



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2012

ANGUS HOUSING ASSOCIATION LIMITED



REPORT AND FINANCIAL STATEMENTS For the period ended 31st March 2012

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ANGUS HOUSING ASSOCIATION LIMITED



Registered No. 1665R(S)
Scottish Charity No. SC020981
The Scottish Housing Regulator No. HAL65

MEMBERS OF COMMITTEE OF MANAGEMENT

Ms H Farquhar	(Chairman)
Cllr S Welsh	(Vice Chairman)
J O Scott	(Treasurer)
Mrs E M G Whitson	(Secretary)
A Gibson	
A Jack	
C MacDougall	
J Nicoll	
J Ogg	
R B H Young MBE	
R Wright	(co-opted August 2011)
R Fraser	(co-opted August 2011)

SECRETARY AND REGISTERED OFFICE

Mrs E M G Whitson, 93 High Street, Arbroath, DD11 1DP

SOLICITOR

Thorntons Law LLP, Whitehall House, 33 Yeaman Street, Dundee

BANKERS

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath

AUDITORS

Findlay & Company, 11 Dudhope Terrace, Dundee

ANGUS HOUSING ASSOCIATION LIMITED



CHAIRMAN'S STATEMENT

This is my fifth and last report to the members and tenants of Angus Housing Association in my capacity as Chairman as I now have to stand down under the Association's Rules. It has been an honour and a privilege to have been the first tenant of the Association to be elected as Chairman and to have served you in this role. Unfortunately, my last report is one of mixed feelings about the last financial year, 2011/12.

While I can report a healthy financial surplus for the year of nearly £250,000 and continued progress in many areas, 2011/12 was also a very painful and onerous year as the Committee of Management had to oversee a significant reduction in staffing levels for the first time. Following a review of our Governance and Staffing Structures, it became apparent that cuts made by the Scottish Government in development funding left us with no alternative other than to close our dedicated Development Team down. With only 14 houses at Westfield, Carnoustie and 6 at Lord Lyell Drive, Kirriemuir, completed during the year, our traditional income from development allowances virtually disappeared. Costs had to be cut accordingly and the new staffing structure will accrue cost savings of £125,000 per annum.

On the down side, however, is the real human cost of staff losing their jobs. This was even more difficult to cope with when the staff involved, the Development Team, had all been integral to our growth and success over the last 16 years. Fortunately, we were able to achieve this "downsizing" without resorting to compulsory redundancies as we managed the process successfully through a combination of voluntary redundancy, early retirement and re-deployment. Regardless of not having to resort to compulsory redundancies, the process was still far from painless. Long term employees, colleagues and friends such as Mike McManus, Geoff Cosgrove, Cath Stott and Dave Smart are no longer part of our team. We will miss them and wish them all the best for their future. Their contributions to the work of Angus Housing Association will never be forgotten.

Looking to a future constrained by forthcoming cuts in public spending, we are, as an organisation, however, much leaner, fitter and better equipped to cope with an unpredictable period of austerity ahead of us. Our Management Team has been reduced in size and our staff structure has been streamlined to continue delivering quality services more cost effectively. Indications at present are, however, that those unfortunate enough to be on our waiting list for a rented home are unlikely to be helped any time soon by new homes being provided. Currently, we are only planning to build four new houses in Arbroath in 2012/13 with funding from the Scottish Government's Innovation and Investment Fund. Beyond that, we have no definite plans for growth by development.

The Scottish Government Budget announcement of £710 million for the Affordable Housing Supply Programme for the next three years, coupled with the new and unrealistically low, indicative levels of public subsidy per unit, leave us very fearful we will ever be able to develop new homes again. We will, however, as always, look to new ways of delivering for those in housing need and our new staff team retains the capacity and expertise to bring forward new funding and development models to hopefully allow us to grow again in the future.

As I have already mentioned, 2011/12 was a difficult year of upheaval and transition – a working environment in which it would have been only too easy for staff to allow their concentration on service delivery to drift. I am pleased, however, to be able to report that during this period, the professional approach taken by all of the staff team did not allow this to happen. Indeed, I can report that the service delivery improvements in areas such as debt recovery, void management, repair response times and housing options advice continued to improve as they have each year that I have been Chairman. At the same time, we once again delivered £1.25 million of improvements to our existing housing stock and we should now achieve full Scottish Housing Quality Standard compliance by 2014.

A huge amount of credit and thanks goes to all of the staff for these efforts and their concentration and commitment to carry on delivering for our tenants and those in housing need in these circumstances. Credit and thanks are also due to my fellow Committee members and the tenants involved in our work through our Tenants Forum. All of them give up their time voluntarily to keep Angus Housing Association in the forefront of delivering housing solutions for the communities we serve.

This year, I also want to single out an individual contribution to the work of Angus Housing Association for particular mention. Jim Scott has been a member of our Committee of Management for more than 20 years, during most of which, he has been our Treasurer. Along with his expert financial advice, support for the staff and general words of wisdom, he has been integral to the confidence his fellow Committee members have had in our financial planning and our return to a firm financial footing in recent years. Jim is now stepping down for a well-deserved rest and our thanks and best wishes go to him for all of his hard work, commitment and dedication to Angus Housing Association that have been instrumental in our growth and success in recent years.

HAZEL FARQUHAR
CHAIRMAN



REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Twenty Third Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Russell Square Sheltered Housing Lounge, Russell Square, Arbroath on the Wednesday 27th June 2012 at 6.30pm.

The Committee submit to the Meeting their Twenty Third Annual Report and Statement of Accounts duly audited for the year ended 31st March 2012.

OBJECTIVES AND STRUCTURE

The Association's broad objective is to contribute to providing high quality, affordable housing for all those individuals, families and communities in Angus and Dundee who are in need of the fundamental human right of a decent, secure home to call their own.

The Association aims to achieve this objective by providing good quality homes for rent and shared ownership at an affordable cost to our tenants, ensuring the criteria we use to control access to our houses is based solely on the housing needs of applicants and providing an efficient, responsive and personal housing management and maintenance service of the highest possible quality.

The Association's Committee now comprises twelve Registered members and has two sub-committees, which deal with service delivery and finance & audit. The committees are made up of specialist consultants from relevant differing professions with a variety of skills. The Committee of Management meets eight times per annum, whilst the sub-committees meet at least four times per annum.

The Committee of Management receives reports from the sub-committees, receives information on current developments in progress and also on possible future sites, considers budgets and management accounts, all policy matters and other relevant business. The day to day management of the Association is delegated to the Director and the Management Team.

REVIEW OF THE YEAR

The Association's results for the year show a surplus of £ 249,752 (2011 Restated Surplus £406,260) before transfers to designated reserves. A total of £1,151,862 has been spent on Major and Planned Repairs, £453,153 has been charged to the Income & Expenditure Account. Over the course of the year the Association made no charitable donations.

The Association has implemented component accounting during the year which has a minimal impact on the financial statements. The Association has a history of investing in its housing properties and this is the reason that the overall impact of component accounting is fairly insignificant. If going forward components are replaced in line with their assumed economic lives then the impact on the Income & Expenditure Account should be fairly neutral.

In conclusion, the Association has had a good financial year during which it has been able to continue to invest in both its newly acquired and older properties.

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association Mr J Nicoll, Ms Farquhar, Mr R Young, Mr Fraser and Mr Wright, Members of the Committee of Management retire from office at this time and offer themselves for re-election.



REPORT OF THE COMMITTEE OF MANAGEMENT

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

Industrial and Provident Society and Registered Housing Association Law requires the Committee Members to prepare Accounts for each financial period 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 Accounts, the Committee Members are required to:

- ❖ Select suitable accounting policies and then apply them consistently;
- ❖ Make judgements and estimates that are reasonable and prudent;
- ❖ Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee Members are 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 Accounts comply with the Industrial and Provident Societies Acts, the Housing Associations Act 1985, the Registered Social Landlords Accounting Requirements (Scotland) 2007 and the Statement of Recommended Practice: Registered Social Housing Providers Update (SORP) 2010 issued by the Accounting Standards Board. 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.

INTERNAL CONTROL

The Committee of Management is responsible for the Association's system of internal financial control.

The approach adopted by the Committee of Management to provide effective financial control can be summarised as follows:

- a. An appropriate control environment has been created by careful recruitment and training of both Committee and Staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association.
- b. Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management Accounts comparing actual results against budget are presented to the Committee of Management or relevant Sub Committee regularly.
- c. Major business risks and their financial implications are assessed systemically by reference to established criteria.
- d. The financial implications of major business risks are controlled by means of delegated authorities which reserve significant matters to the Committee of Management or relevant Sub Committee for decision, segregation of duties in appropriate areas and physical controls over assets and access to records.
- e. The Committee of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.



REPORT OF THE COMMITTEE OF MANAGEMENT

INTERNAL CONTROL (Cont'd)

The Committee of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year for the year ended 31 March 2012 and up until 27th June 2012. Such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

In so far as the Committee are aware:

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

RELATED PARTY TRANSACTIONS

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

Cllr Sheena Welsh are councillors with Angus Council who sit on the Committee of Management, the committee can confirm that all transactions with Angus Council are made on normal commercial terms and councillors cannot use their position to any advantage.

RE-ELECTION OF AUDITORS

Following a tendering process this year, a resolution to re-appoint Findlay & Company as auditors will be submitted at the Annual General Meeting.

By Order of the Committee

Elizabeth M G Whiston

Secretary to the Committee of Management



INDEPENDENT AUDITORS' REPORT to the Members of Angus Housing Association Limited

We have audited the financial statements of Angus Housing Association Limited for the year ended 31 March 2012 which comprise income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the 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 board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 5, the Committee of Management is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of 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 Report of the Committee of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



INDEPENDENT AUDITORS' REPORT
to the Members of Angus Housing Association Limited (cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Joan Williamson

JOAN WILLIAMSON CA (SENIOR STATUTORY AUDITOR)
For and on behalf of
FINDLAY & COMPANY
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date:

ANGUS HOUSING ASSOCIATION LIMITED



REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed the committee's statement on internal controls set out on page 6. The object of our review is to draw attention to any non-compliance with the section on Internal Financial Control within the Scottish Federation of Housing Association (SFHA) publication "Raising Standards in Housing".

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

With respect to the committee's statements on internal control on page 6, in our opinion the committee has provided the disclosures required under the section on Internal Financial Control within the SFHA publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain committee members and officers of the Association and examination of relevant documents, in our opinion the committee's statement on page 6 appropriately reflects the Associations compliance with the section on Internal Financial Control within the SFHA publication "Raising Standards in Housing" specified for our review.

JOAN WILLIAMSON CA (SENIOR STATUTORY AUDITOR)
For and on behalf of
FINDLAY & COMPANY
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date:

ANGUS HOUSING ASSOCIATION LIMITED



INCOME AND EXPENDITURE ACCOUNT For the year ended 31st March 2012

	Notes	2012 £	2011 Restated £
TURNOVER	2	6,392,689	6,218,212
Operating costs	2	<u>(4,779,877)</u>	<u>(4,771,200)</u>
OPERATING SURPLUS/(DEFICIT)		1,612,812	1,447,012
Profit/(loss) on Sale of Fixed Assets	5	21,165	73,513
Interest receivable and other income		33,026	14,162
Interest payable and similar charges		<u>(1,417,251)</u>	<u>(1,128,427)</u>
SURPLUS/(DEFICIT) FOR YEAR		<u>249,752</u>	<u>406,260</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2012 £	2011 £
SURPLUS/(DEFICIT) FOR YEAR		249,752	406,260
Prior Year Adjustment	23	<u>1,660,464</u>	<u>-</u>
TOTAL SURPLUSES AND DEFICITS RECOGNISED SINCE THE LAST REPORTING PERIOD		<u>1,910,216</u>	<u>406,260</u>

ANGUS HOUSING ASSOCIATION LIMITED



BALANCE SHEET At 31st March 2012

	Notes	2012 £	Restated 2011 (see Note 23) £
FIXED ASSETS			
Housing properties	7a	87,700,429	86,927,644
Less: Housing Association Grant		(55,877,899)	(55,492,763)
Other Grants		(462,064)	(462,064)
		31,360,466	30,972,817
Fixed Asset Investment	7b	1	1
Other	7c	445,353	466,520
		<u>31,805,820</u>	<u>31,439,338</u>
CURRENT ASSETS			
Debtors	8	486,873	819,499
Cash & Deposits	17	1,943,731	2,562,090
Property Held for Sale	9	3,630	Nil
Stock of Maintenance Supplies	10	10,930	9,868
		<u>2,445,164</u>	<u>3,391,457</u>
CREDITORS: amounts falling due within one year	11	<u>(1,489,557)</u>	<u>(1,749,636)</u>
NET CURRENT ASSETS		<u>955,607</u>	<u>1,641,821</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,761,427	33,081,159
CREDITORS: amounts falling due after more than one year	12	<u>(27,817,557)</u>	<u>(28,387,039)</u>
		<u>4,943,870</u>	<u>4,694,120</u>
CAPITAL AND RESERVES			
Share Capital	13	71	73
Revenue reserve	14	4,943,799	4,694,047
		<u>4,943,870</u>	<u>4,694,120</u>

The financial statements on pages 11 to 28 were approved by the Committee of Management on 13th June 2012 and were signed on its behalf by:

Chairman of Committee of Management

Treasurer

Elizabeth M G Whitson

Secretary to Committee of Management

The notes on pages 13 to 28 form part of these financial statements.

ANGUS HOUSING ASSOCIATION LIMITED



STATEMENT OF CASH FLOWS for the year ended 31st March 2012

	Notes	2012 £	2011 Restated £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	<u>2,333,219</u>	<u>2,568,945</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		17,516	9,532
Interest paid		<u>(1,417,252)</u>	<u>(1,128,427)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(1,399,736)</u>	<u>(1,118,895)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Acquisition and construction of housing properties		(1,742,145)	(2,794,217)
Purchase of other tangible fixed assets		(5,901)	(16,048)
Receipts from sale of housing properties (Right to Buy)		(108)	77,936
Receipts/(Costs) of shared ownership properties sales		<u>36,720</u>	<u>(244)</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(1,711,434)</u>	<u>(2,732,573)</u>
MANAGEMENT OF LIQUID RESOURCES			
Transfer (to)/from short term deposits		<u>(150,000)</u>	<u>(245,969)</u>
FINANCING			
Share capital issued		2	Nil
Capital grants received		724,918	2,214,918
Capital grants repaid		Nil	Nil
Housing loans received		400,000	1,192,251
Housing loans repaid		<u>(965,328)</u>	<u>(779,417)</u>
NET CASH INFLOW FROM FINANCING		<u>159,592</u>	<u>2,627,752</u>
INCREASE/(DECREASE) IN CASH	18	<u>(768,359)</u>	<u>1,099,260</u>

The notes on pages 13 to 28 form part of these financial statements.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

1. ACCOUNTING POLICIES

Accounting basis

These accounts have been prepared under the historical cost convention and in accordance with the Registered Social Landlords Accounting Requirements (Scotland) 2007 and the Statement of Recommended Practice: Registered Social Housing Providers Update (SORP) 2010 issued by the Accounting Standards Board and applicable financial reporting standards.

Fixed assets – housing land and buildings

Housing properties are stated at cost. The development costs of housing properties includes the following:

- i. Cost of acquiring land and buildings;
- ii. Development expenditure;
- iii. Capital acquisition and development administration costs
- iv. Capital clerk of works costs

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

The proceeds arising from first tranche "sales" of Housing Association Grant funded shared ownership properties are recorded through the Income & Expenditure Account, with any subsequent sales treated as a disposal of fixed assets.

In accordance with the SORP, where a housing property comprises two or more major components with substantially different useful economic lives, each component has been accounted for separately and depreciated over its useful life. The following components have been identified:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not Applicable
Main Structure	90 Years
Roof	50 Years
Windows & Doors	50 Years
Guttering/Woodwork	25 Years
External Fencing	25 Years
Heating System	Gas 20 Years
	Electric 15 Years
Kitchen	15 Years
Bathroom	20 Years
Electrical Installation	10 Years

The Association will capitalise the replacement of these components in line with its Lifecycle Replacement Programme. One off main component replacements will not be capitalised unless the replacement is within a timeframe which means that the component will not be replaced again at the next scheduled cycle.

Depreciation

Depreciation is provided for at rates calculated to write off the cost of each asset evenly over its expected useful life as shown above except for the following:

Housing properties (shared ownership)	- over 50 years
Office building	- over 50 years
Computer and office equipment	- over 4 years
Office and Furnished Flat Furnishings	- over 4 years

As useful lives of some assets are in excess of 50 years, FRS 11 requires an annual impairment review to be carried out. This has been done, and no impairment has been noted.



NOTES TO THE ACCOUNTS At 31st March 2012

1. ACCOUNTING POLICIES (continued)

Grants

Housing Association Grants (HAG) received from ministers of the Scottish Government in respect of capital expenditure of approved schemes are deducted from the costs of acquisition of the assets. The HAG obtained will be allocated to the land costs in full with the remaining Hag allocated against structure. This may create negative Net Book Values for some structures and accordingly negative depreciation annually will be applied to bring the Net Book Value back to zero. Revenue grants are credited to income in the period to which they relate.

The Association has also received a National Lotteries Charities Board Grant in order to build the Sheltered Housing Lounge at Russell Square, Arbroath. This is a restricted fund and has been shown separately in the Fixed Asset note 7. There may be circumstances where grants received may be repayable.

Homestake

Grants are received from ministers of the Scottish Government for the purchase of properties under the Homestake scheme. The element of the property not owned by the Homestake owner will be accounted for as a Fixed Asset Investment. The cost is offset by a grant of the same amount. The unsold element of the most recent Homestake properties remain in the name of the Scottish Government therefore they are not recognised in the Association's Balance Sheet. The proceeds and costs of the sold elements have been expensed through the Income and Expenditure Account and are detailed in Note 4.

Subsidiary

The subsidiary Musselcrag Limited is a dormant company as at 31st March 2012 and accordingly the Association has not prepared consolidated statements.

Supporting People Funding

The Association receives Supporting People funding to fund the majority of the Sheltered Housing Service. The income and expenditure for this service is shown separately with Other Activities in Note 4.

Furnished Property Provision

A provision is made for each of the Association's furnished properties at a rate which will allow the furnishings to be fully replaced on a 4 year cycle. This provision is released to cover the depreciation charge of the properties.

Lead Tenancies Major Repair Provision

A provision is made for each lead tenancy property at a rate which has been agreed as part of the Lease Agreement with the Owner of the Property. This provision is released to cover major repairs to these properties when they take place. At the end of the lease any monies left in the provision would be repayable to the Owner.

Operating Leases

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

Pensions

The Association participates in a pension scheme providing benefits based on final pensionable salary. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over the employees working lives with the Association.

Prior Year Adjustment

The adoption of component accounting during the period represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be those as listed in page 13. Each component has a substantially different economic life and is depreciated over this individual life. The new accounting policy is compliant with the updated SORP 2010. For further detail on the prior year adjustment see Note 23.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2012 Operating Surplus/ (Deficit)	2011 Restated Operating Surplus/ (Deficit)
	£	£	£	£
Income & Expenditure From Lettings	6,041,596	4,451,686	1,589,910	1,493,113
Other Activities	<u>351,093</u>	<u>328,191</u>	<u>22,902</u>	<u>(46,101)</u>
TOTAL	<u>6,392,689</u>	<u>4,779,877</u>	<u>1,612,812</u>	<u>1,447,012</u>
Total for 2011 Restated	<u>6,218,213</u>	<u>4,771,200</u>		

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Sheltered Housing	Shared Ownership	2012 Total	2011 Restated Total
	£	£	£	£	£
Rent Receivable net of Service Charges	5,662,467	249,612	12,889	5,924,968	5,610,632
Service Charges Receivable	<u>142,797</u>	<u>33,037</u>	<u>436</u>	<u>176,270</u>	<u>172,741</u>
Gross Rent Receivable	5,805,264	282,649	13,325	6,101,238	5,783,373
LESS: Rent Losses from Voids	<u>(58,725)</u>	<u>(917)</u>	<u>Nil</u>	<u>(59,642)</u>	<u>(88,099)</u>
Net Income from Rents and Service Charges	5,746,539	281,732	13,325	6,041,596	5,695,274
Management Services	1,638,463	74,042	11,273	1,723,778	1,516,365
Planned and Cyclical Maintenance	130,280	24,761	Nil	155,041	188,550
Reactive Maintenance	689,026	148,896	Nil	837,922	473,371
Rent Losses from Bad Debts	539,338	20,144	Nil	559,482	588,662
Depreciation of Social Housing	60,005	76	Nil	60,081	58,168
	<u>1,069,197</u>	<u>44,550</u>	<u>1,635</u>	<u>1,115,382</u>	<u>1,377,045</u>
Total Operating Costs	<u>4,126,309</u>	<u>312,469</u>	<u>12,908</u>	<u>4,451,686</u>	<u>4,202,161</u>
Operating Surplus/(Deficit)	<u>1,620,230</u>	<u>(30,737)</u>	<u>417</u>	<u>1,589,910</u>	1,493,113
Operating Surplus/(Deficit) for 2011 Restated	<u>1,572,389</u>	<u>(83,653)</u>	<u>4,377</u>		

Note: There were no grants from Scottish Ministers or other revenue grants.
All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance.
There was no impairment of social housing.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2012 was:

	Units under Development		Units in Management	
Housing accommodation for letting	2012	2011	2012	2011
New build – Shared Ownership	Nil	Nil	8	9
New build – Rented	4	10	1260	1231
Rehabilitation – Rented	Nil	Nil	409	424
Rehabilitation – Sheltered	<u>Nil</u>	<u>Nil</u>	<u>92</u>	<u>101</u>
	<u>4</u>	<u>10</u>	<u>1769</u>	<u>1765</u>

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

	Grants from Scottish Ministers £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs- Bad Debts £	Other Operating Costs £	2012 Operating Surplus/ (Deficit) £	2011 Operating Surplus/ (Deficit) £
Non RTB Property Sales	Nil	Nil	110,750	110,750	Nil	59,492	51,258	Nil
Wider Role Activities	42,040	Nil	Nil	42,040	Nil	42,040	Nil	Nil
Development & Construction of Properties	Nil	Nil	Nil	Nil	Nil	11,780	(11,780)	(36,338)
Grant Funded Disabled Adaptations	42,887	Nil	Nil	42,887	Nil	42,887	Nil	Nil
Supporting People	Nil	86,192	Nil	86,192	Nil	101,836	(15,644)	(18,048)
Factoring	Nil	Nil	69,224	69,224	2,410	67,746	(932)	8,285
TOTAL	84,927	86,192	179,974	351,093	2,410	325,781	22,902	(46,101)
Total 2011	178,929	99,436	244,573	522,938	6,550	562,489	(46,101)	

Note: There were no other revenue grants received for the above activities.

The following operating costs are not applicable for the year ended 31st March 2012:

- Care & Repair of Property
- Care Activities
- Agency/Management Services for Registered Social Landlords
- Other Agency/Management Services
- Development for Sale to Registered Social Landlords
- Development and Improvement for Sale to Non Registered Social Landlords
- Homestake
- Other Activities.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2012

5 GAIN/(LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2012 Total	2011
	£	£	£	£
Proceeds	37,932	Nil	37,932	100,724
Cost of Disposal	<u>(16,767)</u>	<u>Nil</u>	<u>(16,767)</u>	<u>(27,211)</u>
Gain/(Loss)	<u>21,165</u>	<u>Nil</u>	<u>21,165</u>	<u>73,513</u>

6 SURPLUS/(DEFICIT) FOR THE YEAR

	2012	2011
a) This is stated after charging:		Restated
	£	£
Auditors' remuneration (including VAT) - external audit	9,420	9,639
- other services	0	470
- internal audit	10,206	10,252
Donations to Local Charities	500	2,500
Operating Leases	39,120	36,089
(Gain)/loss on disposal of fixed assets	21,165	73,513
Depreciation	<u>1,142,449</u>	<u>1,398,255</u>

At the year-end there were 32.42 full time equivalent employees (2011: 38.45). Staff costs during the year amounted to:

	£	£
Wages and Salaries	1,093,213	1,161,614
National insurance	83,695	89,952
Pensions(Including Pension Deficit contributions of £116,364)	<u>189,417</u>	<u>152,816</u>
	<u>1,366,325</u>	<u>1,404,382</u>

The average number of persons directly employed by the Association during the year was

No.	No.
<u>41</u>	<u>45</u>

b) Officers' emoluments

2012	2011
£	£

The total emoluments (excluding pension contributions) of the Director, who was also the highest paid Officer, amounted to:

<u>71,836</u>	<u>70,687</u>
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The Director is the only employee whose emoluments (excluding pension contributions) exceeded £60,000. The Director is an ordinary member of the Association's Pension Scheme. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association contributions for the Director, the highest paid officer, in the year amounted to £ 13,526 (2011 £ 9,915). Included in this year's figure is £7,941 in respect of pension deficit contributions.

No.	No.
-----	-----

The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:

£ 60,000 - £ 70,000	2	1
£ 70,001 - £ 80,000	<u>1</u>	<u>1</u>
	<u>3</u>	<u>2</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

7 TANGIBLE FIXED ASSETS

a) Housing properties	Wholly Owned Completed £	Wholly Owned in Course of Construction £	Shared Ownership Completed £	Total £
Cost:				
At 1 st April 2011 Restated	96,447,200	1,162,637	272,462	97,882,299
Additions during year	698,709	1,448,086	Nil	2,146,795
Transfer to Current Assets	(183,658)	Nil	Nil	(183,658)
Transfer	2,564,573	(2,564,573)	Nil	Nil
Disposals in year	<u>(302,078)</u>	<u>Nil</u>	<u>(16,966)</u>	<u>(319,044)</u>
At 31 March 2012	<u>99,224,746</u>	<u>46,150</u>	<u>255,496</u>	<u>99,526,392</u>
Depreciation:				
At 1 st April 2011 Restated	10,930,385	Nil	24,270	10,954,655
Additions during year	4,909	Nil	Nil	4,909
Disposals in year	(247,463)	Nil	(1,521)	(248,984)
Charge for year	<u>1,113,747</u>	<u>Nil</u>	<u>1,636</u>	<u>1,115,383</u>
At 31 st March 2012	<u>11,801,578</u>	<u>Nil</u>	<u>24,385</u>	<u>11,825,963</u>
Housing Association Grant:				
At 1 st April 2011	54,354,703	937,416	200,644	55,492,763
Additions during year	Nil	616,862	Nil	616,862
Transfer to Current Assets	(180,028)	Nil	Nil	(180,028)
Transfers	1,508,128	(1,508,128)	Nil	Nil
Repaid during year	<u>(39,483)</u>	<u>Nil</u>	<u>(12,215)</u>	<u>(51,698)</u>
At 31 st March 2012	<u>55,643,320</u>	<u>46,150</u>	<u>188,429</u>	<u>55,877,899</u>
Other Grants:				
At 1 st April 2011	422,283	39,781	Nil	462,064
Transfers	39,781	(39,781)	Nil	Nil
Additions in Year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31 st March 2012	<u>462,064</u>	<u>Nil</u>	<u>Nil</u>	<u>462,064</u>
Net book value:				
At 31 st March 2012	<u>31,317,784</u>	<u>Nil</u>	<u>42,682</u>	<u>31,360,466</u>
At 31 st March 2011 Restated	<u>30,739,829</u>	<u>185,440</u>	<u>47,548</u>	<u>30,972,817</u>

Total works carried out on housing properties for the year ended 31st March 2012 was £1,536,631 (2011- £927,354). Of this total £698,709 (2011 - £453,983) was capitalised above and £837,922 (2011 - £473,371) was expensed in the income and expenditure statement in line with recommended practice.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

7 TANGIBLE FIXED ASSETS (continued)

b) Fixed Asset Investments	Homestake	Subsidiary	Total
Cost:	£	£	£
As 1 st April 2011	216,867	1	216,868
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2012	<u>216,867</u>	<u>1</u>	<u>216,868</u>
Grant:			
As 1 st April 2011	216,867	Nil	216,867
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2012	<u>216,867</u>	<u>Nil</u>	<u>216,867</u>
Net book value At 31st March 2012	<u>Nil</u>	<u>1</u>	<u>1</u>

The wholly owned subsidiary Musselcrag Limited was dormant throughout the financial year.

c) Other

	Furnished Property Contents	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£	£
At 1 st April 2011	23,747	1,075,048	113,060	205,893	1,417,748
Additions during year	Nil	2,170	15,784	2,273	20,227
Disposals during year	<u>(4,014)</u>	<u>(18,883)</u>	<u>(14,115)</u>	<u>Nil</u>	<u>(37,012)</u>
At 31st March 2012	<u>19,733</u>	<u>1,058,335</u>	<u>114,729</u>	<u>208,166</u>	<u>1,400,963</u>
HAG					
At 1 st April 2011	5,196	229,685	Nil	Nil	234,881
Disposals during year	<u>(249)</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>(249)</u>
At 31st March 2012	<u>4,947</u>	<u>229,685</u>	<u>Nil</u>	<u>Nil</u>	<u>234,632</u>
National Lottery Grant					
At 1 st April 2011	Nil	257,000	Nil	Nil	257,000
Additions during year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31st March 2012	<u>Nil</u>	<u>257,000</u>	<u>Nil</u>	<u>Nil</u>	<u>257,000</u>
Depreciation:					
At 1 st April 2011	17,049	158,389	95,206	188,703	459,347
Disposals during year	<u>(3,633)</u>	<u>(4,909)</u>	<u>(13,894)</u>	<u>Nil</u>	<u>(22,436)</u>
Provided during year	<u>631</u>	<u>11,433</u>	<u>9,758</u>	<u>5,245</u>	<u>27,067</u>
At 31st March 2012	<u>14,047</u>	<u>164,913</u>	<u>91,070</u>	<u>193,948</u>	<u>463,978</u>
Net book value:					
At 31st March 2012	<u>739</u>	<u>406,737</u>	<u>23,659</u>	<u>14,218</u>	<u>445,353</u>
At 31st March 2011	<u>1,502</u>	<u>429,974</u>	<u>17,854</u>	<u>17,190</u>	<u>466,520</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2012

8 DEBTORS

	2012	2011
	£	£
Amounts falling due within one year:		
HAG receivable	27,859	334,936
Rental debtors	146,867	125,718
Recharge Account Debtors	122,652	139,804
Other debtors	126,967	151,596
Prepayment and accrued income	<u>62,528</u>	<u>67,445</u>
	<u>486,873</u>	<u>819,499</u>

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £ 68,281 (2011:£ 57,446). The provision has been increased to ensure that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. £14,600 of the provision has been deducted from the Rental Debtors with the remaining £53,681 deducted from the Recharge Account Debtors.

9 PROPERTY HELD FOR SALE

	Cost	HAG	Net Book Value
	£	£	£
As at 1 st April 2011	Nil	Nil	Nil
Transfer from Housing Properties	<u>183,658</u>	<u>180,028</u>	<u>3,630</u>
At 31 st March 2012	<u>183,658</u>	<u>180,028</u>	<u>3,630</u>

10 STOCK OF MAINTENANCE SUPPLIES

	2012	2011
	£	£
Stock of Various Items of Ironmongery	<u>10,930</u>	<u>9,868</u>

The stock has been valued at the lower of cost and net realisable value.

11 CREDITORS: amounts falling due within one year

	2012	2011
	£	£
Loans (note 12)	669,653	665,499
Trade creditors	504,300	854,124
HAG Repayable	69,544	16,958
Lead Tenancies Major Repairs Provisions	56,375	31,156
Furnishings Provisions	52,950	47,283
Rent in advance	110,733	100,591
Other creditors	<u>26,002</u>	<u>34,025</u>
	<u>1,489,557</u>	<u>1,749,636</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2012

12 CREDITORS: amounts falling due after more than one year

Housing property loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	2012	2011
	£	£
Within one year	669,653	665,499
Between one and two years	704,047	696,957
Between two year and five years	2,326,777	2,290,553
After five years	<u>24,786,733</u>	<u>25,399,529</u>
	28,487,210	29,052,538
Included in creditors: amounts falling due within one year	<u>(669,653)</u>	<u>(665,499)</u>
	<u>27,817,557</u>	<u>28,387,039</u>
Analysis of changes in loan financing during the year:		
At 1 st April 2011	29,052,538	28,639,704
New loans taken out	400,000	1,192,251
Amounts repaid	<u>(965,328)</u>	<u>(779,417)</u>
At 31st March 2012	<u>28,487,210</u>	<u>29,052,538</u>

Derivatives - The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by an underlying loan. As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty. At 31st March 2012 the Association has two interest rate SWAPs as follows:-

Institution	Notional Amount	Rate	Start	End
Clydesdale Bank plc	£3.1 million	2.23%	21/02/02	21/02/22
Royal Bank of Scotland plc	£9.3 million	5.70%	04/11/02	04/02/22

13 SHARE CAPITAL

	2012	2011
	£	£
Shares of £1 each		
At 1 st April 2011	73	85
Issued	2	Nil
Cancelled	<u>(4)</u>	<u>(12)</u>
At 31st March 2012	<u>71</u>	<u>73</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2012

14 REVENUE RESERVE

	2012	2011 Restated
	£	£
At 1 st April 2011 Restated	4,694,047	4,287,787
Surplus/(deficit) for the Year	<u>249,752</u>	<u>406,260</u>
At 31st March 2012	<u>4,943,799</u>	<u>4,694,047</u>

15 RECONCILIATION OF FUNDS

	2012	2011
	£	£
Total recognised gains and losses	249,752	406,260
Decrease in share capital	<u>(2)</u>	<u>(11)</u>
Total movement during the year	249,750	406,249
Funds at 1 st April 2011	<u>4,694,120</u>	<u>4,287,871</u>
Funds at 31st March 2012	<u>4,943,870</u>	<u>4,694,120</u>

16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011 Restated
	£	£
Operating surplus/(deficit) for year	1,612,812	1,447,013
Net Depreciation charge	1,142,449	1,400,382
Share capital surrendered	<u>(4)</u>	<u>(12)</u>
Decrease/(increase) in debtors	39,997	4,114
Increase/(decrease) in creditors	<u>(462,035)</u>	<u>(282,552)</u>
	<u>2,333,219</u>	<u>2,568,945</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2011	Cashflows	At 31 March 2012
	£		£
Cash at Bank and in Hand	1,312,090	(768,359)	543,731
Short Term Deposits	<u>1,250,000</u>	<u>150,000</u>	<u>1,400,000</u>
	2,562,090	(618,359)	1,943,731
Debt Due within one year	(665,499)	(4,154)	(669,653)
Debt Due after one year	<u>(28,387,039)</u>	<u>569,482</u>	<u>(27,817,557)</u>
Total	<u>(26,490,448)</u>	<u>(53,031)</u>	<u>(26,543,479)</u>



NOTES TO THE ACCOUNTS

At 31st March 2012

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2012	2011
	£	£
Increase/(Decrease) in cash in the year	(768,359)	1,099,260
Increase/(Decrease) in Short term deposits in the year	<u>150,000</u>	<u>245,969</u>
	(618,359)	1,345,229
Cash Inflow from increase in net debt	<u>565,328</u>	<u>(412,834)</u>
	(53,031)	932,395
Net Debt at 1 st April	<u>(26,490,448)</u>	<u>(27,422,843)</u>
Net Debt at 31 st March	<u>(26,543,479)</u>	<u>(26,490,448)</u>

19 PENSION SCHEME

Angus Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme. The plan is a multi-employer defined benefit scheme.

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. 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,

From the 1st April 2011 Angus Housing Association Limited has elected to operate the career average revalued earnings with a 1/60th accrual rate benefit option for active members and new entrants as at 1st April 2011 rather than the Final Salary with 1/60th benefit option which has been offered up to the 31st March 2010.

During the accounting period Angus Housing Association Limited paid contributions at the rate of 8.6% pensionable salaries, member contributions were 8.5%. As at the balance sheet date there were 36 active members of the Scheme employed by Angus Housing Association Limited. Angus 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 an individual participating employer 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.

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 last formal valuation of the Scheme was performed as at 30 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 £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

Financial assumptions underlying the 2009 Valuation were:	% pa
- Investment return pre retirement	7.4
- Investment return post retirement – non pensioners	4.6
- Investment return post retirement – pensioners	4.8



NOTES TO THE ACCOUNTS

At 31st March 2012

19 PENSION SCHEME (Cont'd)

- 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% pa)	
- Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service	%
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
Additional rate for deficit contributions	10.4
(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)	

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Following a change in legislation in September 2005 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 buy-out 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 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.

Angus Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Angus Housing Association Limited was £5,861,779.



NOTES TO THE ACCOUNTS

At 31st March 2012

19 PENSION SCHEME (Cont'd)

Growth Plan

Angus Housing Association Ltd also participates in the Pensions Trust's Growth Plan ("The Plan"). The Plan is funded and is not contacted out of the state scheme. The Plan is a multi-employer pension Plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them. Angus Housing Association paid contributions at the rate of nil% during the accounting period. As at the balance sheet date there was two active member of the Plan employed by Angus Housing Association Limited. One members paid contributions at the rate of 2%, the other at 3% during the accounting period. Angus Housing Association continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable. The valuation results at 30 September 2008 have now been in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
- Investment return pre-retirement	7.6
- Investment return post-retirement	
Actives/deferred	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2



NOTES TO THE ACCOUNTS

At 31st March 2012

19 PENSION SCHEME (Cont'd)

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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.

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 Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009 as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out 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 Plan. 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 Plan liabilities, Plan 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.

Angus Housing Association Ltd has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30th September 2011. As of this date the estimated employer debt for Angus Housing Association Ltd was £ 2,166.41.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

20 CAPITAL COMMITMENTS

	2012	2011
Contracted less certified	<u>47,543</u>	<u>1,366,951</u>

Authorised but not contracted	<u>Nil</u>	<u>Nil</u>
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The Committee of Management expects the majority of the expenditure they have authorised to be fully financed by Housing Association Grant from The Scottish Government or by mortgages from private sector lenders.

21 OTHER COMMITMENTS

The Association's annual commitments under non-cancellable operating leases are as follows:

	2012	2011
Other operating leases	£	£
Within one year	7,213	Nil
Between one and five years	<u>33,842</u>	<u>35,336</u>
	<u>41,055</u>	<u>35,336</u>

22 SUBSIDIARIES INFORMATION

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
Subsidiary Undertakings Musselcrag Limited	Scotland	19/08/2010	Wholly Controlled	Dormant since incorporation

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2012

23 PRIOR YEAR ADJUSTMENT – COMPONENT ACCOUNTING

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms that housing properties always comprise of several components.

The Association has determined that its properties include major components as set out in note 1 to these financial statements. The SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciation purposes.

The effect of this change in accounting policy is to decrease the Association's surplus for the year ending 31st March 2011 by £557,753.

The cumulative effect on the Association's reserves is an increase of £1,660,464.

Impact of Component Accounting	Cumulative Prior Year Adjustment to 31 st March 2010	Prior Year Adjustment for 2010/11	Cumulative Prior Year Adjustment to 31 st March 2011
	£	£	£
Income & Expenditure Account			
Operating Costs – depreciation charge	(9,538,873)	(1,375,315)	(10,914,188)
Operating Costs – major improvement expenditure	<u>10,272,260</u>	453,983	<u>10,726,243</u>
Impact on operating surplus	<u>733,387</u>		<u>187,945</u>
Balance Sheet Housing Properties Cost			
At 31 st March as previously stated	84,366,442		87,156,055
Additional capitalisation of components	<u>10,272,260</u>	453,983	<u>10,726,244</u>
At 31st March as restated	<u>94,638,702</u>		<u>97,882,299</u>
Housing Properties (Depreciation)			
At 31 st March as previously stated	38,736		40,467
Additional depreciation	<u>9,538,873</u>	1,375,315	<u>10,914,188</u>
At 31st March as restated	<u>9,577,609</u>		<u>10,954,655</u>
Designated Reserves			
Designated Reserve at 31 st March as previously stated	1,484,830		1,848,409
Impact on operating surplus	<u>(1,484,830)</u>	(363,579)	<u>(1,848,409)</u>
At 31st March as restated	<u>Nil</u>		<u>Nil</u>
Revenue Reserves			
Revenue Reserve at 31 st March as previously stated	2,069,569		3,033,582
Elimination of Designated Reserves	1,484,830	363,579	1,848,409
Impact on Operating Surplus	<u>733,387</u>	(921,332)	<u>(187,945)</u>
At 31st March as restated	<u>4,287,786</u>		<u>4,694,047</u>

24 CONTINGENT LIABILITY

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been estimated at £5,861,779 as at September 2011. At this time, there is no plan for leaving the scheme.