

Abronhill Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2011

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 2011**

COMMITTEE OF MANAGEMENT

D Scoular	Deceased January 2011
L Black - Co-optee	
I Gray	Appointed October 2010, Resigned May 2011
R Johnston - Chairperson	
J Loan	
E Patram - Treasurer	
D Provan - Secretary	
A Provan	Deceased May 2010
M Richardson	
R Kirby - Co-optee	
ClIr E Irvine	

EXECUTIVE OFFICERS

Jenny Burgon	Housing Manager
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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 Street
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2011.

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 £154,284 (2010 - £99,285) during the year. The results for the year are shown in the Income and Expenditure Account on Page 12.

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.

Members of the Committee of Management

The Members of the Committee of the Association during the year to 31 March 2011 were as follows:

Linda Black	(co-optee)
Ian Gray	
Ray Johnston	(Chairperson)
Cllr Elizabeth Irvine	
Rita Kirby	(co-optee)
John Loan	
Eleanor Patram	
David Provan	(Secretary)
Margaret Richardson	

Members were very sorry to lose both Adam Provan and Margaret Dorothy Scoular, both of whom died during 2010/11. Recruitment of new board members is a priority for committee members.

Executive Team

The Executive Team of 1 during the year to 31 March 2011 was as follows:

Jenny Burgon, Housing Manager

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

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. All our staff have successfully completed a European Computer Driving Licence (ECDL) course. Last year a member of staff completed his Level 3 certificate in Housing Maintenance, a joint award awarded by the Chartered Institutes of Housing and Building.

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.

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2011

Review of Business and Future Developments (Contd.)

Operational Review

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.

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 (formerly the Britannia Building Society) 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.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2011

Review of Business and Future Developments (Contd.)

Operational Review

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 £57,471 to £96,385 (see note 18). 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 purposes of these funds are detailed in note 1 in the financial statements.

Sales of housing properties

One sale was concluded during the year. 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. This work was audited during 2010/11 and the recommendations from the audit put in place.

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.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2011

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

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2011**

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 2011**

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

D PROVAN

Secretary

18 August 2011

ABRONHILL HOUSING ASSOCIATION LIMITED

**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
18 August 2011

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 2011 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 Auditor

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 Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management'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 2011 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 under the Industrial and Provident Societies Acts 1965 to 2002 if, in our opinion:

- 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 financial statements are not in agreement with the books of account.
- 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
Chartered Accountants
Statutory Auditors
GLASGOW
18 August 2011

ABRONHILL HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TURNOVER	2.		735,046		711,595
Operating Costs	2.		(500,267)		(501,710)
OPERATING SURPLUS	9.		<u>234,779</u>		<u>209,885</u>
Gain On Sale Of Housing Stock	7.	23,774		-	
Interest Receivable and Other Income		314		998	
Interest Payable and Similar Charges	8.	(104,583)		(111,598)	
			<u>(80,495)</u>		<u>(110,600)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>154,284</u>		<u>99,285</u>
Tax on surplus on ordinary activities	10.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			<u>154,284</u>		<u>99,285</u>

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 2011

	Notes	£	2011 £	£	2010 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		4,273,834		4,239,094
Less: Social Housing Grant	11.(a)		(1,946,006)		(1,884,904)
: Other Public Grants	11.(a)		(122,628)		(122,628)
			<u>2,205,200</u>		<u>2,231,562</u>
Other fixed assets	11.(b)		1,790		534
			<u>2,206,990</u>		<u>2,232,096</u>
CURRENT ASSETS					
Debtors	13.	83,651		179,289	
Cash at bank and in hand			<u>303,475</u>		<u>173,186</u>
			387,126		352,475
CREDITORS: Amounts falling due within one year	14.	(126,543)		(173,254)	
NET CURRENT ASSETS			<u>260,583</u>		<u>179,221</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,467,573		2,411,317
CREDITORS: Amounts falling due after more than one year	15.		(2,026,992)		(2,125,010)
NET ASSETS			<u><u>440,581</u></u>		<u><u>286,307</u></u>
CAPITAL AND RESERVES					
Share Capital	17.		80		90
Designated Reserves	18.(a)		344,116		228,746
Revenue Reserves	18.(b)		96,385		57,471
			<u>440,581</u>		<u>286,307</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 18 August 2011.

E Patram
Treasurer

D Provan
Secretary

J Loan
Committee Member

ABRONHILL HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2011**

	Notes	£	2011 £	£	2010 £
Net Cash Inflow from Operating Activities	16.		397,991		157,850
Returns on Investment and Servicing of Finance					
Interest Received		314		998	
Interest Paid		(104,583)		(111,598)	
Net Cash Outflow from Investment and Servicing of Finance			(104,269)		(110,600)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(113,592)		(595,605)	
Purchase of Other Fixed Assets		(1,912)		(712)	
Social Housing Grant Received		15,225		431,540	
Proceeds on Disposal of Properties		31,936		-	
Net Cash Outflow from Capital Expenditure and Financial Investment			(68,343)		(164,777)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing			225,379		(117,527)
Financing					
Loan Principal Repayments		(95,094)		(65,052)	
Share Capital Issued		4		2	
Net Cash Outflow from Financing			(95,090)		(65,050)
Increase / (decrease) in Cash	16.		<u>130,289</u>		<u>(182,577)</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 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. 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%
Medical Adaptations	over 10 years

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2011			2010		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	728,575	489,602	238,973	680,774	459,705	221,069
Other Activities	4.	6,471	10,665	(4,194)	30,821	42,005	(11,184)
Total		<u>735,046</u>	<u>500,267</u>	<u>234,779</u>	<u>711,595</u>	<u>501,710</u>	<u>209,885</u>

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2011 Total £	2010 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	730,211	-	-	730,211	682,239
Service Charges Receivable	1,368	-	-	1,368	1,327
Gross Rents Receivable	<u>731,579</u>	<u>-</u>	<u>-</u>	<u>731,579</u>	<u>683,566</u>
Less: Rent losses from voids	3,004	-	-	3,004	2,792
Total Income From Social Letting	<u>728,575</u>	<u>-</u>	<u>-</u>	<u>728,575</u>	<u>680,774</u>
Expenditure on Social Letting Activities					
Service Costs	1,368	-	-	1,368	1,327
Management and maintenance administration costs	235,269	-	-	235,269	217,506
Reactive Maintenance	143,697	-	-	143,697	118,954
Bad Debts - Rents and Service Charges	3,999	-	-	3,999	3,683
Planned and Cyclical Maintenance, including Major Repairs	34,579	-	-	34,579	47,976
Depreciation of Social Housing	70,690	-	-	70,690	70,259
Operating Costs of Social Letting	<u>489,602</u>	<u>-</u>	<u>-</u>	<u>489,602</u>	<u>459,705</u>
Operating Surplus on Social Letting Activities	<u>238,973</u>	<u>-</u>	<u>-</u>	<u>238,973</u>	<u>221,069</u>
2010	<u>221,069</u>	<u>-</u>	<u>-</u>		

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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) 2011 £	Operating Surplus / (Deficit) 2010 £
Wider Role Activities	-	2,346	-	-	2,346	-	6,726	(4,380)	(1,134)
Factoring	-	-	-	4,125	4,125	-	4,009	116	144
Rechargeable Repair Bad Debts	-	-	-	-	-	(1,018)	-	1,018	(2,254)
Other Tenant Participation	-	-	-	-	-	-	948	(948)	(7,940)
Total From Other Activities	-	2,346	-	4,125	6,471	(1,018)	11,683	(4,194)	(11,184)
2010	-	27,071	-	3,750	30,821	2,254	39,751	(11,184)	

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

	2011	2010
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.	£	£

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

Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,921</u>	<u>6,769</u>
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Emoluments payable to Chief Executive (excluding pension contributions)	<u>45,462</u>	<u>44,960</u>
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6. EMPLOYEE INFORMATION

	2011	2010
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>4</u>	<u>4</u>

Staff Costs were:

	£	£
Wages and Salaries	123,888	120,004
Social Security Costs	10,699	10,302
Other Pension Costs	15,770	15,199
	<u>150,357</u>	<u>145,505</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2011	2010
	£	£
Sales Proceeds	31,936	-
Cost of Sales	<u>8,162</u>	<u>-</u>
Gain On Sale Of Housing Stock	<u>23,774</u>	<u>-</u>

8. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans & Overdrafts	<u>104,583</u>	<u>111,598</u>
	<u>104,583</u>	<u>111,598</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2010 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	71,346	71,932
Auditors' Remuneration - Audit Services	6,100	5,400
Operating Lease Rentals - Other	<u>1,752</u>	<u>1,251</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 2011

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 £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2010	4,863,993	-	-	-	4,863,993
Additions	113,592	-	-	-	113,592
Disposals	(10,177)	-	-	-	(10,177)
As at 31st March 2011	4,967,408	-	-	-	4,967,408
DEPRECIATION					
As at 1st April 2010	624,899	-	-	-	624,899
Charge for Year	70,690	-	-	-	70,690
Disposals	(2,015)	-	-	-	(2,015)
As at 31st March 2011	693,574	-	-	-	693,574
SOCIAL HOUSING GRANT					
As at 1st April 2010	1,884,904	-	-	-	1,884,904
Additions	61,102	-	-	-	61,102
As at 31st March 2011	1,946,006	-	-	-	1,946,006
OTHER CAPITAL GRANTS					
As at 1st April 2010	122,628	-	-	-	122,628
As at 31st March 2011	122,628	-	-	-	122,628
NET BOOK VALUE					
As at 31st March 2011	2,205,200	-	-	-	2,205,200
As at 31st March 2010	2,231,562	-	-	-	2,231,562

Additions to housing properties includes capitalised development administration costs of £1,281 (2010 - £1,540) and capitalised major repair costs to existing properties of £nil (2010 £nil)

All land and housing properties are freehold.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 2010	67,548	43,206	110,754
Additions	-	1,912	1,912
Eliminated on Disposals	-	(3,102)	(3,102)
As at 31st March 2011	<u>67,548</u>	<u>42,016</u>	<u>109,564</u>
AGGREGATE DEPRECIATION			
As at 1st April 2010	67,548	42,672	110,220
Charge for year	-	656	656
Eliminated on disposal	-	(3,102)	(3,102)
As at 31st March 2011	<u>67,548</u>	<u>40,226</u>	<u>107,774</u>
NET BOOK VALUE			
As at 31st March 2011	<u>-</u>	<u>1,790</u>	<u>1,790</u>
As at 31st March 2010	<u>-</u>	<u>534</u>	<u>534</u>

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows	2011 £	2010 £
Other		
Expiring within one year	-	1,251
Expiring between two and five years	1,752	-
Expiring in over five years	<u>-</u>	<u>-</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2011	2010
	£	£
Arrears of Rent & Service Charges	29,340	32,354
Less: Provision for Doubtful Debts	(5,783)	(5,158)
	<u>23,557</u>	<u>27,196</u>
Social Housing Grant Receivable	-	6,745
Other Debtors	60,094	145,348
	<u>83,651</u>	<u>179,289</u>

14. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Housing Loans	59,117	56,193
Trade Creditors	21,114	16,881
Rent in Advance	23,923	24,326
Social Housing Grant in Advance	-	52,622
Other Creditors	1,150	1,150
Accruals and Deferred Income	21,239	22,082
	<u>126,543</u>	<u>173,254</u>

At the balance sheet date there were pension contributions outstanding of £nil (2010 £nil)

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

	2011	2010
	£	£
Housing Loans	<u>2,026,992</u>	<u>2,125,010</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	59,117	56,193
Between one and two years	61,621	58,520
Between two and five years	201,454	190,960
In five years or more	1,763,917	1,875,530
	<u>2,086,109</u>	<u>2,181,203</u>
Less: Amount shown in Current Liabilities	59,117	56,193
	<u>2,026,992</u>	<u>2,125,010</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2011 £	2010 £
Operating Surplus	234,779	209,885
Depreciation	71,346	71,932
Change in Debtors	88,893	(115,489)
Change in Creditors	2,987	(8,471)
Share Capital Written Off	(14)	(7)
Net Cash Inflow from Operating Activities	<u>397,991</u>	<u>157,850</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2011 £	£	2010 £	£
Increase / (decrease) in Cash	130,289		(182,577)	
Cash flow from change in debt	<u>95,094</u>		<u>65,053</u>	
Movement in net debt during year		225,383		(117,524)
Net debt at 1st April 2010		(2,008,017)		(1,890,493)
Net debt at 31st March 2011		<u>(1,782,634)</u>		<u>(2,008,017)</u>

<i>Analysis of changes in net debt</i>	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	<u>173,186</u>	<u>130,289</u>	-	<u>303,475</u>
Debt: Due within one year	173,186	130,289	-	303,475
Due after more than one year	(56,193)	(2,924)	-	(59,117)
	<u>(2,125,010)</u>	<u>98,018</u>	-	<u>(2,026,992)</u>
Net Debt	<u>(2,008,017)</u>	<u>225,383</u>	-	<u>(1,782,634)</u>

ABRONFILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2010	90
Issued in year	4
Cancelled in year	(14)
	<u>80</u>
At 31st March 2011	<u>80</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 2010	53,940	174,806	228,746
Transfer from Revenue Reserves	-	115,370	115,370
	<u>53,940</u>	<u>290,176</u>	<u>344,116</u>
At 31st March 2011	<u>53,940</u>	<u>290,176</u>	<u>344,116</u>
 (b) Revenue Reserves			Total
			£
At 1st April 2010			57,471
Surplus for the year			154,284
Transfer (to) Designated Reserves			(115,370)
			<u>96,385</u>
At 31st March 2011			<u>96,385</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2011	2010
	No.	No.
General Needs - New Build	11	11
- Rehabilitation	219	219
	<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	
		2011	2010	2011	2010
				£	£
North Lanarkshire Council	Common charges	74	74	-	255

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ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

5 members are tenants of the Association

1 member is a relevant local councillor

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 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2011 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2011.

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 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 £102,404. 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 2011

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 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

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. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 salaries)</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.