

**Abronhill Housing Association Limited**

**Report and Financial Statements**

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

**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**

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## **COMMITTEE OF MANAGEMENT , EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2010**

### **COMMITTEE OF MANAGEMENT**

M D Scoular	Chairperson
I Arthur	Resigned September 2009
D Provan	Secretary
R Johnston	Vice Chairman
R Kirby	
L Black	
Cllr E Irvine	
J Loan	
E Patram	Treasurer
A Provan	Resigned May 2010
M Richardson	

### **EXECUTIVE OFFICERS**

J Burgon	Housing Manager
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### **REGISTERED OFFICE**

Unit 10  
Abrohill 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

### **FINANCE AGENTS**

FMD Financial Services Ltd.  
Unit 29  
Ladyloan Place  
Glasgow  
G15 8LB

### **SOLICITORS**

The PRG Partnership  
111 Cowgate  
Kirkintilloch  
G66 1JD

Brechin Tindall Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

TC Young  
30 George Square  
Glasgow  
G2 1BA

## **ABRONHILL HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2010.

#### **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 £99,285 (2009 - deficit £13,833) during the year. The results for the year are shown in the Income and Expenditure Account on Page 11.

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 four years to meet our commitments under the Scottish Housing Quality Standard.

#### **Members of the Committee of Management**

The Members of the Committee of the Association during the year to 31 March 2010 were as follows:

Ian Arthur	Resigned September 2009
Linda Black (co-optee)	
Ray Johnston	
Cllr Elizabeth Irvine	
Rita Kirby (co-optee)	
John Loan	
Eleanor Patram	
Adam Provan	Resigned May 2010
David Provan	
Margaret Richardson	
Margaret Dorothy Scoular (Chairperson)	

#### **Executive Team**

The Executive Team of 1 during the year to 31 March 2010 was as follows:

Jenny Burgon, Housing Manager

## **ABRONHILL HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

#### **Review of Business and Future Developments (Contd.)**

##### **Operational Review**

##### **1 Corporate Governance**

Abronhill Housing Association has a Committee of Management who are elected by the members of the Association. (See above for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Executive Team of 1 (as listed above) is responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by Abronhill Housing Association.

##### **2 Corporate Issues**

Tenant involvement and participation is a major part of Abronhill Housing Association's Aims and Objectives, and we continue to review how Abronhill Housing Association involves tenants in its activities.

Abronhill Housing Association is committed to involving staff in decision making and policy making. In the year just ended staff were fully involved in the internal management plan process and regular staff meetings were held to keep staff informed of our activities.

##### **Performance Management**

Service delivery is underpinned by staff performance. This continues to be a high priority for us. In the last year we continued our staff appraisal system. Two more members of staff successfully completed a European Computer Driving Licence (ECDL) course last year. Two more are studying for their ECDLs. All the staff have achieved this recognition.

##### **Best use of resources**

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have a rolling programme of stock condition surveys, to ensure that our long-term financial planning reflects our future investment requirements.

##### **Services**

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we have completed both the central heating and the kitchen renewal programmes.

We continued to monitor rent arrears closely. We also continued to deliver completed adaptations to existing properties to meet the specific needs of our tenants.

## **ABRONHILL HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

#### **Review of Business and Future Developments (Contd.)**

#### **3 Development Issues**

Abronhill is not a developing Association. However, we continue to explore opportunities to provide more properties to people in housing need by participating in the Mortgage to Rent scheme and, as an approved landlord, offering council tenants the opportunity to transfer to the Association.

#### **4 Housing Issues**

Abronhill Housing Association continues to work on minimising the period of time taken to re-let or let new properties, to ensure that we maximize our effectiveness in housing people in need, and reduce our costs.

#### **5 Finance and IT Issues**

Abronhill Housing Association has loans with Co-operative Bank and the Royal Bank of Scotland to fund our initial stock transfer from Cumbernauld Development Corporation and to fund that part of the new build scheme in Larch Place that was not paid for by Housing Association Grant.

#### **6 Other Areas**

##### **Risk Management Policy**

The Committee have, with advice from their finance service advisers and their internal auditors, implemented a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. We continue to monitor closely this aspect of our work.

##### **Investment Appraisal**

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

##### **Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are listed on page 8.

##### **Management Structure**

The Committee of Management has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

## ABRONHILL HOUSING ASSOCIATION LIMITED

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### REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010

#### Review of Business and Future Developments (Contd.)

#### 6 Other Areas (Contd.)

##### General Reserves Policy

The Committee members have reviewed the reserves of Abronhill Housing Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year the charity's revenue reserve increased from £32,992 to £57,471 (see note 19). As this is lower than the current level of operating costs excluding major repairs, the Committee has sought to ensure that the budgeting of the Association's results brings the reserves up to a satisfactory level.

The Association has two other designated funds. The purpose of these funds is detailed in note 1 in the financial statements.

##### Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance.

##### Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account. The Association completed successful audits of its Gas Safety Management System and its Gas Service Quality in 2007.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

##### Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

##### Employee Involvement and Health & Safety

The Association encourages employee involvement in all Health and Safety initiatives. The Association monitors its Health and Safety work closely.

##### Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Housing Manager. The Association is recognised as an Investors in People organisation.

##### Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

## **ABRONHILL HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

#### **Review of Business and Future Developments (Contd.)**

##### **6 Other Areas (Contd.)**

###### **Budgetary Process**

Each year the Committee of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

###### **Rental Income**

The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. The percentage value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

###### **Disabled Employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. The Association is entitled to use the double tick Positive about Disabled People symbol in any recruitment process.

###### **Future developments**

Subject to the availability of land and public funding the Association is committed to an ongoing development programme to provide new housing for our tenants. The Association has entered into association with Bridges Housing Association to maximise development opportunities in line with current Government thinking as outlined in its consultation paper Investing in Affordable Housing



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**REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2010**

**Management Committee and Executive Officers**

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

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officer holds no interest in the Association's share capital and, although not having the legal status of Director, she acts as Executive 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 Management Committee'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 Association's Auditors are aware of that information.

**ABRONHILL HOUSING ASSOCIATION LIMITED**

**REPORT OF THE COMMITTEE OF MANAGEMENT  
FOR THE YEAR ENDED 31ST MARCH 2010**

**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 of 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**

**D PROVAN**  
Secretary  
19 August 2010



**ABRONHILL HOUSING ASSOCIATION LIMITED**

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**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 8 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 8 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  
19 August 2010

**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 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 described in the Statement of Committee of Management's Responsibilities the Association's Committee of Management are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is 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 Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee 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.

**Opinion**

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow 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 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
19 August 2010

# ABRONHILL HOUSING ASSOCIATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
<b>TURNOVER</b>	2.		711,595		717,136
Operating Costs	2.		(501,710)		(664,148)
<b>OPERATING SURPLUS</b>	9.		209,885		52,988
Profit on Sale of Housing Stock	7.	-		61,203	
Interest Receivable and Other Income		998		17,251	
Interest Payable and Similar Charges	8.	(111,598)		(145,275)	
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES</b>			(110,600)		(66,821)
			99,285		(13,833)

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

# ABRONHILL HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		4,239,094		3,713,748
Less: Social Housing Grant	11.(a)		(1,884,904)		(1,499,385)
: Other Public Grants	11.(a)		(122,628)		(122,628)
			<u>2,231,562</u>		<u>2,091,735</u>
Other fixed assets	11.(b)		534		1,495
			<u>2,232,096</u>		<u>2,093,230</u>
<b>CURRENT ASSETS</b>					
Debtors	13.	179,289		57,199	
Cash at bank and in hand		<u>173,186</u>		<u>355,763</u>	
		352,475		412,962	
CREDITORS: Amounts falling due within one year	14.	(173,254)		(122,201)	
<b>NET CURRENT ASSETS</b>			<u>179,221</u>		<u>290,761</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,411,317</u>		<u>2,383,991</u>
CREDITORS: Amounts falling due after more than one year	15.		(2,125,010)		(2,196,964)
<b>NET ASSETS</b>			<u><u>286,307</u></u>		<u><u>187,027</u></u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	17.		90		95
Designated Reserves	18.(a)		228,746		153,940
Revenue Reserves	18.(b)		<u>57,471</u>		<u>32,992</u>
			<u><u>286,307</u></u>		<u><u>187,027</u></u>

The Financial Statements were approved by the  
Committee of Management and signed on their behalf on

19 August 2010

Chairperson

*Margaret A. Seal*

Vice-Chairperson

*R. P. P. P. P.*

Secretary

*D. P. P. P.*

# ABRONHILL HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	2010 £	2009 £
<b>Net Cash Inflow from Operating Activities</b>	16.	157,850	94,315
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received	998	17,251	
Interest Paid	(111,598)	(145,275)	
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(110,600)	(128,024)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties	(595,605)	(257,140)	
Purchase of Other Fixed Assets	(712)	-	
Social Housing Grant Received	431,540	129,505	
Proceeds on Disposal of Properties	-	78,260	
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(164,777)	(49,375)
<b>Net Cash Outflow before Financing</b>		(117,527)	(83,084)
<b>Financing</b>			
Loan Principal Repayments	(65,052)	(56,283)	
Share Capital Issued	2	3	
<b>Net Cash Outflow from Financing</b>		(65,050)	(56,280)
<b>Decrease in cash</b>	16.	<u>(182,577)</u>	<u>(139,364)</u>

# ABRONHILL HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### 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 2008, 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 S.F.H.A. 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. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

##### **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%
Computer Equipment	- 25%
Office Equipment	- 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 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.



# **ABRONHILL HOUSING ASSOCIATION LIMITED**

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## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **1 PRINCIPAL ACCOUNTING POLICIES (Continued.)**

##### **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.

##### **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.

# **ABRONHILL HOUSING ASSOCIATION LIMITED**

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## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

#### **1 PRINCIPAL ACCOUNTING POLICIES (Continued.)**

##### **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 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. BREAKDOWN OF TURNOVER, COSTS, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2010			2009		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	680,774	459,705	221,069	663,495	596,390	67,105
Other Activities	4.	30,821	42,005	(11,184)	53,641	67,758	(14,117)
<b>Total</b>		<b>711,595</b>	<b>501,710</b>	<b>209,885</b>	<b>717,136</b>	<b>664,148</b>	<b>52,988</b>

#### 3. ANALYSIS OF INCOME FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Supported Housing	Shared ownership	2010 Total	2009 Total
	£	£	£	£	£
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	682,239	-	-	682,239	664,207
Service Charges Receivable	1,327	-	-	1,327	1,327
<b>Gross Rents Receivable</b>	<b>683,566</b>	<b>-</b>	<b>-</b>	<b>683,566</b>	<b>665,534</b>
Less: Rent losses from voids	2,792	-	-	2,792	2,039
<b>Total Income From Social Letting</b>	<b>680,774</b>	<b>-</b>	<b>-</b>	<b>680,774</b>	<b>663,495</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	1,327	-	-	1,327	1,327
Management and maintenance administration costs	217,506	-	-	217,506	218,274
Reactive Maintenance	118,954	-	-	118,954	90,398
Bad Debts - Rents and Service Charges	3,683	-	-	3,683	1,516
Planned and Cyclical Maintenance, including Major Repairs	47,976	-	-	47,976	219,526
Depreciation of Social Housing	70,259	-	-	70,259	65,349
<b>Operating Costs of Social Letting</b>	<b>459,705</b>	<b>-</b>	<b>-</b>	<b>459,705</b>	<b>596,390</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>221,069</b>	<b>-</b>	<b>-</b>	<b>221,069</b>	<b>67,105</b>
<b>2009</b>	<b>67,105</b>	<b>-</b>	<b>-</b>		

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2010 £	Operating Surplus / (Deficit) 2009 £
Wider Role Activities	-	27,071	-	-	27,071	-	28,205	(1,134)	(6,373)
Factoring	-	-	-	3,750	3,750	-	3,606	144	1
Rechargeable Repair Bad Debts	-	-	-	-	-	2,254	-	(2,254)	-
Other Tenant Participation	-	-	-	-	-	-	7,940	(7,940)	(7,745)
<b>Total From Other Activities</b>	<b>-</b>	<b>27,071</b>	<b>-</b>	<b>3,750</b>	<b>30,821</b>	<b>2,254</b>	<b>39,751</b>	<b>(11,184)</b>	<b>(14,117)</b>
<b>2009</b>	<b>-</b>	<b>47,737</b>	<b>-</b>	<b>5,904</b>	<b>53,641</b>	<b>-</b>	<b>67,758</b>	<b>(14,117)</b>	

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

	2010 £	2009 £
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		
No Officer of the Association received emoluments greater than £60,000.		
Pension contributions made on behalf of the Chief Executive	<u>6,769</u>	<u>6,653</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>44,960</u>	<u>43,939</u>

#### 6. EMPLOYMENT INFORMATION

	2010 No.	2009 No.
The average monthly number of full time equivalent persons employed during the year was	<u>4</u>	<u>5</u>
Staff Costs were:	£	£
Wages and Salaries	120,004	125,459
Social Security Costs	10,302	9,504
Other Pension Costs	15,199	18,604
	<u>145,505</u>	<u>153,567</u>

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	-	78,260
Cost of Sales	-	17,057
Gain On Sale Of Housing Stock	-	61,203

#### 8. FINANCIAL LIABILITIES

	2010	2009
	£	£
On Bank Loans & Overdrafts	111,598	145,275
	<u>111,598</u>	<u>145,275</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2009 £nil).

#### 9. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

	2010	2009
	£	£
Surplus/(Deficit) on Ordinary Activities is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	71,932	66,902
Auditors' Remuneration - Audit Services	5,400	5,400
Operating Lease Rentals - Other	1,251	1,669

#### 10. FINANCIAL STATEMENTS 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 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### FINANCIAL STATEMENTS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
<b>COST</b>					
As at 1st April 2009	4,268,388	-	-	-	4,268,388
Additions	595,605	-	-	-	595,605
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2010	4,863,993	-	-	-	4,863,993
<b>DEPRECIATION</b>					
As at 1st April 2009	554,640	-	-	-	554,640
Charge for Year	70,259	-	-	-	70,259
Disposals	-	-	-	-	-
As at 31st March 2010	624,899	-	-	-	624,899
<b>SOCIAL HOUSING GRANT</b>					
As at 1st April 2009	1,499,385	-	-	-	1,499,385
Additions	385,519	-	-	-	385,519
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2010	1,884,904	-	-	-	1,884,904
<b>OTHER CAPITAL GRANTS</b>					
As at 1st April 2009	122,628	-	-	-	122,628
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2010	122,628	-	-	-	122,628
<b>NET BOOK VALUE</b>					
As at 31st March 2010	2,231,562	-	-	-	2,231,562
As at 31st March 2009	2,091,735	-	-	-	2,091,735

Additions to housing properties includes capitalised development administration costs of £1,540 (2009 - £4,316) and capitalised major repair costs to existing properties of £nil (2009 £nil)

All land and housing properties are freehold.

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 10. INTANGIBLE AND TANGIBLE ASSETS (Continued)

##### b) Other Tangible Assets

	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
As at 1st April 2009	67,548	42,767	110,315
Additions	-	712	712
Eliminated on Disposals	-	(273)	(273)
As at 31st March 2010	<u>67,548</u>	<u>43,206</u>	<u>110,754</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2009	67,548	41,272	108,820
Charge for year	-	1,673	1,673
Eliminated on disposal	-	(273)	(273)
As at 31st March 2010	<u>67,548</u>	<u>42,672</u>	<u>110,220</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2010	<u>-</u>	<u>534</u>	<u>534</u>
As at 31st March 2009	<u>-</u>	<u>1,495</u>	<u>1,495</u>

#### 11. COMMITMENTS AND CONTINGENT LIABILITIES

At the year end, the annual commitments under operating leases were as follows:-

	2010 £	2009 £
<b>Other</b>		
Expiring within one year	1,251	-
Expiring between two and five years	-	1,669
Expiring in over five years	<u>-</u>	<u>-</u>



# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 13. DEBTORS

	2010 £	2009 £
Arrears of Rent & Service Charges	32,354	18,764
Less: Provision for Doubtful Debts	(5,158)	(2,900)
	<u>27,196</u>	<u>15,864</u>
Social Housing Grant Receivable	6,745	144
Other Debtors	145,348	41,191
	<u>179,289</u>	<u>57,199</u>

#### 14. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Housing Loans	56,193	49,292
Trade Creditors	16,881	18,850
Rent in Advance	24,326	20,521
Social Housing Grant in Advance	52,622	-
Other Taxation and Social Security	-	273
Other Creditors	1,150	2,728
Accruals and Deferred Income	22,082	30,537
	<u>173,254</u>	<u>122,201</u>

At the balance sheet date there were pension contributions outstanding of £nil (2009 £nil)

#### 15. CREDITORS: Amounts falling due after one year

	2010 £	2009 £
Housing Loans	<u>2,125,010</u>	<u>2,196,964</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	56,193	49,292
Between one and two years	58,520	51,771
Between two and five years	190,960	171,683
In five years or more	1,875,530	1,973,510
	<u>2,181,203</u>	<u>2,246,256</u>
Less: Amount shown in Current Liabilities	56,193	49,292
	<u>2,125,010</u>	<u>2,196,964</u>

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating Surplus	209,885	52,988
Depreciation	71,932	66,902
Change in Debtors	(115,489)	(29,114)
Change in Creditors	(8,471)	3,564
Share Capital Written Off	(7)	(25)
Net Cash Inflow from Operating Activities	<u>157,850</u>	<u>94,315</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £	£	2009 £	£
Decrease in cash	(182,577)		(139,364)	
Cash flow from change in debt	<u>65,053</u>		<u>56,283</u>	
Movement in net debt during year		(117,524)		(83,081)
Net debt at 1st April 2009		<u>(1,890,493)</u>		<u>(1,807,412)</u>
Net debt at 31st March 2010		<u><u>(2,008,017)</u></u>		<u><u>(1,890,493)</u></u>

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	Other Changes £	At 31.03.10 £
Cash at bank and in hand	355,763	(182,577)		173,186
	355,763	(182,577)		173,186
Liquid Resources	-	-		-
Debt: Due within one year	(49,292)	(6,901)		(56,193)
Due after more than one year	<u>(2,196,964)</u>	<u>71,954</u>		<u>(2,125,010)</u>
Net Debt	<u><u>(1,890,493)</u></u>	<u><u>(117,524)</u></u>	<u><u>-</u></u>	<u><u>(2,008,017)</u></u>

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	95
Issued in year	2
Cancelled in year	(7)
At 31st March 2010	<u>90</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 Maintenance £	Major Repairs £	Total £
At 1st April 2009	53,940	100,000	153,940
Transfer from Revenue Reserves	-	74,806	74,806
At 31st March 2010	<u>53,940</u>	<u>174,806</u>	<u>228,746</u>

  

(b) Revenue Reserves	Total £
At 1st April 2009	32,992
Surplus for the Year	99,285
Transfer to Designated Reserves	(74,806)
At 31st March 2010	<u>57,471</u>

#### 19. EMPLOYMENT

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	11	11
- Rehabilitation	219	211
	<u>230</u>	<u>222</u>

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

Name of Provider	Type of Funding	No of Units 2010	2009	Funds Payable to Provider 2010 £	2009 £
North Lanarkshire Council	Common charges	74	74	255	417

# ABRONHILL HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 20. RELATED PARTY RELATIONSHIPS

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:

6 members are tenants of the Association

nil members are factored owners

1 member is a relevant local councillor

nil members are employees 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.

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. PENSIONEREMENT BENEFIT OBLIGATIONS

##### General

Abronhill Housing Association Limited participates in the SFHA Pension Scheme.

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

The Scheme offers three 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 .

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 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

During the accounting period Abronhill Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

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 £98,691. Abronhill Housing Association Limited continues to offer membership of the Scheme to its employees.

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. SUPERFUNDING DEFERRED CONTRIBUTIONS (Continued)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

#### Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. THE SHAREWOMEN'S BENEFIT OF LOAN (CONTINUED)

##### Financial Assumptions (Contd.)

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in</i>	<i>Assumed life expectancy</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

##### 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 salaries)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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 £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

# ABRONHILL HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RECOVERY PLAN (PENSION SCHEME) (continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%). As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

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.



100% HOME

11 QUEENS CRESCENT

101 0141-332-2414

TO  
FROM

## STATEMENT OF ACCOUNT

NAME	WEST OF SCOTLAND DEAF CHILDREN'S SO	Project	768

23-Oct-2009

C4  
M6

**INCOME**  
**OPENING BALANCE**  
**Sponsor**

#N/A  
#N/A

TOTAL INCOME

EXPENDITURE

WAGES

## Payroll Service

gen. exps

WEST OF SCOTLAND DEAF CHILDREN'S SOCIETY

제출일  
제출인

3182

40418  
41418

40513  
40514

### WIRTSCHAFTS

**CLOSING BALANCE**

Prepared By : The Wages Dept

Please retain this information

TO REPRODUCE ANOTHER COPY WILL BE CHARGEABLE

## WAGES ANALYSIS

FROM  
TO

60 days or

WAGES TOTAL PER PAYROLL ANALYSIS SHEET  
WAGES TOTAL PER CASH BOOK

DIFFERENT

REPORT SENT BY

34 410 84  
34 410 84

34 410 84  
34 410 84

NAME	Project	768
WES		

WEST OF SCOTLAND DEAF CHILDREN'S SOCIETY  
768

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51712  
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**SACG**

NAME	WEST OF SCOTLAND DEAF CHILDREN'S SO	Project	768
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**tel : 0141-332-2444**

FROM 01-Jan-10  
TO 31-Mar-10

## STATEMENT OF ACCOUNT

INCOME

**Sponsor**

000

WNA  
WNA

TOTAL INCOME

## EXPENDITURE

**Payroll Service**

**WEST OF SCOT**

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1999

**CLOSING BALANCE**

repared By : The Wages Dept

least retain this information

**TO REPRODUCE ANOTHER COPY WILL BE CHARGEABLE**

## WAGES ANALYSIS

FROM

0 31-MAR-70

**Project**

**WEST OF SCOTLAND DEAF CHILDREN'S SOCIETY**

PAGES TOTAL PER PAYROLL ANALYSIS SHEET  
PAGES TOTAL PER CASH BOOK

68,954.84  
68,954.84

## REFERENCE

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REPRESENTED BY

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