

Abronhill Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HCB 275

FSA Reference No. 2443 (R)(S)

Scottish Charity No. SC033116

ABRONHILL HOUSING ASSOCIATION LIMITED

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ABRONHILL HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2012

COMMITTEE OF MANAGEMENT

Hazel Paterson- Chairperson	Appointed September 2011
David Provan- Secretary	
Paul Agnew	Appointed September 2011
Linda Black- Co-optee	
Dorothy Hutchison	Appointed September 2011
Cllr Elizabeth Irvine	
Iain Johnston	Appointed September 2011
Rita Kirby- Co-optee	
Katrina Laurie	Appointed September 2011
John Loan	
Isabel McCourt	Appointed December 2011
Liz McGinty	Appointed September 2011
Kevin McMail	Appointed June 2011
Eleanor Patram- Treasurer	
Margaret Richardson	
David Ross	Appointed September 2011, Resigned December 2011
Ray Johnston	Appointed September 2011, Resigned November 2011
Ian Gray	Resigned May 2011
Philip Docherty- Co-optee	Co-opted September 2011
Fiona Marshall- Co-optee	Co-opted September 2011, Resigned December 2011

EXECUTIVE OFFICERS

Jenny Burgon Housing Manager

REGISTERED OFFICE

Unit 10
Abronhill Shopping Centre
Cumbernauld
G67 3AZ

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
1 Roadside Village
Cumbernauld
G67 2SS

SOLICITORS

T C Young
7 West George St
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services
Unit 29
Ladyloan Place
Drumchapel
G15 8LB

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2012**

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2012.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2443 (R)(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033116.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Abronhill made a surplus of £131,775 (2011 restated - £150,846) during the year.

Abronhill is in a reasonable financial position. Loan facilities continue to be available to it. Abronhill has completed its current major repair investment programme and in acknowledgement of the need to build on its reserves does not plan a large major repairs programme over the next few years. We have provided sufficient funds over the next three years to meet our commitments under the Scottish Housing Quality Standard.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

Committee of Management and Executive Officers

The members of the Committee of Management and the Executive Officers are listed on Page 1.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Committee of Management's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a Statement on Internal Financial Control.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2012

Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition

It is the Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or Loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Committee of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management



DAVID PROVAN
Secretary
23 August 2012

REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF
ABRONHILL HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
23 August 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ABRONHILL HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Abronhill Housing Association Limited for the year ended 31st March 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that 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 Committee of Management and Auditors

As explained more fully in the Statement of Committee of Management's Responsibilities the Association's Committee of Management, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been 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.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ABRONHILL HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
23 August 2012

ABRONHILL HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TURNOVER	2.		762,249		735,046
Operating Costs	2.		<u>(526,131)</u>		<u>(503,705)</u>
OPERATING SURPLUS	9.		236,118		231,341
Gain On Sale Of Housing Stock	7.	-		23,774	
Interest Receivable and Other Income		376		314	
Interest Payable and Similar Charges	8.	<u>(104,719)</u>		<u>(104,583)</u>	
			<u>(104,343)</u>		<u>(80,495)</u>
SURPLUS ON ORDINARY ACTIVITIES			<u>131,775</u>		<u>150,846</u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	131,775	150,846
Prior year adjustment (as explained in Note 22)	<u>791,591</u>	<u>-</u>
Total gains recognised since last annual report	<u>923,366</u>	<u>150,846</u>

Total gains and losses recognised since last annual report

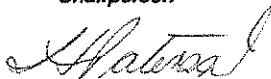
ABRONHILL HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		5,007,231		5,065,425
Less: Social Housing Grant	11.(a)		(1,955,802)		(1,946,006)
: Other Public Grants	11.(a)		(122,628)		(122,628)
			<u>2,928,801</u>		<u>2,996,791</u>
Other fixed assets	11.(b)		4,801		1,790
			<u>2,933,602</u>		<u>2,998,581</u>
CURRENT ASSETS					
Debtors	13.	73,703		83,651	
Cash at bank and in hand		430,876		303,475	
			<u>504,579</u>	<u>387,126</u>	
CREDITORS: Amounts falling due within one year	14.	(122,936)		(126,543)	
NET CURRENT ASSETS			<u>381,643</u>		<u>260,583</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,315,245</u>		<u>3,259,164</u>
CREDITORS: Amounts falling due after more than one year	15.		(1,951,295)		(2,026,992)
NET ASSETS			<u>1,363,950</u>		<u>1,232,172</u>
CAPITAL AND RESERVES					
Share Capital	17.		83		80
Designated Reserves	18.(a)		442,948		344,116
Revenue Reserves	18.(b)		920,919		887,976
			<u>1,363,950</u>		<u>1,232,172</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 23 August 2012.

Hazel Paterson
Chairperson



Eleanor Patram
Treasurer



David Provan
Secretary



ABRONHILL HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012**

	Notes	2012 £	2011 £
Net Cash Inflow from Operating Activities	16.	341,410	422,495
Returns on Investment and Servicing of Finance			
Interest Received		376	314
Interest Paid		(104,719)	(104,583)
Net Cash Outflow from Investment and Servicing of Finance		(104,343)	(104,269)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(42,347)	(138,096)
Purchase of Other Fixed Assets		(4,890)	(1,912)
Social Housing Grant Received		9,796	15,225
Proceeds on Disposal of Properties		-	31,936
Net Cash Outflow from Capital Expenditure and Financial Investment		(37,441)	(92,847)
Net Cash Inflow before use of Liquid Resources and Financing		199,626	225,379
Financing			
Loan Principal Repayments		(72,234)	(95,094)
Share Capital Issued		9	4
Net Cash Outflow from Financing		(72,225)	(95,090)
Increase in Cash	16.	127,401	130,289

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Associations' Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roof	50 years
Bathrooms	20 years
Kitchens	20 years
Windows	30 years
Doors	40 years
Heating Systems	40 years
Boilers	25 years
Rewiring	35 years
Medical adaptations	15 years

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	15%
Furniture and Fittings	25%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Housing Property Managed by Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2012			2011		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	758,124	503,437	254,687	728,575	493,040	235,535
Other Activities	4.	4,125	22,694	(18,569)	6,471	10,665	(4,194)
Total		762,249	526,131	236,118	735,046	503,705	231,341

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	Restated	
				2012 Total	2011 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	758,889	-	-	758,889	730,211
Service Charges Receivable	1,490	-	-	1,490	1,368
Gross Rents Receivable	760,379	-	-	760,379	731,579
Less: Rent losses from voids	2,255	-	-	2,255	3,004
Net Rents Receivable	758,124	-	-	758,124	728,575
Total Income From Social Letting	758,124	-	-	758,124	728,575
Expenditure on Social Letting Activities					
Service Costs	1,490	-	-	1,490	1,368
Management and maintenance administration costs	261,965	-	-	261,965	235,269
Reactive Maintenance	103,701	-	-	103,701	143,697
Bad Debts - Rents and Service Charges	1,769	-	-	1,769	3,999
Planned and Cyclical Maintenance, including Major Repairs	33,971	-	-	33,971	10,075
Depreciation of Social Housing	100,541	-	-	100,541	98,632
Operating Costs of Social Letting	503,437	-	-	503,437	493,040
Operating Surplus on Social Letting Activities	254,687	-	-	254,687	235,535
2011 (as restated)	235,535	-	-		

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2012	Operating Surplus / (Deficit) 2011
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	4,714	(4,714)	(4,380)
Factoring	-	-	-	4,125	4,125	-	4,097	28	116
Tenant Participation	-	-	-	-	-	-	7,200	(7,200)	(948)
Rechargeable Repairs	-	-	-	-	-	6,683	-	(6,683)	1,018
Total From Other Activities	-	-	-	4,125	4,125	6,683	16,011	(18,569)	(4,194)
2011	-	2,346	-	4,125	6,471	(1,018)	11,683	(4,194)	

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2012	2011
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>46,482</u>	<u>45,462</u>
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6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average total number of Employees employed during the year was	<u>4</u>	<u>4</u>
Staff Costs were:	£	£
Wages and Salaries	129,399	123,888
Social Security Costs	11,295	10,699
Other Pension Costs	21,575	15,770
	<u>162,269</u>	<u>150,357</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	-	31,936
Cost of Sales	-	8,162
Gain On Sale Of Housing Stock	<u>-</u>	<u>23,774</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>104,719</u>	<u>104,583</u>
	<u>104,719</u>	<u>104,583</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2011 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	102,420	99,288
Auditors' Remuneration - Audit Services	7,000	6,100
Operating Lease Rentals - Other	<u>1,752</u>	<u>1,752</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2011- restated	5,811,947	-	-	5,811,947
Additions	42,347	-	-	42,347
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2012	<u>5,854,294</u>	<u>-</u>	<u>-</u>	<u>5,854,294</u>
DEPRECIATION				
As at 1st April 2011- restated	746,522	-	-	746,522
Charge for Year	100,541	-	-	100,541
Disposals	-	-	-	-
As at 31st March 2012	<u>847,063</u>	<u>-</u>	<u>-</u>	<u>847,063</u>
SOCIAL HOUSING GRANT				
As at 1st April 2011- restated	1,946,006	-	-	1,946,006
Additions	9,796	-	-	9,796
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2012	<u>1,955,802</u>	<u>-</u>	<u>-</u>	<u>1,955,802</u>
OTHER CAPITAL GRANTS				
As at 1st April 2011- restated	122,628	-	-	122,628
Additions	-	-	-	-
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2012	<u>122,628</u>	<u>-</u>	<u>-</u>	<u>122,628</u>
NET BOOK VALUE				
As at 31st March 2012	<u>2,928,801</u>	<u>-</u>	<u>-</u>	<u>2,928,801</u>
As at 31st March 2011	<u>2,996,791</u>	<u>-</u>	<u>-</u>	<u>2,996,791</u>

Additions to housing properties includes capitalised development administration costs of £nil (2011 - £1,281) and capitalised major repair costs to existing properties of £29,653 (2011 £24,504)

All land and housing properties are freehold.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2011	67,548	42,016	109,564
Additions	-	4,890	4,890
Eliminated on Disposals	-	-	-
As at 31st March 2012	<u>67,548</u>	<u>46,906</u>	<u>114,454</u>
AGGREGATE DEPRECIATION			
As at 1st April 2011	67,548	40,226	107,774
Charge for year	-	1,879	1,879
Eliminated on disposal	-	-	-
As at 31st March 2012	<u>67,548</u>	<u>42,105</u>	<u>109,653</u>
NET BOOK VALUE			
As at 31st March 2012	<u>-</u>	<u>4,801</u>	<u>4,801</u>
As at 31st March 2011	<u>-</u>	<u>1,790</u>	<u>1,790</u>

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012 £	2011 £
Other		
Expiring within one year	-	-
Expiring between two and five years	1,752	1,752
Expiring in over five years	<u>-</u>	<u>-</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	25,587	29,340
Less: Provision for Doubtful Debts	(6,000)	(5,783)
	<u>19,587</u>	<u>23,557</u>
Other Debtors	54,116	60,094
	<u>73,703</u>	<u>83,651</u>

14. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Housing Loans	62,579	59,117
Trade Creditors	13,915	21,114
Rent in Advance	24,463	23,923
Other Creditors	1,150	1,150
Accruals and Deferred Income	20,828	21,239
	<u>122,936</u>	<u>126,543</u>

At the balance sheet date there were pension contributions outstanding of £2,659 (2011 £nil)

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

	2012	2011
	£	£
Housing Loans	<u>1,951,295</u>	<u>2,026,992</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	62,579	59,117
Between one and two years	65,278	61,621
Between two and five years	213,723	201,454
In five years or more	<u>1,672,293</u>	<u>1,763,917</u>
	2,013,875	2,086,109
Less: Amount shown in Current Liabilities	62,579	59,117
	<u>1,951,295</u>	<u>2,026,992</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2012 £	2011 £
Operating Surplus	236,118	231,341
Depreciation	102,420	99,288
Change in Debtors	9,948	88,893
Change in Creditors	(7,069)	2,987
Share Capital Written Off	(6)	(14)
Net Cash Inflow from Operating Activities	<u>341,410</u>	<u>422,495</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase in Cash	127,401		130,289	
Cash flow from change in debt	<u>72,234</u>		<u>95,094</u>	
Movement in net debt during year		199,635		225,383
Net debt at 1st April 2011		<u>(1,782,634)</u>		<u>(2,008,017)</u>
Net debt at 31st March 2012		<u>(1,582,999)</u>		<u>(1,782,634)</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	<u>303,475</u>	<u>127,401</u>		<u>430,876</u>
Debt: Due within one year	303,475	127,401		430,876
Due after more than one year	(59,117)	72,235	(75,697)	(62,579)
	<u>(2,026,992)</u>	<u>(0)</u>	<u>75,697</u>	<u>(1,951,295)</u>
Net Debt	<u>(1,782,634)</u>	<u>199,635</u>	<u>-</u>	<u>(1,582,999)</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	80
Issued in year	9
Cancelled in year	<u>(6)</u>
At 31st March 2012	<u>83</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

18. RESERVES

(a) Designated Reserves	Cyclical	Major	
	Maintenance	Repairs	Total
	£	£	£
At 1st April 2011	53,940	290,176	344,116
Transfer to / (from) Revenue Reserves	-	<u>98,832</u>	<u>98,832</u>
At 31st March 2012	<u>53,940</u>	<u>389,008</u>	<u>442,948</u>

(b) Revenue Reserves	Total
	£
At 1st April 2011 as previously stated	96,385
Prior year adjustment	<u>791,591</u>
At 1st April 2011 (as restated) (Note 22)	887,976
Surplus for the year	131,775
Transfer (to) / from Designated Reserves	<u>(98,832)</u>
At 31st March 2012	<u>920,919</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012	2011
	No.	No.
General Needs - New Build	11	11
- Rehabilitation	<u>219</u>	<u>219</u>
	<u>230</u>	<u>230</u>

Housing Units owned by the Association but managed by another body:

Name of Provider	Type of Funding	No of Units	Funds Payable to Provider			
			2012	2011	2012	2011
					£	£
North Lanarkshire Council	Common charges	74	74	-	-	-

20. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

- 1 member is a tenant of the Association
- 1 member is a factored owner
- 1 member is a relevant local councillor
- 1 member is an employee of a relevant local authority

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

21. RETIREMENT BENEFIT OBLIGATIONS

General

Abronhill Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Abronhill Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. 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 Abronhill Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 4 active members of the Scheme employed by Abronhill Housing Association Limited. The annual pensionable payroll in respect of these members was £108,240. Abronhill Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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 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.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

The effect of adopting component accounting has been to increase the value of properties and reserves as at 1 April 2010 by £795,029

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Change £
Housing Property	2,205,200	2,996,791	791,591
Revenue Reserves	96,385	887,976	791,591
	<hr/>	<hr/>	<hr/>
Housing Depreciation Charge	70,690	98,632	27,942
Major Repairs Charge	34,579	10,075	(24,504)
	<hr/>	<hr/>	<hr/>

The reported surplus in 2011 has been restated by £3,438 and now stands at £150,846