

ARDENGLLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Registered Housing Association No. HCB 219

Financial Services Authority No. 2339R(S)

Charity No. SC032542

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

ARDENGLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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Registration Particulars:

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 2339R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HCB219
Charity No.	Charity and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC032542

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

Business Review

The transfer of 285 houses to the Association from the Glasgow Housing Association (GHA) finally took place in March 2009. This followed the successful ballot held in December 2008.

Following the physical transfer of the stock in March, ongoing negotiations with the GHA resulted in an amended stock transfer valuation, with Ardenglen subsequently receiving a significant cash rebate from the GHA. Ardenglen wish to note our thanks to the Glasgow West of Scotland Forum (GWSF), the Scottish Government and the GHA in this regard.

Ardenglen is aware that the Scottish Housing Association sector faces significant challenges over the next few years. While the full implications of the Government Emergency Budget may take some time to filter through, there are undoubted political, financial and business changes and challenges ahead, which will have profound long term consequences for Ardenglen.

The Association is therefore taking action to ensure we are in the best possible shape to react to whatever challenges and opportunities may be ahead.

For example, we are currently carrying out a comprehensive Asset Management and Business Planning review, linked to a new stock condition survey, which will ensure future financial and investment decisions are based on solid, up to date material facts and allow for full scenario planning.

We are also carrying out a tenant satisfaction survey to gauge where resources could be better directed and in particular how front line services can be shaped to ensure the highest quality of customer service.

There is no getting away from the reality that Ardenglen cannot see itself as being immune from the national efficiency and cost saving agenda and that we must be proactive in this regard.

The Association's membership of the Housing Quality and Efficiency Forum for example, allows us to compare and benchmark costs across a "club" of housing partners and look at opportunities for joint procurement and resource sharing.

We will also continue to direct investment at the Association's IT, communications systems and web site and continue to provide resources for staff training and development. Again these are aimed at improving customer service and delivering business efficiency.

On the positive side, the Association's much delayed development for 42 houses at Tormusk Primary School is on site with the first properties due for handover in August 2010. As many properties are specially adapted they will make a significant impact to the lives of many people living in challenging conditions.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010 (Continued)

Future Developments

Where financially possible, the Association intends to continue with its policy of constructing new properties and improving the quality of housing within its area of operation.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 10.

	£	£
Transfer to designed reserves:		
Cyclical maintenance reserve	-	
Major repairs reserve	369,113	
FairSpace reserve	4,294	373,407
Transfer to reserve		118,744
		<u>492,151</u>

Members of Committee of Management

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

(Chairperson)	Maureen Cope MBE	Ann Marie Docherty
(Secretary)	Sheena Cadden	Sharon McElwaine
(Vice Chairperson)	Isa Brier	William McElwaine
(Treasurer)	Carol Mitchell	Annie Boyd
	Don Cope	Bobby Mitchell
	Maureen Coyle	Ethel Dickie
	Liz McKenzie	Jean MacDonald
	Pat Duncan	

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.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management 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.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

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 Director.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

(Continued)

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.

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.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-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 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 Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points 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.

Future Developments

The Association intends to continue with its policy of constructing new properties and improving the quality of housing within its area of operation.

Information for auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Committee of Management

Name: *[Signature]*

Date: 2/08/10

ARDENGLLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

Statute requires the Management Committee to prepare financial statements for each financial year, which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Management Committee are required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee confirm that the financial statements comply with the requirements.

The Management Committee 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 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.

By order of the Committee of Management

Name: *S. Mitchell*

Date: *3/08/10*

ARDENGLLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- 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 misstatement or loss. Key elements include ensuring that:

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

ARDENGLLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2010

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management

Name: *S. Mitchell*

Date: *3/08/10*

ARDENGLLEN HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

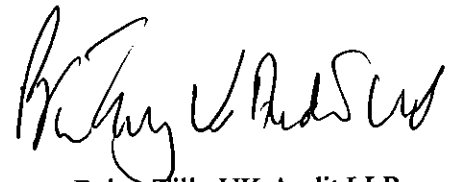
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 5 and 6 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to 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 pages 5 and 6 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.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 3/08/10

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

We have audited the financial statements on pages 10 to 28, which have been prepared under the accounting policies set out on pages 13 to 15.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept 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 opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the Association is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

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

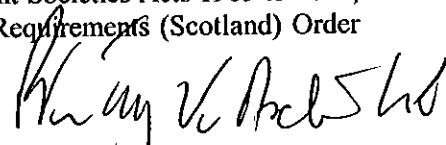
Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Committee of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary, in the group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2010, because the business of the Association and that of the subsidiary are so different they cannot be treated as a single undertaking.

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 3/5/10

ARDENGLLEN HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	2,850,339	2,171,935
Less: Operating Costs	2	<u>(2,066,589)</u>	<u>(1,817,046)</u>
Operating Surplus	2	783,750	354,889
Gift aid receipt from subsidiary		3,000	12,728
Interest receivable and other income		14,360	74,305
Interest payable and other charges	4	<u>(308,959)</u>	<u>(278,927)</u>
Surplus on ordinary activities before tax		492,151	162,995
Taxation on surplus on ordinary activities	5	<u>-</u>	<u>-</u>
Surplus for the year	6	<u>492,151</u>	<u>162,995</u>

The results for the year relate wholly to continuing activities.

There are no recognised gains or losses for the period other than the surplus for the year.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	7		44,075,315	43,965,218
Less: Housing Association Grant	7		(36,401,464)	(35,268,741)
			7,673,851	8,696,477
 Other Assets	 7		 485,018	 500,987
			8,158,869	9,197,464
 Investments	 19		 1	 1
			8,158,870	9,197,465
Current Assets				
Debtors	8	1,687,210		367,535
Cash at hand and in bank		1,914,491		2,057,667
		3,601,701		2,425,202
Current Liabilities				
Creditors due within one year	9	(740,859)		(765,977)
Net current assets			2,860,842	1,659,225
			11,019,712	10,856,690
 Creditors due after one year	 10		 (7,637,111)	 (7,966,292)
Net Assets			3,382,601	2,890,398
Capital and Reserves				
Share capital	13		245	193
Designated reserves	6		2,462,987	2,089,580
Revenue reserve	6		919,369	800,625
			3,382,601	2,890,398

The financial statements on pages 10 to 28 were approved by the Committee of Management and authorised for issue on 3/2/10 and signed on their behalf by

Secretary: Sheena Loxdale

Member: L. Mitchell

Member: S.M. Ewain

ARDENGLLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2010

	2010 £	2010 £	2009 £
Net cash inflow from operating activities		(108,573)	278,570
Returns on investments and servicing of finance			
Interest received	14,360		74,305
Interest paid	<u>(308,959)</u>	(294,599)	<u>(278,927)</u> (204,622)
Investing activities			
Cash paid for construction and purchases	(1,278,291)		(3,186,869)
Housing association grant received	850,806		646,145
Shared ownership disposal proceeds	-		-
Refund received on housing properties	1,026,629		-
Purchase of other fixed assets	<u>(28,206)</u>		<u>1,816</u>
Net cash inflow/(outflow) from investing activities		<u>570,938</u>	<u>(2,538,908)</u>
Net cash inflow/(outflow) before financing		167,766	(2,464,960)
Financing			
Loans received	-		2,823,794
Loan principal repayments	(310,996)		(227,088)
Increase in share capital	<u>54</u>		<u>9</u>
Net cash inflow from financing		<u>(310,942)</u>	<u>2,596,715</u>
(Decrease)/increase in cash and cash equivalents		<u>(143,176)</u>	<u>131,756</u>

Further details are given in note 14.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Principal accounting policies

Basis of Accounting

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and applicable Accounting Standards.

Turnover

Turnover represents rental income receivable from tenants, development administration and other income.

Housing Association Grants

Housing Association Grants (HAG) are made by the grant awarding body and are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme.

HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Fixed Assets - Housing Land and Buildings

Housing land and buildings are stated at cost. The development cost of housing properties funded with HAG includes the following: -

- i. Cost of acquiring land and buildings
- ii. Development expenditure
- iii. Interest charged on the loans during the development period of the Scheme.

Depreciation

Housing Land and Buildings

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 of 50 years at an annual rate of 2%. No depreciation is charged on land.

Other Fixed Assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over their expected useful lives.

The following rates have been used: -

Office Equipment	-	25% per annum
Computers	-	25% per annum
Office Accommodation	-	3.33% per annum

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Principal accounting policies (Contd.)

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

Designated Reserves

i) Cyclical Maintenance Reserve

This reserve is based on the Association's liability to maintain housing properties in accordance with a planned programme of works. The reserve represents amounts set aside in respect of future costs and will be released to the Income and Expenditure Account as required.

ii) Major Repairs Reserve

This reserve is based on the Association's liability to maintain housing properties in a state of repair, which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure and the actual cost of repairs is charged to this reserve.

ii) Fairspace Reserve

This reserve represents the equivalent of the annual charge to the subsidiary for the interest on the loan to them and capital repaid, and is being set aside for the replacement of the extension at a future date.

Pensions

The Association participates in the centralised SFHA Defined Benefit 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.

Leases

Rentals paid under operating leases are charged to the Income and Expenditure Account over the lease terms.

Value added tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

Consolidation

The Association and its subsidiary undertaking comprise a group. The FSA has granted exemption from preparing group accounts. The financial statements represent the results of the Association and not of the group.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1 Principal accounting policies (Contd.)

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income, or
- a material reduction in future maintenance costs, or
- a significant extension to the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

ARDENGLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover	Operating Costs	Operating Surplus	Operating Surplus/(Deficit) 2009
	£	£	£	£
Social lettings	2,769,041	(2,001,205)	767,836	432,109
Other activities	81,298	(65,384)	15,914	(77,220)
Total	<u>2,850,339</u>	<u>(2,066,589)</u>	<u>783,750</u>	<u>354,889</u>
2009	<u>2,171,935</u>	<u>(1,817,046)</u>	<u>354,889</u>	

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Shared Ownership £	Supported Housing £	2010 Total £	2009 Total £
Rent receivable net of identifiable service charges	2,757,928	21,536	-	2,779,464	1,934,984
Service charges	-	-	-	-	-
Gross income from rents and service charges	2,757,928	21,536	-	2,779,464	1,934,984
Less: Rent loss from voids	(10,423)	-	-	(10,423)	(4,395)
Net income from rents and service charges	2,747,505	21,536	-	2,769,041	1,930,589
Grants from Scottish Ministers	-	-	-	-	-
Grants from Glasgow CC	-	-	-	-	-
Total turnover from social letting activities	2,747,505	21,536	-	2,769,041	1,930,589
Management and maintenance administration costs	844,851	6,300	-	851,151	664,167
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	672,686	-	-	672,686	527,989
Reactive maintenance costs	255,511	-	-	255,511	165,546
Bad debts – rents and service charges	45,021	-	-	45,021	867
Depreciation of social housing	173,242	3,594	-	176,836	139,911
Total Expenditure on Lettings	1,991,311	9,894	-	2,001,205	1,498,480
Operating Surplus on Letting Activities	756,194	11,642	-	767,836	432,109
2009	420,209	11,900	-	432,109	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2009- £nil).

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010
(Continued)

3b. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Seedcorn	-	-	-	-	-	-	-	-	(29,817)
Wider action/wider role	-	-	-	-	-	-	(10,297)	(10,297)	(17,178)
Tenant participation	-	-	-	-	-	-	(6,779)	(6,779)	(3,544)
Factoring	-	-	-	1,280	1,280	-	(1,237)	43	81
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	(30,683)
Other agency/management services	-	-	-	20,866	20,866	-	(18,666)	2,200	1,494
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	59,152	59,152	-	(28,405)	30,747	2,427
Total from other activities	-	-	-	81,298	81,298	-	(65,384)	15,914	(77,220)
2009	73,232	-	-	168,114	241,346	-	(318,566)	(77,220)	

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

4. Interest payable

	2010	2009
	£	£
Interest paid in period	308,959	278,927
Less: interest capitalised	-	-
	308,959	278,927

5. Taxation

The Association was granted charitable status with effect from 30 November 2001, and no tax arises on its charitable activities.

6. Reserves

(a) Designated reserves

	At 31 March 2010 £	Transfer (to)/from Revenue Reserve £	At 31 March 2009 £
Cyclical maintenance reserve	350,000	-	350,000
Major repairs reserve	2,078,063	369,113	1,708,950
Fairspace reserve	34,924	4,294	30,630
	2,462,987	373,407	2,089,580

No restrictions are placed upon these reserves, but the Committee have designated their use for specific purposes.

(b) Revenue reserve

	2010	2009
	£	£
Opening balance at 31 March 2009	800,625	764,170
Surplus for year	492,151	162,995
Transfer (to) designated reserves	(369,113)	(122,246)
Transfer (to) Fairspace reserves	(4,294)	(4,294)
Closing balance at 31 March 2010	919,369	800,625

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

7. Tangible Fixed Assets

Cost	Housing properties held for letting £	Housing properties in course of construction £	Completed Shared ownership properties £	Office premises £	Furniture fittings & Equipment £	Total £
At 1 April 2009	43,654,427	603,529	662,900	635,937	257,387	45,814,180
Additions during year	225,112	1,088,450	-	-	28,206	1,341,768
Transfers	-	-	-	-	-	-
Adjustment to cost	(1,026,629)	-	-	-	-	(1,026,629)
At 31 March 2010	42,852,910	1,691,979	662,900	635,937	285,593	46,129,319
Housing Association Grant						
At 1 April 2009	34,200,191	565,835	502,715	-	-	35,268,741
Additions during year	138,077	994,646	-	-	-	1,132,723
Repaid and abated during year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 March 2010	34,338,268	1,560,481	502,715	-	-	36,401,464
Depreciation						
At 1 April 2009	929,606	-	26,032	183,102	209,235	1,347,975
Provided during year	173,242	-	3,594	21,237	22,938	221,011
Disposals in year	-	-	-	-	-	-
At 31 March 2010	1,102,848	-	29,626	204,339	232,173	1,568,986
Net book value						
As at 31 March 2010	7,411,794	131,498	130,559	431,598	53,420	8,158,869
As at 31 March 2009	8,524,630	37,694	134,153	452,835	48,152	9,197,464

Development administration costs capitalised amounts to £33,578 (2009 - £20,172) for which Housing Association grants amounting to £18,250 (2009 - £9,177) were received in the year. Clerk of Works administration costs capitalised amounts to £750 (2009 - £1,987) for which Housing Association grants amounting to £nil (2009 - £nil) were received in the year. Interest capitalised in the year amounted to £nil (2009 - £nil). None of the Association's land or property is held under a lease.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

8. Debtors	2010 £	2009 £
Amounts falling due within one year:		
Gross Rent arrears	142,656	130,142
Less: bad debt provision	(45,616)	(15,006)
	97,040	115,136
Development funding receivable	391,422	109,505
Prepayments and accrued income	41,877	14,498
Balance owed by group company	69,718	82,212
Other debtors	1,087,153	46,184
	1,687,210	367,535

The level of technical arrears contained within the gross rent arrears total was £39,269 (2009 - £24,211).

9. Creditors due within one year	2010 £	2009 £
Loans	318,759	300,574
Trade creditors	101,816	126,048
Other creditors – development	140,450	105,179
Other creditors	113,706	166,967
Taxation and social security	11,877	-
Accruals and deferred income	36,341	50,714
Rents in advance	17,910	16,495
	740,859	765,977

10. Creditors due outwith one year	2010 £	2009 £
Loans	7,637,111	7,966,292

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 0.9% to 7.5% (2009 - 3.110% to 7.2%) in instalments due as follows:

In one year or less	318,759	300,574
Between two and five years	1,312,959	1,228,364
In five years or more	6,324,152	6,737,928
	7,955,870	8,266,866
Less: Included in current liabilities	(318,759)	(300,574)
	7,637,111	7,966,292

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

11. Employees	2010 £	2009 £
Staff costs during year		
Wages and salaries	496,662	475,178
Social security costs	33,612	35,680
Other pension costs	56,926	57,290
	587,200	568,148

The average full time equivalent number of persons employed by the Association during the year were as follows:

	No	No
Administration and maintenance	15	14

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year (2009 - £60,000 per year).

	£	£
Aggregate Emoluments payable to Directors (1 Employee) (including pension contributions and benefits in kind)	64,360	163,979
Emoluments payable to Highest Paid Director (excluding pension contributions)	55,868	54,577

The Association's contributions for the Director in the year amounted to £8,492 (2009 - £8,346).

There were no directors (2009 – Nil) whose emoluments, excluding pension contributions, were over £60,000 (2009 £60,000).

	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Committee of Management	1,464	2,141

No members of the Committee of Management received any emoluments in respect of their services to the Association.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

12. Auditors' Remuneration	2010 £	2009 £
The remuneration of the auditors (including expenses and excluding VAT for the year)	7,714	7,160
Remuneration of the auditors in respect of services other than those of auditors	-	412
(including expenses and excluding VAT for the year)	7,714	7,572
13. Share Capital	2010 £	2009 £
Shares of £1 fully paid and issued at 1 April 2009	193	192
Shares issued during year	54	9
Shares withdrawn	(2)	(8)
Shares issued at 31 March 2010	245	193

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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

		2010 £	2009 £	
14.	Notes to the Cash Flow Statement			
(a)	Reconciliation of surplus to net cash inflow from operating activities			
	Surplus for year	492,151	162,995	
	Net interest payable	<u>294,599</u>	<u>204,622</u>	
	Operating surplus for the year excluding interest and tax payable	786,750	367,617	
	Depreciation	221,011	179,475	
	Profit on sale of other Fixed Assets	-	-	
	Shares cancelled	(2)	(8)	
	(Increase)/decrease in debtors	(1,037,758)	84,674	
	(Decrease) in creditors	<u>(78,574)</u>	<u>(353,188)</u>	
	Net cash inflow from operating activities	<u>(108,573)</u>	<u>278,570</u>	
(b)	Reconciliation of net cash flow to movement in net debt			
	(Decrease)/increase in cash for the year	(143,176)	131,756	
	Loans received	-	(2,823,794)	
	Loan repayments	<u>310,996</u>	<u>227,088</u>	
	Change in net debt	167,820	(2,464,950)	
	Net debt as at 1 April 2009	<u>(6,209,199)</u>	<u>(3,744,249)</u>	
	Net debt as at 31 March 2010	<u>(6,041,379)</u>	<u>(6,209,199)</u>	
(c)	Analysis of changes in net debt			
	As at 1 April 2009	Cash Flow	Other Changes	As at 31 March 2010
	£	£	£	£
	Cash at bank and in hand	2,057,667	(143,176)	1,914,491
	Debt due within one year	(300,574)	310,996	(318,759)
	Debt due after one year	(7,966,292)	-	(7,637,111)
		<u>(6,209,199)</u>	167,820	<u>(6,041,379)</u>

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

15. Pension Fund General

Ardenglen Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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 at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

15. Pension Fund General (continued)

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.

Ardenglen Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Ardenglen Housing Association Limited was £2,391,926.

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

- Final Salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

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

Ardenglen Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the same benefit structure for any new entrants.

During the accounting period Ardenglen Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7%.

As at the balance sheet date there were 11 active members of the Scheme employed by Ardenglen Housing Association Limited. Ardenglen Housing Association Limited continues to offer membership to the Scheme to its employees.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

**15. Pension Fund
General (continued)**

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short

Contribution Rates for Future Service	%
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

16.	Capital Commitments	2010 £	2009 £
	Expenditure authorised by the Committee of Management contracted less certified	<u>140,450</u>	<u>105,179</u>

Capital commitments will be fully funded by private finance.

17. Housing Stock

The number of units in Management at 31 March was as follows:

	No	No
New build	365	365
Rehabilitation – leased	1	1
Rehabilitation	255	253
Shared ownership	14	14
Mortgage to rent	3	1
SST	<u>291</u>	<u>291</u>
	<u>929</u>	<u>925</u>

18. Related Parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.

19. Subsidiary Company

The Association has a subsidiary company Ardenglen Developments Limited. This company is intended to handle the activities that the Association cannot undertake due to its charitable status. The company is a company limited by shares with one hundred ordinary shares of which one £1 share has been issued to Ardenglen Housing Association, and is registered in Scotland. The company's activity in the year to 31 March 2010 related to the construction of and renting out of office space adjacent to the Association's own offices.

Ardenglen Developments Limited made a profit in the year of £1,674 (2009: loss £1,402). At the year end Ardenglen Developments Limited owes the Association £69,718 (2009: £82,212).

20. Contingent Liabilities
Pensions

Ardenglen Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Ardenglen Housing Association was £2,391,926. The Association has no current plans to withdraw from the scheme.

At 31 March 2010 the Association had no other contingent liabilities (2009 -£Nil).