHARITABLE ACTIVITIES

Group

| | 2008 £ | 2007 £ |
|-----------------------------|--------------------|--------------------|
| Turnover | 6,129,902 | 5,576,679 |
| Operating expenditure | <u>(7,132,014)</u> | <u>(6,470,456)</u> |
| | (1,002,112) | (893,777) |
| Supported employment grants | <u>347,237</u> | <u>324,923</u> |
| | <u>(654,875)</u> | <u>(568,854)</u> |

Turnover represents net sales and services generated by employment and learning activities together with income arising from other group charitable activities

Company

| | 2008 £ | 2007 £ |
|-----------------------------|--------------------|--------------------|
| Turnover | 6,129,902 | 5,576,679 |
| Operating expenditure | <u>(7,398,222)</u> | <u>(6,773,307)</u> |
| | (1,268,320) | (1,196,628) |
| Supported employment grants | <u>347,237</u> | <u>324,921</u> |
| | <u>(921,083)</u> | <u>(871,707)</u> |

Turnover represents net sales and services generated by employment and learning activities together with income arising from other group charitable activities.

4. FUNDRAISING

Group

| | 2008 £ | 2007 £ |
|-----------------------------------|------------------|------------------|
| Income | | |
| Donations, covenants and legacies | 196,990 | 174,787 |
| Donations for specific projects | <u>72,025</u> | <u>304,247</u> |
| | <u>269,015</u> | <u>479,034</u> |
| Expenditure | | |
| Fundraising and publicity | (157,365) | (40,323) |
| Management and administration | <u>(15,709)</u> | <u>(143,385)</u> |
| | <u>(173,074)</u> | <u>(183,708)</u> |
| Net fundraising income | <u>95,941</u> | <u>295,326</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

| Company | 2008 £ | 2007 £ |
|-----------------------------------|------------------|----------------|
| Income | | |
| Donations, covenants and legacies | 216,358 | 192,398 |
| Donations for specific projects | 72,025 | 304,247 |
| | <u>288,383</u> | <u>496,645</u> |
| Expenditure | | |
| Fundraising and publicity | (15,709) | (40,323) |
| Management and administration | (157,365) | (143,385) |
| | <u>(173,074)</u> | <u>183,708</u> |
| Net fundraising income | <u>115,309</u> | <u>312,937</u> |

5. DIRECTORS' EMOLUMENTS

Under the Accounting Requirements for Registered Social Landlords General Determination 2000, Trustees, the Chief Executive and senior executives whose total emoluments exceed £40,000 per year are to be treated as 'directors' for the purpose of this note.

The Trustees received no remuneration during the year (2007: £nil).

Total emoluments paid to or receivable by the other directors and senior executives were as follows:

| <u>Group</u> | 2008 £ | 2007 £ |
|---|----------------|----------------|
| Salary and benefits in kind | 471,995 | 454,622 |
| Pension contributions paid – defined benefit scheme | 49,765 | 44,773 |
| | <u>521,760</u> | <u>499,395</u> |
| No of Employees emoluments exceeded £60,000 | £'000 | No. |
| | 60 - 70 | 2 |
| | 100-110 | 1 |
| | <u>104,277</u> | <u>104,276</u> |
| Included above are the emoluments payable to or receivable by the highest paid director (excluding pension contributions), who is the Chief Executive | 2008 £ | 2007 £ |
| | 104,277 | 104,276 |

The Chief Executive is a normal member of the defined benefit pension scheme and receives no enhanced benefits.

| | 2008 £ | 2007 £ |
|--|---------------|--------------|
| Total expenses reimbursed to the directors not chargeable to United Kingdom income tax | <u>11,468</u> | <u>3,138</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

6. EMPLOYEE INFORMATION

Group

The average number of persons (including the Chief Executive) employed by the Group during the year was:

| | Disabled No. | Others No. | 2008 Total No. | 2007 Total No. |
|--|-------------------------|-----------------------|-------------------------------|-------------------------------|
| Employment and learning and other charitable activities | 52 | 103 | 155 | 139 |
| Housing and care | 1 | 73 | 74 | 77 |
| Fundraising and administration | 3 | 32 | 35 | 36 |
| Trading Companies | - | - | - | 23 |
| | <u>56</u> | <u>208</u> | <u>264</u> | <u>275</u> |
| Average number of employees expressed as full time equivalents | | | <u>234</u> | <u>247</u> |

Staff costs for the Group were:

| | 2008 £ | 2007 £ |
|-----------------------|-------------------|-------------------|
| Wages and salaries | 4,976,081 | 5,537,610 |
| Social security costs | 380,447 | 465,327 |
| Other pension costs | 254,264 | 248,758 |
| | <u>5,610,792</u> | <u>6,251,695</u> |

Company

The average number of persons (including the Chief Executive) employed during the year was:

| | Disabled No. | Others No. | 2008 Total No. | 2007 Total No. |
|--|-------------------------|-----------------------|-------------------------------|-------------------------------|
| Employment & learning and other charitable activities | 52 | 103 | 155 | 139 |
| Housing and care | 1 | 73 | 74 | 77 |
| Fundraising and administration | 3 | 32 | 35 | 36 |
| | <u>56</u> | <u>208</u> | <u>264</u> | <u>252</u> |
| Average number of employees expressed as full time equivalents | | | <u>234</u> | <u>224</u> |
| Staff costs for the company were: | | | 2008 £ | 2007 £ |
| Wages and salaries | | | 4,976,081 | 4,719,773 |
| Social security costs | | | 380,447 | 386,710 |
| Other pension costs | | | 254,264 | 259,854 |
| | | | <u>5,610,792</u> | <u>5,366,337</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

7. INTEREST RECEIVABLE AND SIMILAR INCOME

Group

| | 2008 | 2007 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Interest receivable from bank and other deposits and Charities Aid foundation investments. | 193,399 | 130,427 |
| Dividends receivable | <u>72,726</u> | <u>270,920</u> |
| | <u><u>266,125</u></u> | <u><u>401,346</u></u> |

Company

| | 2008 | 2007 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Interest receivable from bank and other deposits & Charities Aid foundation investments | 186,637 | 126,369 |
| Dividends receivable | 72,726 | 77,780 |
| Interest receivable on amounts due from subsidiary undertakings | <u>80,807</u> | <u>72,640</u> |
| | <u><u>340,170</u></u> | <u><u>276,789</u></u> |

8. INTEREST PAYABLE AND SIMILAR CHARGES

Group

| | 2008 | 2007 |
|--|------------|----------------|
| | £ | £ |
| On bank loans and overdrafts: | | |
| Repayable by instalments within five years | 145 | 598,367 |
| On other loans: | | |
| Payable on preference stock | | 76,269 |
| Hire purchase interest payments | - | 2,863 |
| | <u>145</u> | <u>677,499</u> |

Company

| | 2008 | 2006 |
|-------------------------------|------------|------------|
| | £ | £ |
| On bank loans and overdrafts: | 145 | 435 |
| | <u>145</u> | <u>435</u> |

NOTES TO THE ACCOUNTS
For the Year ended 31 March 2008

9. SURPLUS ON ORDINARY ACTIVITIES

Group

The surplus on ordinary activities is stated after charging:

| | 2008 | 2007 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Auditors' remuneration: | | |
| - audit services | 48,762 | 73,837 |
| - non audit services | 1,973 | 7,500 |
| Operating lease rentals payable: | | |
| - plant and machinery | - | 3,756 |
| - Other | 129,682 | 107,602 |
| Depreciation of: | | |
| -owned fixed assets per note 11 | 362,664 | 362,618 |
| - leased assets | 3,298 | 3,298 |
| -assets held under operating lease agreements | - | 1,132,071 |
| -assets held under HP agreements | - | 49,692 |
| Impairment of goodwill | - | 57,572 |
| Loss on disposal of operating lease assets | - | 27,360 |
| Surplus on sale of tangible fixed assets | (6,618) | (3,027) |
| Profit on deemed disposal of subsidiaries | - | 609,641 |
| | <u> </u> | <u> </u> |

Company

The surplus on ordinary activities is stated after charging:

| | 2008 | 2007 |
|---|-----------------------------|-----------------------------|
| | £ | £ |
| Auditors' remuneration: | | |
| - audit services | 38,000 | 38,000 |
| Operating lease rentals payable: | | |
| - land and buildings | 126,682 | 107,602 |
| Depreciation of owned fixed assets | 362,664 | 346,972 |
| Depreciation of leased assets | 3,298 | 3,298 |
| (Surplus) / Deficit on sale of tangible fixed assets | (6,618) | 635 |
| | <u> </u> | <u> </u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

10. TAXATION

As a registered charity, Enham is not subject to United Kingdom corporation tax on the surplus resulting from charitable activities in accordance with ICTA.

| | 2008 £ | 2007 £ |
|---|-------------|-------------|
| Analysis of tax on surplus for the year: | | |
| United Kingdom corporation tax at 30% (2007: 30%) | - | - |
| | <hr/> | <hr/> |
| Total current taxation | - | - |
| Deferred tax: | | |
| Timing differences, origination and reversal | - | (105,179) |
| Unutilised losses | - | 53,188 |
| | <hr/> | <hr/> |
| Tax credit for the year | - | (51,991) |
| | <hr/> <hr/> | <hr/> <hr/> |

Factors affecting the tax charge for the current year:

The tax assessed for the period is lower (2007: lower) than that resulting from applying the standard rate of corporation tax in the UK of 30%. The differences are explained below:

| | 2008 £ | 2007 £ |
|--|---------------------|-------------------|
| Surplus on ordinary activities before tax | 345,640 | 64,782 |
| | <hr/> | <hr/> |
| Loss on ordinary activities multiplied by the standard rate of Corporation Tax of 30% (2007:30%) | 103,692 | 19,435 |
| Effects of: | | |
| Expenses not deductible for tax purposes | To be finalised | xxxxxxxx (80,915) |
| Capital allowances in excess of depreciation | | - 114,668 |
| Decrease in unutilised tax losses | | xxxxxxxx (53,188) |
| Non-taxable income from charitable activities | | yyyyyyyyy- - |
| | | <hr/> |
| Current tax charge for period | Will be zero charge | - |
| | | <hr/> <hr/> |

Factors that may affect the future tax charge:

A deferred tax asset has not been recognised in respect of timing differences relating to certain trade losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset recognised is £nil (2007: £79,037). The asset would be recovered if there are sufficient taxable profits in future periods against which the losses could be offset.

NOTES TO THE ACCOUNTS
For the Year ended 31 March 2008

11. TANGIBLE FIXED ASSETS
RESIDENTIAL PROPERTIES

**COMPANY AND
GROUP**

| | Freehold housing properties £ | Freehold care homes £ | Residential Properties £ |
|-----------------------------------|--|--|---|
| Cost | | | |
| At 1 April 2007 | 4,411,888 | 7,756,025 | 12,167,913 |
| Additions | - | 5,500 | 5,500 |
| Disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2008 | 4,411,888 | 7,761,525 | 12,173,413 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 April 2007 | - | 1,175,144 | 1,175,144 |
| Charge for the year | - | 113,364 | 113,364 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2008 | - | 1,288,508 | 1,288,508 |
| | <hr/> | <hr/> | <hr/> |
| Depreciated Costs | | | |
| At 31 March 2008 | 4,411,888 | 6,473,017 | 10,884,905 |
| At 31 March 2007 | 4,411,888 | 6,580,881 | 10,992,769 |
| | <hr/> | <hr/> | <hr/> |
| Social Housing Grant | | | |
| At 1 April 2007 and 31 March 2008 | 2,256,643 | 1,750,613 | 4,007,256 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 2008 | 2,155,245 | 4,722,404 | 6,877,649 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2007 | 2,155,245 | 4,830,268 | 6,985,513 |
| | <hr/> | <hr/> | <hr/> |

NOTES TO THE ACCOUNTS
For the Year ended 31 March 2008

11. TANGIBLE FIXED ASSETS (CONTINUED)

OTHER FIXED ASSETS

Group and Company

| | Other freehold property £ | Plant and Equipment £ | Motor vehicles £ | Non residential property assets £ |
|---------------------------|--|--|---------------------------------|--|
| Cost | | | | |
| At 1 April 2007 | 2,514,048 | 2,715,898 | 243,067 | 5,473,013 |
| Additions | - | 207,757 | 16,495 | 224,252 |
| Disposals and write downs | (385) | (270,692) | (7,633) | (278,710) |
| | <u>2,513,663</u> | <u>2,652,963</u> | <u>251,929</u> | <u>5,418,555</u> |
| Depreciation | | | | |
| At 1 April 2007 | 925,318 | 1,920,669 | 217,875 | 3,063,862 |
| Charge for the year | 54,685 | 178,370 | 19,543 | 252,598 |
| Disposals and write downs | (384) | (269,011) | (7,632) | (277,027) |
| | <u>979,619</u> | <u>1,830,028</u> | <u>229,786</u> | <u>3,039,433</u> |
| Net book value | | | | |
| At 31 March 2008 | <u>1,534,044</u> | <u>822,935</u> | <u>22,143</u> | <u>2,379,122</u> |
| At 31 March 2007 | <u>1,588,730</u> | <u>795,229</u> | <u>25,192</u> | <u>2,409,151</u> |

Assets held under finance leases and capitalised in plant and equipment.

| Company and group | 2008 £ | 2007 £ |
|------------------------------|-------------------|-------------------|
| Cost | 9,895 | 9,895 |
| Less: Aggregate Depreciation | (8,497) | (5,199) |
| Net Book Value | <u>1,398</u> | <u>4,696</u> |

NOTES TO THE ACCOUNTS
For the Year ended 31 March 2008

12. INVESTMENTS

| Fixed assets | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2008 £ | 2007 £ | 2008 £ | 2007 £ |
| Charities Aid Foundation Balanced Growth Fund | 767,093 | 925,525 | 767,093 | 925,525 |
| Charities Aid Foundation fixed term investment | 2,000,000 | 2,250,000 | 2,000,000 | 2,250,000 |
| Gerrard Investment | 1,619,437 | 1,893,133 | 1,619,437 | 1,893,133 |
| Unlisted shares | 10,337 | 15,181 | 10,337 | 15,181 |
| Investment property | 262,000 | 255,000 | 262,000 | 255,000 |
| Short term investment with the Bank of Scotland | 1,027,858 | - | 1,027,858 | - |
| | <u>5,686,725</u> | <u>5,338,839</u> | <u>5,686,725</u> | <u>5,338,839</u> |
| Shareholdings in subsidiary undertakings | - | - | 2 | 2 |
| Share of associates | 410,011 | 435,089 | - | - |
| | <u>6,096,736</u> | <u>5,773,928</u> | <u>5,686,727</u> | <u>5,338,841</u> |
| Total fixed asset investments | <u>6,096,736</u> | <u>5,773,928</u> | <u>5,686,727</u> | <u>5,338,841</u> |

The CAF Growth fund which comprises listed investments is shown at market value.

Investment property of £262,000 (2007: £255,000) comprises a freehold house gifted to Enham with the provision of a lifetime rent free tenancy to the existing occupants. The property was valued on 4TH April 2008 by TE Coles, MRICS, of Pearsons, at £400,000 (2007: £400,000) on the basis of vacant possession, the value being reduced by 35% (2007 36%) to reflect the tenancy.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

12. INVESTMENTS (continued)

Enham has the following subsidiary and associate undertakings:

| Undertaking | Registered | Entity | Activity | Ordinary shares | | Commercial relationship with other group entities |
|--|-----------------|---------|---|---|-----------------------------|--|
| | | | | Enham holding | Proportion of share capital | |
| | | | | Shares | % | |
| Cedar Services Limited | England & Wales | Company | Building contracting | 2 | 100 % | Profits paid to Enham under gift aid |
| Enabling Partnership (Trading) Limited Note (a) | England & Wales | Company | Trading activities of ENHAM | Limited by guarantee, controlled by ENHAM | | Interest paid to Enham on loan. |
| Route2mobility Limited Note (b) | England & Wales | Company | Finance provider under Motability Scheme | 7,100 | 40 % | No trading relationship. Dividends paid to Enabling Partnership (Trading) Limited. |
| Enham Finance Limited Note (b) | England & Wales | Company | Finance provider | 7,250 | 36 % | No trading relationship. Dividends paid to Enabling Partnership (Trading) Limited. |
| Agilis Insurance Limited Note (b) | England & Wales | Company | Insurance provider, primarily under Motability Scheme | 7,250 | 36 % | No trading relationship. Dividends paid to Enabling Partnership (Trading) Limited. |
| Enham Binders Limited | England & Wales | Company | Non active trading Subsidiary of ENHAM | 2 | 100 % | No trading relationship. |
| Papworth & Enham Foundation | England & Wales | Company | Charity | Limited by guarantee, controlled by ENHAM | | None |

Notes

- (a) Where no shares are held, the companies are limited by guarantee with no share capital. The Boards of these companies consider Enham to be the parent undertaking.
- (b) The shares in route2mMobility Limited, Enham Finance Limited and Agilis Insurance Limited (formerly Enham Direct Limited) are owned by Enham Partnership (Trading) Limited which is a wholly owned subsidiary of Enham.
- (c) Enham is a Registered Social Landlord, this is the only RSL in the group. Enham and the Papworth and Enham Foundation are both registered charities, these are the only charities in the group.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

13. STOCKS

Group and Company

| | 2008 £ | 2007 £ |
|---------------------|---------------|---------------|
| Raw materials | 59,919 | 56,060 |
| Horticultural stock | 5,000 | 5,000 |
| Consumable stock | 2,976 | 3,060 |
| | <u>67,895</u> | <u>64,120</u> |

14. DEBTORS

Due within one year;

| | Group | | Company | |
|--|----------------|----------------|------------------|------------------|
| | 2008 £ | 2007 £ | 2008 £ | 2007 £ |
| Arrears of rent – housing | 13,834 | 3,777 | 13,834 | 3,777 |
| Less: provisions for housing bad debts | (4,155) | (3,166) | (4,155) | (3,166) |
| | <u>9,679</u> | <u>611</u> | <u>9,679</u> | <u>611</u> |
| Arrears of rent – non-housing | 4,090 | 3,650 | 4,090 | 3,650 |
| Less: provisions for non-housing bad debts | (9,220) | (424) | (9,220) | (424) |
| | <u>4,549</u> | <u>3,837</u> | <u>4,549</u> | <u>3,837</u> |
| Trade debtors | 703,120 | 686,106 | 703,120 | 686,106 |
| Amounts due from subsidiary undertakings | - | - | 1,121,190 | 1,040,383 |
| Other debtors | 95,040 | 69,705 | 94,193 | 68,858 |
| Prepayments and accrued income | 115,033 | 128,826 | 115,033 | 128,826 |
| | <u>917,742</u> | <u>888,474</u> | <u>2,038,085</u> | <u>1,928,010</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

15. CREDITORS: Amounts falling due within one year

| | Notes | Group | | Company | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2008 £ | 2007 £ | 2008 £ | 2007 £ |
| Obligations under hire purchase contracts | 17 | 626 | 4,696 | 626 | 4,696 |
| Trade creditors | | 270,537 | 318,659 | 151,008 | 307,618 |
| Taxation and social security | | 183,457 | 206,532 | 161,575 | 191,370 |
| Other creditors | | 29,539 | 75,549 | 3,739 | 38,158 |
| Accruals | | 513,161 | 479,348 | 460,711 | 345,178 |
| Deferred income | 18 | 173,355 | 155,523 | 173,355 | 155,523 |
| Amounts due to subsidiaries | | - | - | 174,463 | 39,160 |
| | | <u>1,170,675</u> | <u>1,240,307</u> | <u>1,125,477</u> | <u>1,081,703</u> |

16. CREDITORS: Amounts falling due after more than one year

Group and Company

| | Notes | 2008 £ | 2007 £ |
|-----------------|-------|----------------|----------------|
| Other loans | 17 | 375,224 | 375,224 |
| Deferred income | 18 | 170,069 | 177,570 |
| | | <u>545,293</u> | <u>552,794</u> |

17. BORROWINGS

Group and Company

| | 2008 £ | 2007 £ |
|-----------------------------------|----------------|----------------|
| Obligations under lease contracts | 626 | 4,696 |
| Other loans | 375,224 | 375,224 |
| | <u>375,850</u> | <u>379,920</u> |
| Repayable as follows: | | |
| Within one year | 626 | 4,696 |
| After more than five years | 375,224 | 375,224 |
| | <u>375,850</u> | <u>379,920</u> |

Obligations under finance leases are secured on the assets to which they relate (see note 11).

Other loans are interest free advances from the Employment Service towards the cost of approved capital expenditure in connection with supported employment. Provided the conditions upon which the advances were made continue to be observed they have no fixed time of repayment.

NOTES TO THE ACCOUNTS
For the Year ended 31 March 2008

18. DEFERRED INCOME

Group and Company

| | Notes | 2008 £ | 2007 £ |
|------------------------------------|-------|------------------|------------------|
| Employment Service grants | | 206,965 | 219,344 |
| Advance sales | | 136,459 | 113,749 |
| | | <u>343,424</u> | <u>333,093</u> |
| Less: repayable within one year | 15 | <u>(173,355)</u> | <u>(155,523)</u> |
| Repayable after more than one year | 16 | <u>170,069</u> | <u>177,570</u> |

Employment Service grants are contributions to the cost of approved expenditure on plant, machinery and equipment in connection with supported employment. Provided the conditions upon which the advances are made continue to be observed these advances are non-refundable. They will be credited to the income and expenditure account as follows:

Group and Company

| | 2008 £ | 2007 £ |
|---------------------------|----------------|----------------|
| Within one year | 89,396 | 101,775 |
| Within one and two years | 117,569 | 114,323 |
| Within two and five years | - | 3,246 |
| | <u>206,965</u> | <u>219,344</u> |

The previously reported deferred income in respect of donations received for the construction of the resource centre have now been added to the brought forward designated reserves. See Note 29

19. RESERVES

Group

| | Revaluation reserve £ | Restricted reserves £ | Designated reserves £ | Revenue reserve £ | Total £ |
|--|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|
| At 1 April 2007 | 1,164,482 | 463,156 | 13,213,824 | 342,697 | 15,184,159 |
| Net surplus for the year | - | 41,476 | - | 305,578 | 347,054 |
| Unrealised net loss on revaluation of investments | (429,972) | - | - | - | (429,972) |
| Net transfers | - | 23,941 | (26,280) | 2,339 | - |
| At 31 March 2008 | <u>734,510</u> | <u>528,573</u> | <u>13,187,544</u> | <u>650,614</u> | <u>15,101,241</u> |

The revaluation reserve represents the difference between the market value on 31 March 2008 and the cost of the CAF fixed asset investment funds, and any increase or decrease in value of other investments.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

19. RESERVES (continued)

| Restricted reserves | Grant funded reserve £ | Appeals reserve £ | Total 2008 £ | Total 2007 £ |
|----------------------------------|---------------------------|----------------------|-----------------|-----------------|
| At 1 April 2007 | 896 | 462,260 | 463,156 | 183,804 |
| Grants received | - | 41,129 | 41,129 | 264,615 |
| Other income | 347 | - | 347 | - |
| Grant funded project expenditure | - | - | - | (691) |
| Interest allocated | - | 23,941 | 23,941 | 15,248 |
| | <u>1,243</u> | <u>527,330</u> | <u>528,573</u> | <u>463,156</u> |
| At 31 March 2008 | <u>1,243</u> | <u>527,330</u> | <u>528,573</u> | <u>463,156</u> |

The Appeals reserve reflects the balance of all donations made for a specific purpose and not yet expended. The Grant Funded reserve and Appeals reserve represent monies received for specific projects. These amounts are not available for any other purpose but that for which they were donated.

| Designated reserves | New build Project £ | Major repairs reserve £ | Capital reserve £ | Contingency reserve £ | Building reserve £ | Total £ |
|--------------------------|------------------------|----------------------------|----------------------|--------------------------|-----------------------|-------------------|
| At 1 April 2007 | 1,000,000 | 483,996 | 6,987,812 | 1,200,000 | 3,542,016 | 13,213,824 |
| Transfer General Reserve | - | - | (26,280) | - | - | (26,280) |
| | <u>1,000,000</u> | <u>483,996</u> | <u>6,961,532</u> | <u>1,200,000</u> | <u>3,542,016</u> | <u>13,187,544</u> |
| At 31 March 2008 | <u>1,000,000</u> | <u>483,996</u> | <u>6,961,532</u> | <u>1,200,000</u> | <u>3,542,016</u> | <u>13,187,544</u> |

The new build project reserve represents the expected cost of buying land and constructing new accommodation units in Hampshire for disadvantaged and disabled young people.

The major repairs reserve is being maintained for future repairs to non-RSF properties. The fund represents the Trustees' best estimate of possible major, unplanned repairs needed to the non-residential buildings in the portfolio of property.

The capital reserve represents the net book value of the new units of the Care Home and the Resource Centre, which were built as the result of special fund-raising appeals.

The contingency reserve reflects the Trustees' estimate of the maximum financial need of the Charity in the event of any sudden and unforeseen circumstances. An equivalent or higher sum is held within fixed asset and current asset investments.

The building reserve reflects funds earmarked for capital works to buildings. These projects will all be funded from existing reserves.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

19. RESERVES (continued)

| Company | Revaluation reserve £ | Restricted reserves £ | Designated reserves £ | Revenue Reserve £ | Total £ |
|--|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------|
| At 1 April 2007 | 1,164,482 | 462,260 | 13,213,824 | 865,126 | 15,705,692 |
| Net Surplus for the year | - | 41,476 | - | 305,323 | 346,799 |
| Unrealised net loss on revaluation of investments | (429,972) | - | - | - | (429,972) |
| Transfers between Funds | - | 23,941 | (26,280) | 2,339 | - |
| At 31 March 2008 | <u>734,510</u> | <u>527,677</u> | <u>13,187,544</u> | <u>1,172,788</u> | <u>15,622,519</u> |

The revaluation reserve represents the difference between the market value on 31 March 2008 and the cost of the CAF fixed asset investment funds, and any increase in value of other investments.

| Company | 2008 £ | 2007 £ |
|---|----------------|----------------|
| Restricted reserves | | |
| At 1 April | 462,260 | 182,908 |
| Appeal funds received for specific projects | 41,476 | 263,924 |
| Interest allocated | 23,941 | 15,428 |
| At 31 March | <u>527,677</u> | <u>462,260</u> |

The restricted reserve reflects the balance of all donations made for a specific purpose and not yet expended.

| Company | New build Project £ | Major repairs reserve £ | Capital reserve £ | Contingency reserve £ | Building reserve £ | Total 2007 £ |
|-----------------------------|---------------------------|----------------------------------|-------------------------|-----------------------------|--------------------------|--------------------|
| Designated reserves | | | | | | |
| At 1 April 2007 | 1,000,000 | 483,996 | 6,987,812 | 1,200,000 | 3,542,016 | 13,213,824 |
| Transfer General Reserve | - | - | (26,280) | - | - | (26,280) |
| At 31 March 2008 | <u>1,000,000</u> | <u>483,996</u> | <u>6,961,532</u> | <u>1,200,000</u> | <u>3,542,016</u> | <u>13,187,544</u> |

The new build project reserve represents the expected cost of buying land and constructing new accommodation units in Hampshire for disadvantaged and disabled young people.

The major repairs reserve is being maintained for future repairs to non-RSF properties. The fund represents the Trustees' best estimate of possible major, unplanned repairs needed to the non-residential buildings in the portfolio of property.

The capital reserve represents the net book value of the new units of the Care Home and the Resource Centre, which were built as the result of special fund-raising appeals.

The contingency reserve reflects the Trustees' estimate of the maximum financial need of the Charity in the event of any sudden and unforeseen circumstances. An equivalent or higher sum is held within fixed asset and current asset investments.

The building reserve reflects funds earmarked for capital works to buildings. These projects will all be funded from existing reserves.

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

20. RECONCILIATION OF OPERATING SURPLUS / (DEFICIT) TO OPERATING CASH FLOWS

| | 2008 £ | 2007 £ |
|--|----------------|----------------|
| Operating surplus/(deficit) | 104,378 | (268,706) |
| Provision for diminution in value of investments | - | 380,000 |
| Depreciation and amortisation and impairment | 365,962 | 1,605,249 |
| Increase in stocks | (3,775) | (5,237) |
| Increase in debtors | (28,906) | (74,809) |
| Decrease in creditors | (77,133) | (137,807) |
| (Profit)/Loss on disposal of fixed assets | (6,618) | 24,333 |
| Profit on deemed disposal of subsidiary | - | (609,641) |
| Net cash inflow from operating activities | <u>353,908</u> | <u>913,382</u> |

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

| | 2008 £ | 2007 £ |
|--|------------------|--------------------|
| Reduction in cash in the year | (379,421) | (1,606,881) |
| Cash outflow from decrease in debt and lease financing | 4,070 | 3,701 |
| Cash inflow from management of current asset investments | <u>777,858</u> | <u>2,250,000</u> |
| Change in net funds resulting from cash flows | 402,507 | 646,820 |
| Non cash movements | - | 9,044,425 |
| Net funds/(debt) at 1 April | <u>2,728,333</u> | <u>(6,962,912)</u> |
| Net funds at 31 March | <u>3,130,840</u> | <u>2,728,333</u> |

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

22. ANALYSIS OF CHANGES IN NET FUNDS / (DEBT)

| | At 1 April 2007 £ | Cash flows £ | At 31 March 2008 £ |
|--|-------------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 858,253 | (379,421) | 478,832 |
| Debt due within one year: Leasing agreements | (4,696) | 4,070 | (626) |
| Debt due after one year: Bank and other loans | (375,224) | - | (375,224) |
| Current asset investments | 2,250,000 | 777,858 | 3,027,858 |
| | <u>2,728,333</u> | <u>402,507</u> | <u>3,130,840</u> |

23. PENSION COMMITMENTS

The group participates in the State Earnings Related Pension Scheme and also operates a defined contribution and a defined benefit scheme. The assets of all defined contribution and defined benefit schemes are held separately from those of the company in independently administered funds.

Pension contributions payable for the year were:

Group

| | 2008 No Employees | 2008 £ | 2007 No Employees | 2007 £ |
|-----------------------------|-------------------------|-----------|-------------------------|-----------|
| Defined contribution scheme | 77 | 32,504 | 93 | 65,509 |
| Defined benefit scheme | 89 | 221,760 | 84 | 217,940 |

Company

| | 2008 No Employees | 2008 £ | 2007 No Employees | 2007 £ |
|-----------------------------|-------------------------|-----------|-------------------------|-----------|
| Defined contribution scheme | 77 | 32,504 | 75 | 31,914 |
| Defined benefit scheme | 89 | 221,760 | 84 | 217,940 |

Pension contributions outstanding at the year-end amounted to £22,939 (2007: £19,526).

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

23. PENSION COMMITMENTS (CONT.)

Enham participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

FRS 17 has not been adopted by the company as it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

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

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

Enham has elected to operate the career average revalued earnings with a 1/60th accrual rate benefit structure for active members as at 1 April 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1 April 2007.

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

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

During the accounting period Enham paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

As at the balance sheet date there were 89 (2007: 84) active members of the Scheme employed by Enham. Enham continues to offer membership of the Scheme to its employees.

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

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

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

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

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

23. PENSION COMMITMENTS (continued)

| | % pa |
|---|------|
| - Investment return pre retirement | 7.2 |
| - Investment return post retirement | 4.8 |
| - Rate of salary increases to 30 September 2010 | 5.0 |
| - Rate of salary increases from 1 October 2010 | 4.0 |
| - Rate of pension increases | 2.5 |
| - Rate of price inflation | 2.5 |

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

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

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

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

With effect from 1 April 2007 the average employer and employee contribution rates for Enham has been 12.3% and 6.2% of pensionable salaries respectively.

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

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

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt

NOTES TO THE ACCOUNTS

For the Year ended 31 March 2008

23. PENSION COMMITMENTS (continued)

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.

Enham has been notified by the Pensions Trust of the estimated employer debt which would be payable on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 31 March 2007. As of this date the estimated employer debt for Enham was £4,987,000.

24. FINANCIAL COMMITMENTS

There are no capital commitments that have not been provided for in the financial statements:

The annual commitments under non-cancellable operating leases were as follows:

| Group and Company | Land and buildings | |
|----------------------------|--------------------|----------------|
| | 2008 | 2007 |
| | £ | £ |
| Leases expiring: | | |
| Within one year | 135,067 | 107,602 |
| Between one and two years | 270,134 | 215,204 |
| Between two and five years | 135,067 | 215,204 |
| More than five years | - | -- |
| | <u>540,268</u> | <u>538,010</u> |

25. LEGISLATIVE PROVISIONS

Enham is a company limited by guarantee, the liability of each member being limited to £1. There are currently twenty nine members of Enham (2007: 24). The Charity is registered with the Housing Corporation as a registered social landlord and with the Charity Commissioners as a charity.

26. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions within Financial Reporting Standard 8 not to disclose transactions with group companies.

Route2Mobility Limited

Route2Mobility Limited pays rent under a licence to occupy agreement for office space, the amount paid to Enham was £17,520 (2007: £17,520).

Trustee Expenses

The aggregate amount of expenses for the year was £668 (2007: £168) in which 3 trustees were reimbursed for travelling on charity business.

There were no other related party transactions during the year.