

ARDENGLLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Registered Housing Association No. HCB 219

Financial Services Authority No. 2339R(S)

Charity No. SC032542

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

ARDENGLLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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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.	Charities and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC032542

Professional Advisors

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow
G73 2HZ

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

The Committee of Management present their report and audited financial statements for the year ended 31 March 2012.

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

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. The 2011 comparative figures have been restated. This is further explained on page 3 of the Committee of Management and in Note 22 to the financial statements.

The Association recognise we are operating in challenging times, both for the business and for our tenants and other customers.

The Governments Welfare Reform proposals represent a clear and significant financial risk and the Association is working to mitigate the serious negative outcomes which may result. This includes a further review of the Association's long term Business Planning assumptions and analysis of the risk associated with a more demanding financial and cash flow environment, following the removal in 2013 of the direct payment of Housing Benefit.

As discussed last year, the political, financial and business environment for the Housing Association sector in Scotland has changed profoundly. National austerity measures will continue to affect our ability to meet increased demand for social housing and there is little doubt that the worst has yet to come in relation to the value for money agenda and further efficiency savings.

On a positive note, the Association has taken advantage of a positive procurement climate to bring forward improvement works associated with meeting the Scottish Housing Quality Standard (SHQS). The outcome of this additional investment is that all the Association's stock now meets the SHQS, three years ahead of the 2015 Scottish Government deadline.

The Association continued to actively expand our role as a "Community Anchor" organisation through the development of the Maureen Cope Community Hall which is being used to deliver a host of community services and activities. We also continue to be engaged in wider activities to tackle areas such as fuel poverty and the development of social enterprises.

Whether we like it or not, we remain under pressure to do more with less, to be more efficient, to eliminate waste. We can either choose to do this through the traditional methods of simple cost cutting or making service "tweaks", or alternatively embrace a more radical long term agenda and have a complete rethink of our housing systems and how we deliver services.

We therefore welcome the new Scottish Housing Regulators direct focus on customer services. Good service will always result in lower costs. We will therefore continue to look at what matters most to our customers and rather than simply looking at "costs" in isolation, will instead spotlight attention on the cause of costs. It involves taking a fresh look through the eyes of our customer's at our services as a system and design policies and procedures to deliver that system in the most efficient way.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

Simply put, we cannot expect to keep doing the same things that were done last year and the year before that, but expect different results!

Future Developments

The changed grant regime will make it extremely difficult for the Association to consider future developments based on the traditional methods of procuring or funding new housing.

The Association however, still has at least one development opportunity within our area and will continue to examine innovative methods of delivering at least some new housing over the coming years.

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	593,447	
FairSpace reserve	<u>4,294</u>	597,741
Transfer to revenue reserve		<u>199,247</u>
		<u><u>796,988</u></u>

ARDENGLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

(Continued)

Members of Committee of Management

The members of the Committee of Management of the Association during the year to 31 March 2012 were as follows:

Maureen Cope MBE	(Chairperson)	Sharon McElwaine
Sheena Cadden	(Secretary)	Bobby Mitchell
Isa Brier	(Vice Chairperson)	Don Cope
Carol Mitchell	(Treasurer)	Sandy Stone
Maureen Coyle		Frank Young
Liz McKenzie		Jacqueline Brown
Ann Marie Docherty		Angela McHugh (co-optee)

Component Accounting

Ardenglen has adopted Component Accounting into its financial statements this year in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur. There are resulting prior year adjustments shown to the relevant notes to the accounts and detailed in Note 22.

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 2012, 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.

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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

(Continued)

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. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

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.

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.

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

On behalf of the Committee of Management

Name: 

Date: 7/8/12

ARDENGLLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

The Committee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Industrial and Provident Societies requires the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association for that period. In preparing these financial statements the Committee are required to:

- select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the RSL SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

As far as the Management Committee members are aware there is no relevant audit information of which the auditors are unaware and the Management 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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2012

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.

ARDENGLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2012

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 2012 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: *L. Mitchell*

Date: *7/8/12*

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 6 and 7 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 2009/4 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 6 and 7 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

Baker Tilly UK Audit LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: *8 August 2012*

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

We have audited the financial statements of Ardenglen Housing Association Limited for the year ended 31 March 2012 on pages 10 to 30. 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 auditor's 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 the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 5, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires 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 of the Association; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

Date:

8 August 2012

ARDENGLLEN HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	2	3,296,404	2,948,521
Less: Operating Costs	2	<u>(2,293,740)</u>	<u>(2,072,574)</u>
Operating Surplus	2	1,002,664	875,947
Profit on sale of Fixed Asset		3,774	-
Interest receivable and other income		25,661	39,741
Interest payable and other charges	4	<u>(235,111)</u>	<u>(261,475)</u>
Surplus on ordinary activities before tax		796,988	654,213
Taxation on surplus on ordinary activities	5	<u>-</u>	<u>-</u>
Surplus for the year	6	<u>796,988</u>	<u>654,213</u>

The results for the year relate wholly to continuing activities.

There are no recognised gains or losses for the period and in the previous period other than the surplus reported above.

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDING
31 MARCH 2012**

	2012 £	2011 As restated £
Surplus for the year	796,988	654,213
Prior period adjustment (Note 22)	576,599	-
Total surpluses and deficits recognised since last reporting period	<u>1,373,587</u>	<u>654,213</u>

ARDENGLLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012	2011
		£	As restated £
Tangible Fixed Assets			
Housing properties			
- gross cost less depreciation	7	49,402,013	48,640,002
Less: Housing Association Grant	7	(38,960,021)	(38,965,207)
		10,441,992	9,674,795
Other Assets	7	446,417	469,837
		10,888,409	10,144,632
Investments	19	1	1
		10,888,410	10,144,633
Current Assets			
Debtors	8	334,571	1,782,176
Cash at hand and in bank		2,135,897	2,247,007
		2,470,468	4,029,183
Current Liabilities			
Creditors due within one year	9	(1,163,021)	(2,418,974)
Net current assets		1,307,447	1,610,209
		12,195,857	11,754,842
Creditors due after one year	10	(6,965,435)	(7,321,450)
Net Assets		5,230,422	4,433,392
Capital and Reserves			
Share capital	13	369	328
Designated reserves	6	3,420,605	2,822,864
Revenue reserve	6	1,809,448	1,610,201
		5,230,422	4,433,393

The financial statements on pages 10 to 30 were approved by the Committee of Management and authorised for issue on 7/5/12 and signed on their behalf by

Secretary: Sheena Gadden

Member: A. Mitchell

Member: J. Bred

ARDENGLLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2012

	Notes	2012	2012	2011
		£	£	As restated £
Net cash inflow from operating activities	14		48,348	3,927,486
Returns on investments and servicing of finance				
Interest received		25,661		39,741
Interest paid		<u>(235,111)</u>	<u>(209,450)</u>	<u>(261,475)</u>
				(221,734)
Capital expenditure and financial investments				
Cash paid for construction and purchases		(1,154,179)		(4,477,447)
Housing association grant received		1,569,039		1,462,851
Proceeds of disposal		21,381		8,737
Purchase of other fixed assets		<u>(31,269)</u>		<u>(32,659)</u>
Net cash inflow/(outflow) from investing activities			<u>404,972</u>	<u>(3,038,518)</u>
Net cash inflow before financing			243,870	667,234
Financing				
Loan principal repayments		(355,048)		(334,818)
Increase in share capital		<u>68</u>		<u>100</u>
Net cash inflow from financing			<u>(354,980)</u>	<u>(334,718)</u>
(Decrease)/Increase in cash and cash equivalents			<u>(111,110)</u>	<u>332,516</u>

Further details are given in note 14.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

1. Principal accounting policies

a) 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 Housing Providers Update 2010" and applicable Accounting Standards.

b) Turnover

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

c) 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.

d) 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
- iv. Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

e) Depreciation

i. 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 each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Bathroom	Over 30 years
Kitchen	Over 20 years
Boiler	Over 15 years
Window	Over 50 years

ii. 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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

1. Principal accounting policies (Contd.)

The following rates have been used: -

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

f) 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.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

g) 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.

h) Pensions

The Association participates in the centralised SHPS 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.

i) 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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

1 Principal accounting policies (Contd.)

j) 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.

k) Improvements

In previous years, 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.

The adoption of Component Accounting during the year 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 Land, Structure, Roofs, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(e)(i). The new accounting policy is compliant with the SORP 2010.

l) 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.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

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

	Note	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus As restated 2011 £
Social lettings	3a	3,135,275	(2,140,490)	994,785	895,924
Other activities	3b	161,129	(153,250)	7,879	(19,977)
Total		<u>3,296,404</u>	<u>(2,293,740)</u>	<u>1,002,664</u>	<u>875,947</u>
2011 as restated		<u>2,948,521</u>	<u>(2,072,574)</u>	<u>875,947</u>	

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2012
(Continued)**

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

	General Housing £	Needs Shared Ownership £	Supported Housing £	2012 Total £	2011 Total £
Rent receivable net of identifiable service charges	3,117,350	22,976	-	3,140,326	2,874,013
Service charges	-	-	-	-	-
Gross income from rents and service charges	3,117,350	22,976	-	3,140,326	2,874,013
Less: Rent loss from voids	(4,861)	(190)	-	(5,051)	(9,430)
Net income from rents and service charges	3,112,489	22,786	-	3,135,275	2,864,583
Grants from Scottish Ministers	-	-	-	-	-
Grants from Glasgow CC	-	-	-	-	-
Total turnover from social letting activities	3,112,489	22,786	-	3,135,275	2,864,583
Management and maintenance administration costs	915,355	6,045	-	921,400	916,153
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	534,155	-	-	534,155	410,188
Reactive maintenance costs	342,964	-	-	342,964	324,254
Bad debts – rents and service charges	21,952	-	-	21,952	56,826
Depreciation of social housing	315,160	4,859	-	320,019	261,238
Total Expenditure on Lettings	2,129,586	10,904	-	2,140,490	1,968,659
Operating Surplus on Letting Activities	982,903	11,882	-	994,785	895,924
2011 as restated	885,204	10,720	-	895,924	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2011- £nil).

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012
(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	-	-	-	-	-	-	-	-	-
Wider action/wider role	-	-	-	-	-	-	75,285	(75,285)	(27,958)
Tenant participation	-	-	-	-	-	-	7,287	(7,287)	(26,411)
Factoring	-	-	-	1,470	1,470	-	1,364	106	226
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	3,654	3,654	-	4,154	(500)	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	18,909	18,909	-	18,030	879	4,445
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	137,096	137,096	-	47,130	89,966	29,721
Total from other activities				161,129	161,129	-	153,250	7,879	(19,977)
2011				83,938	83,938	-	(103,915)	(19,977)	

Included within other activities is other rental income of £59,081 and the release of retentions and housing benefit received of £70,434.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

4. Interest payable

	2012	2011
	£	£
Interest paid in period	240,964	291,043
Less: interest capitalised	(5,853)	(29,568)
	235,111	261,475

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 2011 £	Transfer from Revenue Reserve £	At 31 March 2012 £
Cyclical maintenance reserve	350,000	-	350,000
Major repairs reserve	2,433,646	593,447	3,027,093
Fairspace reserve	39,218	4,294	43,512
	2,822,864	597,741	3,420,605

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

(b) Revenue reserve

	2012 £	As restated 2011 £
At 1 April 2011 as originally reported	1,033,602	1,315,865
Prior Year Adjustment (Note 22)	576,599	-
At 1 April 2011 as restated	1,610,201	1,315,865
Surplus for year	796,988	654,213
Transfer (to) designated reserves	(593,447)	(355,583)
Transfer (to) Fairspace reserves	(4,294)	(4,294)
Closing balance at 31 March 2012	1,809,448	1,610,201

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

7. Tangible Fixed Assets

	Housing properties held for letting £	Housing properties in course of construction £	Completed Shared ownership properties £	Office premises £	Furniture fittings & Equipment £	Total £
Cost						
At 1 April 2011	48,601,305	40,619	693,155	641,055	288,670	50,264,804
Prior Period Adjustment (Note 22)	1,006,216	-	-	-	-	1,006,216
As restated	49,607,521	40,619	693,155	641,055	288,670	51,271,020
Additions during year	1,127,597	14,210	12,372	16,021	15,248	1,185,448
Disposals	(77,678)	-	-	-	-	(77,678)
At 31 March 2012	50,657,440	54,829	705,527	657,076	303,918	52,378,790
Housing Association Grant						
At 1 April 2011	38,382,716	39,449	502,715	-	-	38,924,880
Prior Period Adjustment (Note 22)	40,327	-	-	-	-	40,327
As restated	38,423,043	39,449	502,715	-	-	38,965,207
Additions during year	99,356	-	-	-	-	99,356
Repaid and abated during year	(54,543)	-	-	-	-	(54,543)
Transfers	(50,000)	-	-	-	50,000	-
At 31 March 2012	38,417,856	39,449	502,715	-	50,000	39,010,020
Depreciation						
At 1 April 2011	1,277,893	-	34,110	225,747	234,141	1,771,891
Prior Period Adjustment (Note 22)	389,290	-	-	-	-	389,290
As restated	1,667,183	-	34,110	225,747	234,141	2,161,181
Provided during year	315,160	-	4,859	21,941	(17,252)	324,708
Disposals in year	(5,528)	-	-	-	-	(5,528)
At 31 March 2012	1,976,815	-	38,969	247,688	216,889	2,480,361
Net book value						
As at 31 March 2012	10,262,769	15,380	163,843	409,388	37,029	10,888,409
As at 31 March 2011 as restated	9,517,295	1,170	156,330	415,308	54,529	10,144,632

ARDENGLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

7. Tangible Fixed Assets (contd)

Development administration costs capitalised amounts to £15,398 (2011 - £24,983) for which Housing Association grants amounting to £1,709 (2011 - £1,855) were received in the year. Clerk of Works administration costs capitalised amounts to £2,066 (2011 - £22,239) for which Housing Association grants amounting to £nil (2011 - £nil) were received in the year. Interest capitalised in the year amounted to £5,853 (2011 - £29,568). None of the Association's land or property is held under a lease.

8. Debtors	2012 £	2011 £
Amounts falling due within one year:		
Gross Rent arrears	142,989	163,187
Less: bad debt provision	(70,508)	(83,266)
	72,481	79,921
Development funding receivable	50,526	1,508,850
Prepayments and accrued income	31,139	53,943
Balance owed by group company	56,072	56,416
Other debtors	124,353	83,046
	334,571	1,782,176

The level of technical arrears contained within the gross rent arrears total was £28,819 (2011 - £25,732). Included within amounts owed by group company is £27,189 (2011 - £42,259) which is due greater than one year.

9. Creditors due within one year	2012 £	2011 £
Bank loans and overdrafts (note 10)	300,569	1,829,538
Trade creditors	516,385	94,240
Other creditors – development	129,065	117,706
Other creditors	147,487	251,308
Taxation and social security	12,586	-
Accruals and deferred income	38,910	100,396
Rents in advance	18,019	25,786
	1,163,021	2,418,974

ARDENGLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

10. Creditors due outwith one year	2012 £	2011 £
Loans	<u>6,965,435</u>	<u>7,321,450</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 0.45% to 7.52% (2011 – 0.95% to 7.5%) in instalments due as follows:

In one year or less	300,569	299,602
Between one and two years	302,911	297,869
Between two and five years	951,773	931,016
In five years or more	<u>5,710,751</u>	<u>6,092,565</u>
	7,266,004	7,621,052
Less: Included in current liabilities	<u>(300,569)</u>	<u>(299,602)</u>
	<u>6,965,435</u>	<u>7,321,450</u>

11. Employees	2012 £	2011 £
Staff costs during year		
Wages and salaries	538,999	511,710
Social security costs	42,367	41,369
Other pension costs	83,139	58,712
Temporary, agency and seconded staff	<u>18,720</u>	<u>19,350</u>
	<u>683,225</u>	<u>631,141</u>

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

	No	No
Administration and maintenance	<u>18</u>	<u>17</u>

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 (2011 - £60,000 per year).

	£	£
Aggregate Emoluments payable to Directors (1 Employee) (including pension contributions and benefits in kind)	<u>65,309</u>	<u>66,695</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>59,624</u>	<u>57,836</u>

The Association's pension contributions for the Director in the year amounted to £5,685 (2011 - £8,859).

There was one director (2011 – Nil) whose emoluments, including pension contributions, were over £60,000 were as follows:

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

11.	Employees (contd)	2012	2011
		No	No
	£60,000 to £65,000	1	-
	£65,001 to £70,000	-	1
	£70,001 to £75,000	-	-
		£	£
	Total expenses reimbursed insofar as not chargeable to UK Income Tax		
	Committee of Management	<u>1,759</u>	<u>1,684</u>
	No members of the Committee of Management received any emoluments in respect of their services to the Association.		
12.	Auditors' Remuneration	2012	2011
		£	£
	The remuneration of the auditors (including expenses and excluding VAT for the year)	10,424	8,893
	Remuneration of the auditors in respect of services other than those of auditors of Baker Tilly UK Audit LLP	<u>1,514</u>	<u>-</u>
	(including expenses and excluding VAT for the year)	<u>11,938</u>	<u>8,893</u>
13.	Share Capital	2012	2011
		£	£
	Shares of £1 fully paid and issued at 1 April	328	245
	Shares issued during year	68	100
	Shares withdrawn	<u>(27)</u>	<u>(17)</u>
	Shares issued at 31 March	<u>369</u>	<u>328</u>

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

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

		2012	2011		
14. Notes to the Cash Flow Statement		£	As restated £		
(a)	Reconciliation of surplus to net cash inflow from operating activities				
	Surplus for year	796,988	654,213		
	Net interest payable	<u>209,450</u>	<u>221,734</u>		
	Operating surplus for the year excluding interest and tax payable	1,006,438	875,947		
	Depreciation	324,708	309,078		
	Profit on sale of other Fixed Assets	(3,774)	-		
	Shares cancelled	(27)	(17)		
	(Increase) /Decrease in debtors	(10,719)	1,022,462		
	(Decrease)/Increase in creditors	<u>(1,268,278)</u>	<u>1,720,016</u>		
	Net cash inflow from operating activities	<u>48,348</u>	<u>3,927,486</u>		
(b)	Reconciliation of net cash flow to movement in net debt				
	(Decrease)/Increase in cash for the year	(111,110)	332,516		
	Loan repayments	<u>355,048</u>	<u>334,818</u>		
	Change in net debt	243,938	667,334		
	Net debt as at 1 April 2011	<u>(5,374,045)</u>	<u>(6,041,379)</u>		
	Net debt as at 31 March 2012	<u>(5,130,107)</u>	<u>(5,374,045)</u>		
(c)	Analysis of changes in net debt				
		As at 1	Cash	Other	As at 31
		April 2011	Flow	Changes	March
		£	£	£	2012
		£	£	£	£
	Cash at bank and in hand	2,247,007	(111,110)	-	2,135,897
	Debt due within one year	(299,602)	355,048	(356,015)	(300,569)
	Debt due after one year	(7,321,450)	-	356,015	(6,965,435)
		<u>(5,374,045)</u>	<u>243,938</u>	<u>-</u>	<u>(5,130,107)</u>

ARDENGLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

15. Pension Fund General

Ardenglen Housing Association Limited participates in the SHPS 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 2009 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 £295 million. The valuation showed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 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.

Ardenglen Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHPS Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Ardenglen Housing Association Limited was £2,984,887.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

15. Pension Fund General (continued)

The Scheme offers five benefit structures to employers, namely:

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

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

Ardenglen Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate

Benefit option for active members as at 1 April 2011 and the same benefits

During the accounting period Ardenglen Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 16 active members of the Scheme employed by Ardenglen Housing Association Limited. The annual pensionable payroll in respect of these members was £492,239.

Ardenglen Housing Association Limited continues to offer membership of the Scheme to its employees

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement – Non pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

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 (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	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 calculation the additional contributions).

Ardenglen Housing Association has been notified by the Pension Trust of the Scottish Housing Association Pension Scheme (SHAPS) that past service deficit contributions payable for the year to 31 March 2013 is £43,573.

16.	Capital Commitments	2012	2011
		£	£
	Expenditure authorised by the Committee of Management contracted less certified	15,648	117,706

Capital commitments will be fully funded by private finance.

17.	Housing Stock	2012	2011
	The number of units in Management at 31 March was as follows:		
		No	No
	New build	406	407
	Rehabilitation – leased	1	1
	Rehabilitation	256	256
	Shared ownership	13	13
	Mortgage to rent	6	4
	SST	291	291
		973	972

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

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 2011 related to the construction of and renting out of office space adjacent to the Association's own offices.

During the year ending 31 March 2012, a rent charge of £19,596 (2011: 19,596) was paid by Ardenglen Housing Association Limited to Ardenglen Developments Limited, the company's subsidiary company for the rental of office space.

Ardenglen Housing Association Limited charged a management fee of £600 (2011: 600) to Ardenglen Developments Limited in the year for the provision of administration services.

As at 31 March 2012, Ardenglen Housing Association had a loan due from its subsidiary company which totalled £42,259 (2011: £56,414). Repayments totalling £14,157 were made in the year. The loan accrues interest at 6.75% for which £3,639 (2011: £4,494) was charged in the year.

Amounts due to Ardenglen Housing Association Limited at the year-end totalled £13,813 (2011: £nil) and amounts from Ardenglen Housing Association Limited to Ardenglen Developments Limited totalled £1,200 (2011: £1,200).

20. Housing Association Grant

Housing Association Grant allocated to components (as detailed in Note 1 (e) (i)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2012 was £53,551 (2011: £53,551).

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

21. Reconciliation of Funds

	2012 £	2011 as restated £
At 1 April 2011 as originally reported	3,856,794	3,779,097
Prior Year Adjustment (note 22)	576,599	-
At 1 April 2011 as restated	4,433,393	3,779,097
Surplus for year	796,988	654,213
New Shares Issued	68	100
Shares Cancelled	(27)	(17)
Net Change in Funds	797,029	654,296
At 31 March 2012	5,230,422	4,433,393

22. Prior Period Adjustment- Component Accounting

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their useful economic life. This has resulted in major works expenditure written off in prior years being capitalised, and an additional depreciation charge being recognised. In total this has led to an adjustment as at 31 March 2010 of an increase of fixed assets of £396,496. This is represented by £59,673 and an increase in accumulated depreciation of £307,581.

	£
Increase fixed asset cost	744,404
Increase fixed asset HAG	(40,327)
Increase fixed asset depreciation	(307,581)
Net movement in the balance sheet - increase	396,496

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(81,709)
Decrease major works charged against income	<u>261,812</u>
Increase in the surplus for the year	<u>180,103</u>

The total effect upon the balance sheet has been to:

Increase fixed asset cost	1,006,216
Increase fixed asset HAG	(40,327)
Increase fixed asset depreciation	<u>(389,290)</u>
Net movement in the balance sheet - increase	<u>576,599</u>