

6133979

Circle Anglia Treasury Limited

Annual report of the Board
and financial statements

Period ended 31 March 2008



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Circle Anglia Treasury Limited

Directors and Advisers

Directors

Mark Rogers (appointed 1/03/2007)
Calum Mercer (appointed 1/03/2007)

Secretary

Marianne Wyles FCIS

Registered office

1-3 Highbury Station Road
London
N1 1SE

[www circleanglia.org](http://www.circleanglia.org)

Company number

6133979

Auditors

KPMG LLP
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Circle Anglia Treasury Limited

Report of the Board of Directors

The directors present their report together with the audited financial statements for the 13 month period ended 31 March 2008

Principal activity

The Company was incorporated on 1 March 2007 as a subsidiary company of Circle Anglia Limited, a registered social landlord. It commenced trade from 1 April 2007, and acts as the group borrowing vehicle for the Circle Anglia Group, entering into loan arrangements on behalf of the group and on lending funds to group members.

Business review

The profit and loss account shows a nil profit for the period.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The company has appropriate detailed health and safety policies and provides staff training and education on health and safety matters.

Equal Opportunities

The company has a policy of equal opportunities in all matters. The policy complies with all aspects of best practice.

Directors' interests

No director had any interest in the share capital of the Company at the beginning or end of the financial period. No rights to subscribe for shares of the Company were granted to, or exercised by, any director (or member of a director's immediate family) during the financial year.

Board of Management Statement on the effectiveness of the system of Internal Control

The Board acknowledges their ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates and for the review of the effectiveness of that system during the year. These controls are designed to identify and manage rather than eliminate risks which may prevent the organisation from achieving its objectives. The system is designed to give reasonable rather than absolute assurance with respect to:

- (a) the reliability of information used within the organisation or for publication,
- (b) the maintenance of proper accounting and management records, and
- (c) the safeguarding of assets against unauthorised use or disposition.

The process followed to identify, evaluate and manage significant risks faced by the organisation is ongoing, has been in place during the past financial year and is reviewed regularly by the Board. The risk management and control processes are not a separate annual exercise but are a continuous function and embedded across the group by documenting and collating evidence to support good practice and compliance.

Circle Anglia Treasury Limited

The Board has itself, and through the activities of the Group Audit Committee, reviewed the outcome of internal and external audit work, managers' risk and control self-assessments and the business assurance review which encompassed internal and external sources of assurance on key risks faced by the organisation. External sources include Housing Corporation and Audit Commission assessments and audits.

Key elements of the system of control include ensuring that

- a) management reports on operational and financial matters and controls are routinely available to the board. The group has a well-established risk and control culture whereby operational and financial reports provide a major source of assurance when considering internal controls.
- b) risk management activities are used to highlight and mitigate undesirable events from occurring. By reviewing, assessing and managing the significant risks the board ensures that implemented internal controls can achieve the long term business objectives. Risks have been documented with agreed priority ratings and with definition of related current controls and Board monitoring mechanisms. The implementation of any improvements to controls identified by the risk mapping process is monitored by management and the Group Audit Committee. Clear lines of responsibility have been established throughout the group for coordinating risk management activities and reporting on key risks identified and considered by the Board.
- c) assignment of responsibility for oversight of audit activities. Audit activities have clear terms of reference which are regularly reviewed and updated with business and regulatory requirements.
- d) a control and risk self-assessment (CRSA) is undertaken by management. CRSA is a systematic approach designed to meet the needs of the association which requires risks and controls to be identified and measured. Staff and line managers review their own risks with assistance from the Risk Management department and by building their own control assessment. This is designed to promote accountability by all staff and not to rely upon functions such as risk management to monitor potential risks. The system is supportive and designed to instil a greater understanding of risk by all members of the team.
- e) internal auditors are used to ensure a robust risk management approach is applied across the group in order to reduce the risks to an acceptable level for the board. It is important to stress that internal audit are not responsible for the design and construction of control systems but undertake an objective role in order to review them appropriately at a later date. PricewaterhouseCoopers undertake this responsibility on behalf of Circle Anglia which ensures an objective review and audit.
- f) the association's objectives and strategies as well as the related business risks are made clear to external auditors so they can gain an understanding of the overall structure and governance of the association.
- g) internal financial control is mainstreamed into the processes of the organisation. In order to increase financial awareness within the group "have your say" workshops have been used. The principal financial internal controls are segregation of duties, the employment of qualified staff and advisors and operating sound and well documented budgetary controls. To embed this further, function testing has been implemented to provide additional assurance around a vital area of the business. This in turn improves understanding and raises awareness of the processes and controls within an organisation of our size.

Circle Anglia Treasury Limited

Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and medium term

- h) quality management systems are in place This will ensure that the final service we provide to our customers always meets or exceeds the performance standards Popular forms of quality management are accreditations such as Investors in People (IiP), which the Group is currently pursuing
- i) compliance with other quality schemes and standards are established The Board can demonstrate intended levels of quality and standards through customer satisfaction reports Service Level Agreements and work undertaken by the Service Excellence Team also provide strong examples of quality schemes in existence within the Group Codes of practice and national standards and achievements are adopted by the Group as appropriate to provide additional assurance to the Board
- j) the Board receives the reports on all areas of the association's performance information (including performance indicators) and that it is regularly reviewed The Group values benchmarking schemes and committees together with a performance management culture which is both led and supported by senior managers There is a regulatory requirement to ensure that data systems are externally validated
- k) reports from regulatory and other external bodies are available to the Board
- l) formal procedures have been established for implementing appropriate action to correct weaknesses identified An example of this is the function testing which has been implemented across the group
- m) it is recognised that the group does not tolerate fraud and action is taken to reduce the risk of fraud through control systems An updated anti-fraud policy and fraud response plan has been agreed and incorporated in the governance framework A fraud risk register is in operation.
- n) All significant new initiatives, major commitment and investment projects are subject to formal review and authorisation Specific guidelines are in place to guide staff who may have dealings with this area and regular committee meetings take place to monitor progress

The Board acknowledges that their responsibility applies to the complete range of risks and controls within the organisation's activities and to ensuring that necessary remedial action is put into operation

On behalf of the Board, the Group Audit Committee has reviewed the annual reports of the Group Chief Executive and those of the Internal Audit and Risk Management functions The Committee has regularly monitored the effectiveness of the system of internal control in existence in the organisation for the year ended 31st March 2008 and until the date of the Board meeting at which the statement and accounts are approved No weaknesses were found in internal controls which resulted in material losses, contingencies, or uncertainties which require disclosure

Circle Anglia Treasury Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

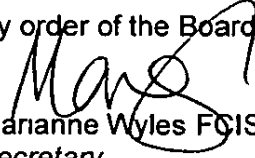
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board


Marianne Wyles FCIS
Secretary

29th July 2008

Circle Anglia Treasury Limited

Report of the independent auditors, KPMG LLP, to the members of Circle Anglia Treasury Limited

We have audited the financial statements of Circle Anglia Treasury Limited for the period ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with 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 judgments made by the directors 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.

Circle Anglia Treasury Limited

Independent auditors' report to the members of Circle Anglia Treasury (*continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its result for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

26 September 2008

Circle Anglia Treasury Limited

Profit and Loss account for the period ended 31 March 2008

	Note	2008 £000
Turnover		-
Cost of sales		-
Gross profit		-
Administration costs		-
Operating profit		-
Interest receivable	3	35,890
Interest and other finance costs	4	(35,890)
Result before taxation		-
Tax on profit on ordinary activities		-
Result for the period		-

The results included in the profit and loss account relate to wholly continuing activities

There were no recognised gains or losses other than the profit for the period, consequently no statement of total recognised gains and losses has been prepared

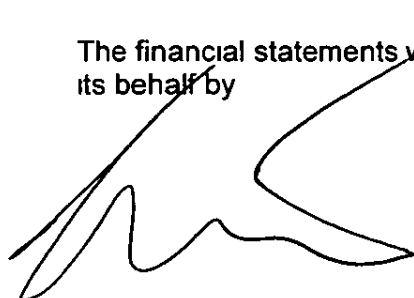
The notes on pages 10 to 13 form part of these financial statements

Circle Anglia Treasury Limited

Balance sheet As at 31 March 2008

	Note	2008 £000
Debtors	6	925,339
		<hr/> 925,339
Creditors: amounts falling due within one year	7	(554,579)
Total assets less current liabilities		<hr/> 370,760
Creditors amounts falling due after one year	8	(370,760)
Net Assets		<hr/> -
Share Capital and Reserves		
Share Capital	9	-
Profit & Loss account		-
Equity shareholder's funds		<hr/> -

The financial statements were approved by the Board of Directors on 29th July 2008 and signed on its behalf by



Calum Mercer
Director



M Wyles
Secretary

Circle Anglia Treasury Limited

Notes to the financial statements for period ended 31 March 2008

1 Legal status

Circle Anglia Treasury Limited is a company limited by shares, incorporated under the Companies Act 1985

2 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and comply with the Companies Act 1985. Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Loan Origination Fees

Loan origination fees in respect of the issue of new loan arrangements whose draw down is certain, are deferred and written off to the Profit and Loss account over the expected life of the loan. Loan origination fees in respect of the refinancing of existing debts or in respect of undrawn facilities whose draw down is uncertain, are written off directly to the Profit and Loss account as incurred.

3 Interest receivable

	2008 £000
Interest receivable from group undertakings	<u>35,890</u>

4 Interest and other finance costs

	2008 £000
Interest payable on bank loans	34,247
Loan arrangement fees amortised	<u>1,643</u>
	<u>35,890</u>

Circle Anglia Treasury Limited

Notes to the financial statements for period ended 31 March 2008

5 Employees

All employees acting on behalf of the Company are employed by Circle Anglia Limited

6 Debtors

	2008 £000
Loans to Group Undertakings	925,000
Amounts due from group undertakings	<u>339</u>
	<u>925,339</u>

7 Creditors: amounts falling due within one year

	2008 £000
Bank Overdrafts	357
Other Creditors	4,793
Bank loans and borrowings (note 10)	549,416
Amount due to group undertakings	<u>13</u>
	<u>554,579</u>

8 Creditors : amounts falling due after more than one year

	2008 £000
Bank loans and borrowings (note 10)	370,760
	<u>370,760</u>

Circle Anglia Treasury Limited

Notes to the financial statements for period ended 31 March 2008 (continued)

9 Equity share capital

	2008 No
Authorised share capital	
Shares of £1 each	<u>100</u>
Issued share capital	
Shares of £1 each issued and fully paid	<u>1</u>

The directors have no interests in the share capital of the Company. None of the Directors received emoluments.

10. Debt Analysis

	2008 £000
Housing and Non housing loans, advanced to fellow subsidiaries	
Due within 1 year	
Bank loans	550,000
Less, Loan arrangement fees	<u>(584)</u>
	549,416
Due after more than 1 year	
Bank loans	375,000
Less, Loan arrangement fees	<u>(4,240)</u>
	370,760
	2008 £000
The gross amount of bank loans are repayable -	
Due within 1 year	550,000
Due within 1-2 years	-
Due within 2-5 years	-
Due after 5 years	375,000
	<u>925,000</u>

All of the above loans are drawn from total committed facilities of £1.5M provided by various banks and other institutions and are repayable at various dates through to 2042. Under the facilities the loans are secured by fixed charges over the completed housing properties of the participating group members and a series of cross guarantees.

Interest is payable at rates varying between 5.5% and 6%. The weighted average rate of interest chargeable was 5.81%.

**Notes to the financial statements
for period ended 31 March 2008 (continued)**

As at 30 June 2008 the £400m short term bridging facility and £125m in facilities previously agreed with Circle 33 were refinanced with £570m of new long term bank facilities providing £1,470m in total facilities of which £1,320m are for a term of greater than 30 years

11 Related Party Transactions

As 100% of the Company's voting rights are controlled within the group headed by Circle Anglia Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

12 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Circle Anglia Limited, which is incorporated in the UK

The largest group in which the results of the Company are consolidated is that headed by Circle Anglia Limited, incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from the Company's registered office at 1-3 Highbury Station Road, London, N1 1SE