



**ABERTAY HOUSING ASSOCIATION LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**For the Year ended 31 March 2010**

Registered Housing Association Number HAL 297  
Registered Friendly Society Number 2517R (S)  
Charity Number SC 030152



**ABERTAY HOUSING ASSOCIATION LIMITED**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**

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**ABERTAY HOUSING ASSOCIATION LIMITED**

**MANAGEMENT COMMITTEE, CHIEF EXECUTIVE and ADVISERS**

**Management Committee**

Members of the Management Committee who served during the year were as follows:

Russell Rowbotham OBE	(Chairperson)
Kenneth Dunn	(Vice Chairperson)
Kathleen Mands	
Duncan Wood	
Dorothy Taylor	
Meryle Taylor	
Bryan Morris	
Helen Reeves	
Catherine Key	Resigned 20 February 2010
Ian Mathers	

**Executive Officers**

Ian Thomson	Chief Executive and Company Secretary
Lesley Ferguson	Finance Director
Donald Barnett	Housing Services Director
Ronald McArthur	Technical Services Director

**Auditors**

Findlay & Company  
11 Dudhope Terrace  
Dundee DD3 6TS

**Solicitors**

Thorntons WS  
33 Yeaman Shore  
Dundee DD1 4BJ

**Bankers**

Royal Bank of Scotland plc  
3 High Street  
Dundee DD1 9LY

## **ABERTAY HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE**

#### **For the year ended 31 March 2010**

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2010 of Abertay Housing Association Limited.

#### **Principal Activities**

Abertay Housing Association Limited is a not for profit organisation, administered by a voluntary Management Committee. The principal activity of the Association is the provision of affordable rented accommodation in an efficient, caring and friendly environment for people in housing need.

#### **Review of Business and Future Developments**

The Association continued to provide affordable rented accommodation and to maintain and improve its properties to a high standard. The commitment to restrict rent increases to RPI plus 1% resulted in a rent increase of 4.0% taking effect from 1 April 2009 (2008: 5.3%)

The Association owned 1,785 properties at the end of the year. Of these 285 are used to provide sheltered housing. During the year 4 properties were acquired through the Mortgage to Rent scheme.

The Association continued to develop new properties with £5.5 million having been spent during the year. Of this £3.2m was funded by Housing Association Grants. The 6 home development project in the Pitalpin area of Dundee was completed in October 2009. Work started on a 48 home development in the Charleston area in April 2009. The development work has progressed well and by year end 19 homes had been handed over and were fully let. We are on target to complete the development by the end of August 2010.

The programme of improvements and planned maintenance continued, with £1.6 million having been spent during the year. This included expenditure of £363,000 upgrading tenants' central heating systems, £704,000 on installing new kitchens and £103,000 on communal lighting and close door entry systems. We did experience some slippage on our planned maintenance programme during the year and consequently under spent against budget. This work has been carried forward into 2010/11 and is not expected to adversely impact on delivery of the current year programme.

The rates of Housing Association Grant likely to be available for the development of new affordable housing have reduced further over this period and the Association has had to front fund part of its development programme. Consequently the Association intends to continue developing new homes only where it is financially attractive to do so.

The Orlit tenant re-housing and demolition programme is progressing well and during the year 14 properties had been demolished. By year end there were 12 remaining tenancies and 4 Orlit properties had been purchase from owners at a cost of £295,000.

Details of movements of the Association's fixed assets are set out in Notes 7 and 8.

The Association has been released from the Sale and Purchase Agreement with the Scottish Government. Consequently gains arising from Right To Buy sales of £329,000 that were previously held as an accrual for future repayment to the Scottish Government have been released to income.

The ongoing difficult economic conditions were a factor throughout the year and have resulted in lower levels of interest income. However, on a more positive note we have reduced rent arrears during the period as a result of moving to specialist housing officers. We have also benefited from the deflationary impact on prices within the construction sector and reduced VAT rate to the end of December 2009.

## **ABERTAY HOUSING ASSOCIATION LIMITED**

### **REPORT of the MANAGEMENT COMMITTEE**

#### **For the year ended 31 March 2010 (continued)**

Cash and bank balances have fallen by £1.8 million over the year. This is due entirely to the funding of the two development projects. At year end we were awaiting payment of HAG funding of £1.0m. All cash and bank balances are spread across a number of approved financial institutions in accordance with the requirements of our Treasury Management Policy.

The Association has total reserves of £5.9 million and is well placed to meet its objectives in this time of economic uncertainty. During the year we carried out a detailed energy efficiency review of our stock and undertook an options appraisal and costing exercise to determine the costs required to bring our properties up to the Scottish Housing Quality Standard (SHQS). The Association is committed to improving the energy efficiency of all our homes and is working towards a programme that will exceed the SHQS level. An amount of £4.3 million has been set aside in a designated reserve for this work. We continue to hold a designated reserve for the costs of Orlit re-housing and demolition programme. The year end balance on this reserve is £337,000.

#### **Management Committee and Chief Executive**

The names of those persons who served on the Management Committee during the year and the Chief Executive are listed on page 1.

The Chief Executive of the Association does not hold any interest in the Association's share capital.

We were extremely saddened during the year by the death of Catherine Key. Catherine joined the Management Committee in 2006. With her background in personnel management, her skills, interest and positive approach were of huge value to the Association, and she will be sadly missed.

#### **Related Party Transactions**

The tenants who sit on the Board of Management have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

#### **Statement of Committee's Responsibilities**

Housing Association legislation requires the Committee to prepare financial statements for each year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those accounts the committee is required to:

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

**ABERTAY HOUSING ASSOCIATION LIMITED**

**REPORT of the MANAGEMENT COMMITTEE**

**For the year ended 31 March 2010 (continued)**

The Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association, and for maintaining a satisfactory system of control over the Association's accounting records and transactions. The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement on Internal Financial Control**

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- 1) The reliability of financial information used within the Association or provided for external users;
- 2) The maintenance of proper accounting records; and
- 3) The safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures, which the Committee has established and which are designed to provide effective financial control, include the following:-

- 1) Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
- 2) An Internal Audit control system has been introduced with a rolling programme of reviews covering the entire control system.
- 3) A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
- 4) A strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.
- 5) The Audit Committee reviews on behalf of the Management Committee, reports from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
- 6) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Management Committee confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the period ended 31 March 2010 and until 25 August 2010. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, or in the auditor's report on the financial statements.

**ABERTAY HOUSING ASSOCIATION LIMITED**

**REPORT of the MANAGEMENT COMMITTEE**

**For the year ended 31 March 2010 (continued)**

In as far as the Committee are aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Committee has taken all steps necessary to make themselves aware of the relevant audit information, and to establish that the Association's auditors are aware of that information.

**Auditors**

The Auditors, Findlay & Company, have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

**BY ORDER OF THE COMMITTEE**

**Ian Thomson  
SECRETARY**

**25 August 2010**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED**

**For the year ended 31 March 2010**

We have audited the Financial Statements of Abertay Housing Association Limited for the year ended 31 March 2010 on Pages 9 to 23. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out on Pages 12 and 13.

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Industrial and Provident Societies Act 1968. Our audit work has been undertaken so we might state to the Association's members those matters we are required to state to them in an auditors 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 Association and the Association'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**

As described on page 3 the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords 2008. We also report to you if, in our opinion, the Management Committee report is not consistent with the Financial Statements, if the Association 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 officers' remuneration and transactions with the Association is not disclosed.

We read the Management Committee report and considered whether it is consistent with the audited Financial Statements. If we became aware of any apparent misstatements within the Financial Statements, we considered the implications for our report. Our responsibilities in this respect do not extend to a consideration of any other information.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with the 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 Officers in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

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



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED**

**For the year ended 31 March 2010 (continued)**

**OPINION**

In our opinion the Financial Statements give a true and fair view of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords 2008. In our opinion the information given in the Committee's report is consistent with the financial statements for the year ended 31 March 2010.



**FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS,  
STATUTORY AUDITORS,  
11 DUDHOPE TERRACE,  
DUNDEE.**

**25 August 2010**

**REPORT OF THE AUDITORS**

**TO ABERTAY HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE  
MATTERS**

**For the Year Ended 31 March 2010**

In addition to our audit of the Financial Statements, we have reviewed the Committee's statement on internal controls set out on page 4. The object of our review is to draw attention to any non-compliance with the Scottish Federation of Housing Association's publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform any additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

With respect to the Committee's statements on internal control on page 4, in our opinion the Committee has provided the disclosures required under "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the Financial Statements.

Based on enquiry of certain Committee Members and officers of the Association and examination of relevant documents, in our opinion the committee's statement on page 4 appropriately reflects the Association's compliance with "Raising Standards in Housing" specified for our review.



**FINDLAY & COMPANY  
CHARTERED ACCOUNTANTS  
STATUTORY AUDITORS  
11 DUDHOPE TERRACE  
DUNDEE**

**25 August 2010**

**ABERTAY HOUSING ASSOCIATION LTD**

**INCOME and EXPENDITURE ACCOUNT**

**For the year ended 31 March 2010**

	Notes	2010	2009
		£	£
Turnover	2	6,484,050	6,251,618
Less: Operating costs	2	<u>(4,862,519)</u>	<u>(5,103,171)</u>
Operating surplus	2	1,621,531	1,148,447
Surplus on sale of fixed assets	10	331,598	96,936
Interest receivable		61,222	125,574
Interest payable	6	<u>(768,190)</u>	<u>(710,835)</u>
Surplus on ordinary activities before taxation		1,246,161	660,122
Tax on surplus on ordinary activities		-	-
Retained surplus for the year transferred to reserves	18	<u>1,246,161</u>	<u>660,122</u>

The results for the year relate to wholly continuing activities and the reported surplus was determined under the historical cost convention.

**Statement of Total Recognised Surpluses and Deficits**

**For the year ended 31 March 2010**

		2010	2009
		£	£
Surplus for the year		1,246,161	660,122
Actual return less expected return on pension scheme assets	28	748,987	(875,678)
Experience gains and losses on pension scheme liabilities	28	-	(37,079)
Effect of changes in the actuarial assumptions	28	<u>(2,034,153)</u>	<u>611,060</u>
Total recognised surpluses/(deficits) for the year		(39,005)	358,425
Prior year adjustment		-	29,812
Total surpluses/(deficits) recognised since last annual report		<u>(39,005)</u>	<u>388,237</u>

The notes on pages 12 to 23 form part of these financial statements.

**ABERTAY HOUSING ASSOCIATION LTD**

**BALANCE SHEET**

**As at 31 March 2010**

	Notes	2010	2009
<b>Tangible Fixed Assets</b>		£	£
Housing properties	7	30,098,468	24,291,580
less: HAG and other grants	7	<u>(12,936,907)</u>	<u>(9,127,770)</u>
		17,161,561	15,163,810
Other fixed assets	8	<u>426,601</u>	<u>451,269</u>
		<u>17,588,162</u>	<u>15,615,079</u>
<b>Current Assets</b>			
Debtors	11	1,577,265	755,310
Cash at bank	25	<u>3,126,868</u>	<u>4,907,337</u>
		4,704,133	5,662,647
<b>Current Liabilities</b>			
Creditors due within one year	12	<u>(1,910,142)</u>	<u>(1,981,792)</u>
<b>Net Current Assets excluding Pension Liabilities</b>		<u>2,793,991</u>	<u>3,680,855</u>
<b>Pension Liability</b>	28	(2,098,312)	(789,501)
<b>Net Current Assets including Pension Liabilities</b>		<u>695,679</u>	<u>2,891,354</u>
<b>Total Assets less Current Liabilities</b>		18,283,841	18,506,433
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(12,380,175)</u>	<u>(12,563,769)</u>
		<u>5,903,666</u>	<u>5,942,664</u>
<b>Capital and Reserves</b>			
Share Capital	16	283	380
Designated Reserves	17	4,478,062	4,082,420
Revenue Reserves	18	<u>1,425,321</u>	<u>1,859,864</u>
		<u>5,903,666</u>	<u>5,942,664</u>

The Financial Statements on pages 9 to 23 were approved by the Management Committee on 25 August 2010 and were signed on its behalf by:

Chair .....  .....

Russell Rowbotham

Vice Chair .....  .....

Kenneth Dunn

Committee Member .....  .....

Kathleen Mands

The notes on pages 12 to 23 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LTD

CASH FLOW STATEMENT

For the year ended 31 March 2010

	Notes	2010		2009	
		£	£	£	£
Net cash inflow from operating activities	24		1,161,149		1,717,388
Returns on investments and servicing of finance					
Interest received		61,222		125,574	
Interest paid		(768,190)		(710,835)	
Net cash outflow from returns on investment and servicing of finance			(706,968)		(585,261)
Capital expenditure and financial investment					
Acquisition & construction of properties		(5,853,746)		(1,096,482)	
Capital grants received		3,809,137		681,306	
Purchase of other fixed assets		(23,050)		(24,279)	
Sales of properties, net proceeds		(587)		181,394	
Net cash outflow from capital expenditure			(2,068,246)		(258,061)
Net cash inflow/(outflow) before use of liquid resources and financing			(1,614,065)		874,066
Financing					
Loan advances received		-		1,500,000	
Loan repayments		(166,411)		(140,054)	
Issues of share capital		7		16	
Net cash outflow from financing			(166,404)		1,359,962
Increase / (Decrease) in cash	25		(1,780,469)		2,234,028

The notes on pages 12 to 23 form part of these financial statements.

## ABERTAY HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS

#### For the year ended 31 March 2010

The Association is registered under the Friendly and Industrial and Provident Societies Acts. The financial statements have been prepared in accordance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice 2008 (SORP), Accounting by Registered Social Landlords.

#### 1. Accounting Policies

The principal accounting policies of the Association are set out in paragraphs (a) to (l) below.

##### (a) Accounting Convention

The financial statements are prepared under the historical cost convention.

##### (b) Basis of Accounting

The financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice.

##### (c) Turnover

Turnover represents rental and service charge income and revenue based grants.

##### (d) Repairs and Maintenance Costs

Costs for reactive and planned maintenance are charged to the Income and Expenditure Account as they are incurred. Property improvements are capitalised, if these are material in nature and can give rise to additional income. These capitalised improvements are subsequently written off in line with the Association's fixed asset policy.

##### (e) Loans

Loans are advanced by private lenders under the terms of individual loan agreements.

##### (f) Fixed Assets

Fixed assets are stated at cost less depreciation. Normally no depreciation is charged on housing properties because the Association's policy and practice is to maintain properties through a continuing programme of refurbishment and maintenance and consequently the lives of the properties are over 50 years and their residual values are such that any depreciation charge would be immaterial. However the Association owns 47 substandard properties which will eventually be demolished and these particular properties have been fully depreciated.

Other fixed assets are depreciated at the following rates, which are calculated to write off the cost of the assets over their expected useful lives on a straight line basis.

Office premises	4%
Housing Stock Improvements	5%
Furniture & Fittings	10% - 20%
Machinery & Equipment	6.67%
Computer hardware & software	25%

Impairment reviews are carried out for Housing Properties on an annual basis in accordance with Financial Reporting Standard 11.

##### (g) Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. Gains and losses on sale are accounted for in accordance with Financial Reporting Standard 15.

**ABERTAY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2010**

**(h) Housing Grants**

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Under certain circumstances these grants may be repayable.

**(i) Leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**(j) Supporting People**

Grants received in relation to Supporting People activities are shown in other income and the associated costs are expensed through the Income and Expenditure Account.

**(k) Designated Reserves**

In accordance with its policy of maintaining its properties to a high standard, the Association makes transfers to a reserve for future major repairs and other significant costs including demolition works. Transfers to the Income and Expenditure Account are made to offset actual costs of major repairs which are charged to the Income and Expenditure Account when incurred.

**(l) Pension Scheme**

The Association participates in the Dundee City Council Superannuation Scheme (LGSS) which provides benefits based on final pensionable salary. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for the pension scheme in accordance with FRS 17. Contributions to the scheme are charged to the Income & Expenditure Account so as to spread the cost of pensions over the employees' working lives with the Association.

2. Particulars of Turnover, Operating Costs and Operating Surplus

Notes	Turnover £	Operating Costs £	Operating Surplus £	2009 £
3	5,782,449	4,319,502	1,462,947	1,011,706
4	701,601	543,017	158,584	136,741
	<u>6,484,050</u>	<u>4,862,519</u>	<u>1,621,531</u>	<u>1,148,447</u>
Period ended 31 March 2009	6,251,618	5,103,171	1,148,447	

3. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Sheltered Housing £	Shared Ownership Housing £	Other £	Total £	2009 £
Income from Lettings	4,701,142	823,665	-	-	5,524,807	5,313,375
Rent receivable net of identifiable service charges	-	270,413	-	-	270,413	264,261
Identifiable service charges receivable	4,701,142	1,094,078	-	-	5,795,220	5,577,636
Gross Rents Receivable	(31,410)	(8,914)	-	-	(40,324)	(24,655)
less Rent losses from voids	4,669,732	1,085,164	-	-	5,754,896	5,552,981
Total Net Income from Lettings	27,553	-	-	-	27,553	-
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	4,697,285	1,085,164	-	-	5,782,449	5,552,981
Expenditure on Letting Activity	1,195,935	92,706	-	-	1,288,641	1,271,110
Management and maintenance administration costs	158,250	162,379	-	-	320,629	345,391
Service costs	-	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	1,546,397	87,118	-	-	1,633,515	1,861,659
Reactive maintenance	820,436	157,909	-	-	978,345	918,288
Rent losses from bad debts	45,124	4,118	-	-	49,242	66,820
Depreciation of social housing	49,130	-	-	-	49,130	78,007
Impairment of social housing	-	-	-	-	-	-
Operating costs for social lettings activities	3,815,272	504,230	-	-	4,319,502	4,541,275
Operating surplus for social lettings	<u>882,013</u>	<u>580,934</u>	-	-	<u>1,462,947</u>	<u>1,011,706</u>
Period ended 31 March 2009	618,604	393,102	-	-	1,011,706	



NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Particulars of Other Income and Expenditure

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs - Bad Debts £	Other Operating Costs £	Operating Surplus or Deficit £	2009 £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	9,605	-	-	9,605	-	26,774	(17,169)	-
Care and repair of property	185,872	-	-	30,793	216,665	-	142,812	73,853	17,902
Factoring	-	-	-	197,546	197,546	15,300	183,440	(1,194)	22,931
Development and construction of property activities	25,556	-	-	-	25,556	-	-	25,556	27,900
Support activities	-	-	127,331	124,898	252,229	-	174,691	77,538	68,008
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>211,428</b>	<b>9,605</b>	<b>127,331</b>	<b>353,237</b>	<b>701,601</b>	<b>15,300</b>	<b>527,717</b>	<b>158,584</b>	<b>136,741</b>
Period ended 31 March 2009	216,162	28,000	127,320	327,155	698,637	5,130	556,766	136,741	

5. Operating Surplus

Operating surplus is stated after charging:-

	2010 £	2009 £
Operating lease rentals	6,145	3,684
Depreciation	93,980	122,422
Property maintenance	1,633,515	1,861,659
- Planned and cyclical	978,345	918,288
- Reactive maintenance	<u>2,611,860</u>	<u>2,779,947</u>

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

6. Interest Payable

Interest payable in the year has been charged as follows:	2010	2009
Income and Expenditure Account	£	£
	<u>768,190</u>	<u>710,835</u>

7. Tangible Fixed Assets - Housing Properties

	Number of Properties	Housing Stock Held For Letting General Needs £	Sheltered £	Housing Stock under Development £	Total £
<u>Cost:</u>					
As at 1 April 2009	1,769	21,918,232	2,123,701	1,001,396	25,043,329
Additions	29	403,479	-	5,450,267	5,853,746
Improvements		-	-	-	-
Transfers		3,406,466	(5,686)	(3,400,780)	-
Disposals	(13)	(76,207)	-	-	(76,207)
As at 31 March 2010	<u>1,785</u>	<u>25,651,970</u>	<u>2,118,015</u>	<u>3,050,883</u>	<u>30,820,868</u>
<u>Grants:</u>					
As at 1 April 2009		(8,083,105)	-	(1,044,665)	(9,127,770)
HAG received				(3,519,810)	(3,519,810)
Other grant income		(289,327)	-		(289,327)
Transfers		(2,143,537)	-	2,143,537	-
As at 31 March 2010		<u>(10,515,969)</u>	<u>-</u>	<u>(2,420,938)</u>	<u>(12,936,907)</u>
<u>Depreciation:</u>					
As at 1 April 2009		(751,749)	-	-	(751,749)
Charge for Period		(49,130)	-	-	(49,130)
Depreciation on Disposals		78,479	-	-	78,479
As at 31 March 2010		<u>(722,400)</u>	<u>-</u>	<u>-</u>	<u>(722,400)</u>
<u>Net Book Value:</u>					
As at 1 April 2009		<u>13,083,378</u>	<u>2,123,701</u>	<u>(43,269)</u>	<u>15,163,810</u>
As at 31 March 2010		<u>14,413,601</u>	<u>2,118,015</u>	<u>629,945</u>	<u>17,161,561</u>

£2,611,860 has been spent on property maintenance (2009 - £2,779,947), and this has been written off through the Income and Expenditure Account.

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

8. Tangible Fixed Assets - Other Fixed Assets

	Office Property £	Machinery & Equipment £	Computer Equipment £	Furniture & Fittings £	Total £
<b>Cost:</b>					
As at 1 April 2009	380,133	206,990	69,666	115,219	772,008
Additions	-	-	16,433	6,617	23,050
Disposals	-	-	(11,563)	-	(11,563)
As at 31 March 2010	380,133	206,990	74,536	121,836	783,495
<b>Grants:</b>					
As at 1 April 2009	-	-	-	(53,272)	(53,272)
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 March 2010	-	-	-	(53,272)	(53,272)
<b>Depreciation:</b>					
As at 1 April 2009	(110,993)	(81,225)	(51,649)	(23,600)	(267,467)
Charge for period	(15,205)	(13,806)	(10,218)	(5,621)	(44,850)
Depreciation on disposals	-	-	8,695	-	8,695
As at 31 March 2010	(126,198)	(95,031)	(53,172)	(29,221)	(303,622)
<b>Net Book Value:</b>					
As at 1 April 2009	269,140	125,765	18,017	38,347	451,269
As at 31 March 2010	253,935	111,959	21,364	39,343	426,601

9. Housing Stock Numbers

The numbers of accommodation units in management at the year end were:-

	2010 units	2009 units
General Needs Housing	1,494	1,477
Sheltered Housing	285	286
Community Projects Block	3	3
Commercial	3	3
	<u>1,785</u>	<u>1,769</u>

10. Gains on Disposals of Fixed Assets

	2010 £	2009 £
Gross Proceeds from the Disposal of Fixed Assets	332,781	468,826
less: Cost of Sales of Fixed Assets	(1,183)	(371,890)
Net Gain on Disposal of Fixed Assets	<u>331,598</u>	<u>96,936</u>

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

10. Gains on Disposals of Fixed Assets (continued)

Gains on disposal of fixed assets includes £329,000 in respect of gains on Right to Buy sales previously accrued for future repayment to the Scottish Government. These are no longer repayable following the termination of the Sale and Purchase Agreement.

11. Debtors

	2010	2009
	£	£
Arrears of Rent	194,523	233,718
Less: Provision for bad debts	<u>(109,349)</u>	<u>(109,728)</u>
	85,174	123,990
Sundry debtors and prepayments	<u>1,492,091</u>	<u>631,320</u>
	<u>1,577,265</u>	<u>755,310</u>

12. Creditors: amounts falling due within one year

	2010	2009
	£	£
Prepaid rent	139,310	136,138
Trade Creditors	320,286	178,497
Sundry creditors and accruals	1,266,953	1,500,747
Loan instalments due within one year (see Note 14)	<u>183,593</u>	<u>166,410</u>
	<u>1,910,142</u>	<u>1,981,792</u>

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

	2010	2009
	£	£
Housing Loans (see also Note 14 )	<u>12,380,175</u>	<u>12,563,769</u>

14. Loans

	2010	2009
	£	£
Loans due within 1 year	183,593	166,410
Loans due between 1 and 2 years	195,096	183,594
Loans due between 2 and 5 years	658,684	618,377
Loans due after 5 years	<u>11,526,395</u>	<u>11,761,798</u>
	<u>12,563,768</u>	<u>12,730,179</u>

The loans are secured by Standard Securities over the Association's properties. The amounts secured are £12,563,768 (2009 - £12,730,179).

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

15. Obligations under Operating Lease Commitments

	2010	2009
	£	£
The Association is committed to making the following payments during the year ending 31 March 2011 in relation to operating leases which expire:		
Within one year		
Between two and five years	<u>6,145</u>	<u>6,145</u>

16. Share Capital

	2010		2009	
	No.	£	No.	£
Allocated, called up and fully paid Ordinary Shares of £1 each				
At 1 April	380	380	516	516
Issued during year	7	7	16	16
Cancelled shares	(104)	(104)	(152)	(152)
At 31 March	<u>283</u>	<u>283</u>	<u>380</u>	<u>380</u>

The shares carry no rights to dividends, are irredeemable and do not entitle the holder to a distribution in the event of the company being wound up.

17. Designated Reserves

	2010	2009
	£	£
(a) Share Capital Reserve		
At 1 April	278	126
Transfer from Share Capital	104	152
At 31 March	<u>382</u>	<u>278</u>
(b) Maintenance Reserve		
At 1 April	4,082,142	3,873,000
Transfer from Revenue Reserves	395,538	209,142
At 31 March	<u>4,477,680</u>	<u>4,082,142</u>
Total Designated Reserves	<u>4,478,062</u>	<u>4,082,420</u>

18. Reconciliation of Movement in Accumulated Surplus

	2010	2009
	£	£
Revenue reserves as at 1 April	1,859,864	1,710,581
Surplus for the year	1,246,161	660,122
Transfer to Maintenance Reserves	(395,538)	(209,142)
Pension Scheme Gains/(Losses) in year	(1,285,166)	(301,697)
Revenue reserves as at 31 March	<u>1,425,321</u>	<u>1,859,864</u>

**ABERTAY HOUSING ASSOCIATION LTD**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**19. Capital Commitments**

The Association had Capital Commitments authorised and contracted for as at 31 March 2010 amounting to £1,190,828 (31 March 2009 - £6,255,332). This cost will be funded through a combination of Housing Association Grant, agreed bank borrowing, and from the Association's cash reserves.

**20. Staff Costs**

	2010	2009
	£	£
Wages and salaries	984,610	923,719
Social security costs	71,861	67,921
Pension costs	133,274	126,463
	<u>1,189,745</u>	<u>1,118,103</u>
	No.	No.
Average weekly number of employees of the Association in the year	<u>43</u>	<u>42</u>

**21. Officer's Emoluments**

a) In accordance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, details of officers total emoluments which exceed £60,000 (excluding pension contributions) are as follows:

	2010	2009
	£	£
Officers emoluments in excess of £60,000 (excl. pension contributions)	66,750	60,489
Emoluments payable to the Chief Executive (excl. pension contributions)	66,750	60,489

Pension contributions paid in respect of officers whose emoluments exceeded £60,000 during the period amounted to £10,650 (2009 - £10,650).

The officers with emoluments in excess of £60,000 (excluding pension contributions) were within the following ranges:

	2010	2009
£60,000 - £70,000	1	1

b) No members of the Management Committee received any remuneration during the year. Expenses reimbursed to committee members during the year amounted to £1,373 (2009 - £1,090).

**22. Auditors' Remuneration**

	2010	2009
	£	£
Audit services	6,889	7,203
Non-audit services	3,818	3,023
	<u>10,707</u>	<u>10,226</u>

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

23. Taxation

The Association has charitable status for taxation purposes and is not liable to Corporation Tax for the year.

24. Reconciliation of operating surplus to net cash flow from operating activities

	2010	2009
	£	£
Operating surplus	1,621,531	1,148,447
Depreciation charge	93,980	122,422
Pension Service Costs	23,645	12,991
(Increase) / Decrease in debtors	(821,955)	196,612
Increase / (Decrease) in creditors	243,948	236,916
Net Cash Inflow from Operating Activities	<u>1,161,149</u>	<u>1,717,388</u>

25. Analysis of the Management of Liquid Resources

	As at 1 Apr 2009	Movement in Year	As at 31 Mar 2010
	£	£	£
Bank & Cash Balances	757,337	(438,235)	319,102
Funds held on Deposit	4,150,000	(1,342,234)	2,807,766
	<u>4,907,337</u>	<u>(1,780,469)</u>	<u>3,126,868</u>

26. Reconciliation of net cashflow to movement in net debt

	2010	2009
	£	£
Increase/(Decrease) in cash in the period	(1,780,469)	2,234,028
Cash received from new loans	-	(1,500,000)
Loans repaid	166,411	140,054
Change in Net Debt	(1,614,058)	874,082
Net Debt at 1 April	(7,822,842)	(8,696,924)
Net Debt at 31 March	<u>(9,436,900)</u>	<u>(7,822,842)</u>

27. Analysis of Changes in Net Debt

	As at 1 Apr 2009	Cash Flows	Other Movements	As at 31 Mar 2010
	£	£	£	£
Cash at Bank and in Hand	4,907,337	(1,780,469)	-	3,126,868
Debt due within 1 Year	(166,410)	-	(17,183)	(183,593)
Debt due after 1 Year	(12,563,769)	-	183,594	(12,380,175)
	<u>(7,822,842)</u>	<u>(1,780,469)</u>	<u>166,411</u>	<u>(9,436,900)</u>

ABERTAY HOUSING ASSOCIATION LTD

NOTES to the FINANCIAL STATEMENTS (continued)

28. Pensions

The pension cost figures used in these accounts comply with Financial Reporting Standard 17 (FRS17).

The Association is an admitted body to the Tayside Superannuation Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on final pensionable salary. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the income and expenditure account as they are incurred. The pension costs for the period were £133,274 (2009 - £126,463)

Barnett Waddingham, a qualified independent actuary, has prepared a report, specific to FRS 17, based on the projected unit basis. The major assumptions used were:

	2010	2009
Price Increases	3.9%	3.0%
Salary Increases	5.4%	4.5%
Pension Increases	3.9%	3.0%
Discount Rate	5.5%	6.7%

The post retirement mortality tables adopted were the PA92 series projected to calendar year 2008 for current pensioners and 2018 for non-pensioners with a minimum improvement of 1% per annum.

The estimated asset allocation of the Association's assets within the scheme at 31 March 2010 is as follows:

	2010	2009
	£	£
Equities	2,608,059	1,673,449
Gilts	253,561	298,830
Other Bonds	362,230	220,875
Property	289,784	262,451
Cash	108,669	142,919
Total	<u>3,622,303</u>	<u>2,598,524</u>

Net pension liability

	2010	2009
	£	£
Fair value of Association's assets	3,622,303	2,598,524
Present value of funded obligations	(5,720,615)	(3,388,025)
Net funded liability	<u>(2,098,312)</u>	<u>(789,501)</u>
Present value of unfunded obligations	-	-
Unrecognised past service cost	-	-
Net liability in balance sheet	<u>(2,098,312)</u>	<u>(789,501)</u>



**ABERTAY HOUSING ASSOCIATION LTD**

**NOTES to the FINANCIAL STATEMENTS (continued)**

**28. Pensions (continued)**

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	2010	2009
	£	£
Defined benefit obligation at 1 April	3,388,025	3,407,193
Service cost	109,074	102,500
Interest cost	229,277	244,638
Actuarial losses/(gains)	2,034,153	(357,906)
Estimated benefits paid net of transfers in contributions by scheme participants	(86,862) 46,948	(48,000) 39,600
Defined benefit obligation at 31 March	<u>5,720,615</u>	<u>3,388,025</u>

The Association has no unfunded scheme liabilities.

**Reconciliation of opening and closing balances of the fair value of scheme assets**

	2010	2009
	£	£
Fair value of scheme assets at 1 April	2,598,524	2,932,380
Expected return on scheme assets	181,910	209,407
Actuarial gains/(losses)	748,987	(659,603)
Contributions by employer	132,796	124,740
Contributions by scheme participants	46,948	39,600
Estimated benefits paid net of transfers in	(86,862)	(48,000)
Fair value of scheme assets at 31 March	<u>3,622,303</u>	<u>2,598,524</u>

**Historic information**

	2010	2009	2008	2007	2006
	£	£	£	£	£
Defined benefit obligation	(5,720,615)	(3,388,025)	(3,407,193)	(3,569,963)	(3,464,501)
Scheme assets	3,622,303	2,598,524	2,932,380	2,931,390	2,598,093
Deficit	(2,098,312)	(789,501)	(474,813)	(638,573)	(866,408)
Experience adjustments on scheme liabilities	-	(253,154)	-	-	(84,000)
Experience adjustments on scheme assets	748,987	(659,603)	(351,200)	55,664	434,667

The projected employer contributions for the year ended 31 March 2011 are £140,698.

