

ATRIUM HOMES
REPORT AND FINANCIAL STATEMENTS
for the year ended
31 March 2011

Recognised Scottish Charity No: SCO28506

Registered Social Landlord No: CON 305

Company Limited By Guarantee: SC190351

ATRIUM HOMES

REPORT AND FINANCIAL STATEMENTS For the year ended 31 March 2011

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DIRECTORS, EXECUTIVES AND ADVISERS
For the year ended 31 March 2011

Persons who served as Directors of the Company during the year

Mr K. Stewart (Chairman)
Mr B. Allen
Mrs M. Coyle
Mr J. Currie
Mr M. Donnelly
Mr M. Griffiths
Ms J. McIntosh
Mr R. McLachlan
Mr J. O'Neill
Mr G. Piggott

Co-optees

Mr D. McColl (co-opted 1 March 2010)
Ms S Kelly (co-opted December 2010)
Mr G Burns (co-opted December 2010)
Ms M Peck (co-opted December 2010)
Ms M Barnes (co-opted December 2010)

Members

A full list of members is available at the Registered Office of the company.

Executive Officers

Stephen Black	Chief Executive and Company Secretary
Joyce McCroskie	Head of Operations
Celia Reilly	Head of Investment
Ken Tudhope	Head of Finance

External Auditors

Findlay and Company
Chartered Accountants
11 Dudhope Terrace
DUNDEE
DD3 6TS

Corporate Solicitors

TC Young
30 George Square
GLASGOW
G2 1LH

Lenders

The Royal Bank of Scotland
Kirkstane House
139 St Vincent Street
GLASGOW
G2 5JF

Bankers

Clydesdale Bank plc
30 The Foregate
KILMARNOCK
KA1 1JH

Internal Auditors

Alexander Sloan
144 West George Street
GLASGOW
G2 2HG

Management Solicitors

James Guthrie and Company
3 Portland Road
KILMARNOCK
KA1 2AN

Lenders

DBS Bridge Bank Limited
Caledonia House
Carnegie Avenue
DUNFERMLINE
KY11 8PJ

Registered Office

39/41 John Finnie Street
KILMARNOCK
KA1 1BL

REPORT OF THE BOARD OF DIRECTORS For the year ended 31 March 2011

The Board presents its Report and audited Financial Statements for the year ended 31st March 2011.

PRINCIPAL ACTIVITIES

Atrium Homes is a company limited by guarantee and is governed by its Memorandum and Articles of Association. The organisation has been recognised by HM Revenue & Customs as a Scottish Charity.

The principal activity of Atrium Homes is the provision of quality affordable rented accommodation and related services.

ORGANISATIONAL OBJECTIVES

The Board of Atrium Homes has considered the strategic direction and objectives of the organisation over the next 3 financial years and has confirmed that it wishes to see the Atrium Homes continue to expand in terms of

- o size,
- o operational location,
- o service delivery, and
- o influence.

Atrium has identified six prime operational objectives through which its strategic objectives will be achieved or enhanced.

- o *Protect our longer term financial viability, maximise income and use resources efficiently.*
- o *Maximise the opportunities for members, tenants and customers to engage with the organisation.*
- o *Develop and deliver services to tenants and other customers.*
- o *Develop and deliver our longer term maintenance and improvement programme.*
- o *Comply with the requirements of the statutory and regulatory framework relating to registered social landlord, company and charitable body.*
- o *Proactively pursue growth and manage our development and regeneration activities efficiently and effectively.*

Atrium Homes recognises that success is influenced by factors operating in both our internal and external environment. To continue to be successful we not only need to be able to exercise control over our internal environment but to understand, predict and seek to influence the external environment. To this end we have identified the key stakeholders in our business and seek to work closely with them to help achieve our objectives.

KEY HEADLINES

We continued to deliver our strategic and operational objectives in an effective and efficient manner and as a consequence we have continued to make good progress over the course of the year.

During the year we updated our Business Plan to cover the period from 2010-2013 which set out our detailed plans for the next three years and how we are going about implementing them. The Business Plan was shared with and considered by our key stakeholders and we enjoy their support.

Atrium's strategy for growth and regeneration in our estates continued to be implemented with construction commencing on 3 new-build developments in Cumnock, Catrine and Stewarton, financed with the continuing support of the Scottish Government and private finance raised by Atrium. When complete, these projects will add a further 105 new build affordable rented properties to our portfolio.

The developments in Catrine and Cumnock take us into another part of East Ayrshire, fulfilling one of our strategic objectives of expansion in terms of operational location.

We continued to successfully manage our core activities and remain committed to improving the condition of all our properties which is fully reflected in our long term financial projections.

REPORT OF THE BOARD OF DIRECTORS (continued)
For the year ended 31 March 2011

In the course of the year we suffered what could have been a major setback when our principal reactive and void property repair contractor Rok PLC ceased trading. However, swift action allowed us to put in place secondary repair delivery systems which allowed services to continue almost unchecked. A procurement exercise has resulted in the appointment of Lovell Partnerships as our reactive and void property repair contractor for a 3 year period from 2011.

At an operational level we can report the following key outputs;

- We let 63 new properties in the course of the year. In addition we re-let 122 properties.
- Void rent loss for all properties amounted to 1.40% of the gross rent receivable. This constitutes a slight reduction when compared to the previous year.
- Arrears of rent (current and former tenant) 31 March 2011, amounted to 2.32% of gross rent receivable. This is comparable to last year, illustrating our consistency in this area.
- We carried out 2882 repairs in the year, with 86% being carried out within our target time. During the course of the year, the situation improved and we expect to see a continuation of this improvement under our new contract Lovell Partnerships.
- We commissioned a Customer Satisfaction Survey during the year, and overall 88% of customers are satisfied or very satisfied with the services we provide.

We also continued to invest heavily in our existing stock to help ensure compliance with the Scottish Housing Quality standard. This included a substantial amount of re-roofing and the start of the rehabilitation of 45 BISF houses, at a total cost of £1.3 mill over two financial years.

Our subsidiary company, Atrium Initiatives Ltd. continues to provide factoring and landscape maintenance services to around 1,300 householders in our estates in and around Kilmarnock.

GOVERNANCE ARRANGEMENTS AND STRUCTURE

Atrium Homes' Board members are listed on page 1 along with the Executive Officers of Atrium

The Board is responsible for the overall strategic direction of the organisation. Key responsibilities are:

- Approval of the Business Plan and budget, along with any variations and amendments these, together with other matters which fall within the strategic role of the Board;
- Defining and ensuring compliance with our values and objectives as a Registered Social Landlord;
- Establishing strategic plans and policies to achieve these objectives;
- Approving each year's financial statement;
- Establishing an appropriate framework of delegation, and systems of internal control;
- Taking key decisions on matters that will, or might, create significant risk, including approving any significant contractual arrangements.

The Board of Atrium Homes has delegated certain powers to three sub-committees comprising Development & Regeneration, Housing Services and Corporate Services, which correspond with the main organisational departments. The Chair of Atrium Homes and the Convenors of the 3 sub-committees also meet regularly with the Executive Team to review overall organisational performance against objectives.

In the course of the year, Atrium Homes implemented a recruitment drive to identify new Board members. As a consequence, four individuals were co-opted onto the Board in December 2010 and will serve until the next AGM in August 2011. This is part of Atrium's approved succession strategy to help ensure consistent good governance at all times.

The liability of the members of the organisation is limited under its Memorandum of Association to a sum not exceeding £1 each.

REPORT OF THE BOARD OF DIRECTORS (continued)
For the year ended 31 March 2011

ORGANISATIONAL STRUCTURE

Atrium employs 21 staff (20 FTE), who are all based in its offices at 39/41 John Finnie Street, Kilmarnock. Staff turnover is low with around 75% of the staff team in post for 5 years or over, and just under half were part of the original staff team when Atrium acquired its first stock in September 2000. The staff team is organised into 3 main departments:

Operations covers all our landlord activities such as

- Debt management - including welfare benefit and housing benefit advice, monitoring of rent payments and rent accounts, former tenant accounts and rechargeable repairs.
- Estate management - including dealing with anti-social behaviour and neighbour disputes.
- Allocations - including waiting list management, terminating and letting tenancies and selecting and allocating properties.
- Repairs - including receiving and processing day to day repair requests, alterations and medical adaptations of tenanted properties.
- Maintenance - including implementing property improvement programmes such as kitchen, bathroom and window replacement.

Investment covers development activity as well as investment in existing stock and incorporates:

- Strategy - working closely with our strategic partners the Scottish Government and East Ayrshire Council, to ensure that the housing provided meets the longer-term priority needs of the areas in which we develop and the needs of the intended and existing client groups.
- Asset Management - ensuring Atrium has appropriate strategies in place for all its housing in the context of the requirements of the Scottish Housing Quality Standard; organising and implementing annual stock inspection programmes and using the results to prepare longer-term investment programmes; and aligning the component specification and design guides for Atrium's new build programme with its future maintenance specification.
- Engaging Communities - through community/design consultation in the form of open days and workshops to develop design proposals that take account of the desires, concerns and aspirations of the local community.
- Procurement - in accordance with best practice to demonstrate value for money, contractual and legal obligations are met, and to deliver a quality product in line with the sustainability and efficiencies agenda.
- Project Management - ensuring from inception of a project through to completion that 'value added' techniques are incorporated to meet targets and, ultimately, that all projects are delivered in accordance with the aims and objectives agreed.
- Customer Satisfaction - collating feedback from our customers on the end product to gauge levels of satisfaction and to establish any areas for improvement.

Finance incorporates all our primary finance and ICT activities such as

- Overall financial management and control of the company
- Processing income from all sources
- Processing invoices and ensuring suppliers are paid
- Monitoring spend against budgets
- Providing relevant financial information to staff, management team and Board
- Payroll
- The IT function
- Finance support to Atrium Initiatives Ltd.

Central Support is a fourth mini-department headed by the Chief Executive which has responsibility for governance, office management and HR activities. Central Support staff work with the Chief Executive and deal with a range of support functions within the organisation as well as providing assistance to other teams. Their duties include:

- Board and Sub Committee servicing and related governance matters
- Human resources, office management and health and safety
- Marketing, publicity and PR.

REPORT OF THE BOARD OF DIRECTORS (continued)
For the year ended 31 March 2011

EMPLOYMENT POLICIES

The Board places great emphasis on the importance of improving services to tenants and other customers. The contribution of all employees to this objective is crucial. Accordingly, we have continued to enhance our training and development programme for all staff. Atrium communicates regularly with employees on matters concerning our objectives, progress and activities as well as health, safety and welfare policies.

Atrium remains committed to the principle of equal opportunity and to ensuring that no applicant for employment or employee receives less favourable treatment on the grounds of gender, race, age, colour, nationality, religion, HIV status, disability or sexuality.

Atrium is accredited by Investors in People (2006 and 2009), which reflects the positive employment conditions and approaches operated by the organisation.

FINANCIAL REVIEW

Financial results

The Company made a surplus for the year of £717,913 (2010 - surplus £234,778) and had net assets of £9,364,076 (2010 - £7,898,022).

The main source of income for the organisation continued to be rental income of £3.3 mill from its affordable lettings activities.

Balance Sheet

Atrium Homes' balance sheet as at 31 March 2011 is shown at page 12. The Balance Sheet reflects our decision to include our housing stock at valuation (rather than cost less depreciation) and that the valuation is on an "Existing Use Value for Social Housing" (EUV-SH) basis.

The valuation was carried out by Drivers Jonas Deloitte and reflects an increase in stock number through new build, previous investment in existing stock, and overall future investment needs and resulted in a valuation of £25.2 mill (£20.5mill in 2010).

Cash flow

Atrium Home's cash flows can be seen at Page 13. The main sources of cash inflows were rents and grant support, and over the course of the year there was a net increase in cash of £244,146.

Current Liquidity

At 31 March 2011, Atrium Homes had cash and short-term deposits of £2.29 mill.

Treasury Policy

As a debt-funded organisation Atrium's treasury policy is to maintain sufficient cash balances to meet operational needs without incurring unnecessary levels of borrowing.

Atrium Homes' loans increased to £18.2 mill as at 31 March 2011. Of this £13mill, is with the Dunfermline Building Society secured against our older stock, whilst the balance is with the Royal Bank of Scotland secured against our new build stock.

Following advice from an independent source Atrium has put in place an effective hedging strategy with 31% of the loans on variable rate and the remainder on fixed terms rates of varying lengths. The Board receives quarterly reports on the debt, cash and interest received and paid.

Reserves Policy

Atrium Homes' business plan allowed for losses in the early years of its existence to carry out planned maintenance work to improve the condition of its housing stock, the majority of which to date has been charged to revenue and not capitalised. As a result the level of revenue reserves is lower than that projected for the long term. The Board's policy in future is to improve the level of revenue reserves once the organisation is able to record consistent surpluses.

REPORT OF THE BOARD OF DIRECTORS (continued)
For the year ended 31 March 2011

INTERNAL FINANCIAL CONTROL

The Board exercises overall responsibility for Atrium's system of internal financial control and the Corporate Services Sub Committee, on behalf of the Board, is responsible for its effectiveness. This system, like any other, can only provide reasonable, but not absolute, assurance against material mis-statement or loss. Under the organisation's operational structure, the key elements relating to Atrium's system are listed below –

- The personal responsibility and accountability of the Board is recognised.
- Policies and procedures are in place, including the documentation of systems and rules relating to the delegation of authorities, which allow controls to be monitored and restrict the unauthorised use of the organisation's assets.

Internal Audit

As part of its overall monitoring processes, the Board of Atrium Homes has put in place internal audit processes. The function is outsourced to an independent body and filed work is undertaken by two auditors. The internal audit remit extends beyond direct financial activity, into operational activity.

Internal controls

Atrium Homes operates a range of internal controls which have been examined and approved by our internal auditors. Financial Regulations and Internal Financial Procedures operate in tandem to minimise the organisations exposure to fraud.

Quality and Integrity of Employees

High quality personnel are an essential part of the control environment and the conduct and ethical standards expected are an integral part of Atrium's aims and objectives. The integrity of Atrium's staff team is maintained through high recruitment standards, subsequent and training personal development processes and effective management.

CHARITABLE DONATIONS

During the year Atrium made charitable donations of £10,300 including £10,000 to Action for Children Scotland in support of its Youthbuild project operating in East Ayrshire. We continue to provide financial and practical support for various community development activities in our estates including local sponsorship.

RELATED PARTY TRANSACTIONS

One Board member who served during the year is also a tenant – Mr R McLachlan. His tenancy is on Atrium's normal tenancy terms and he cannot use his position to his advantage.

STATEMENT OF BOARD RESPONSIBILITIES

Company law requires the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the organisation and of the income and expenditure of Atrium for that period. In preparing those Financial Statements, the Board is required to:

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent and;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- (4) prepare Financial Statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in business

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2008. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board confirms that the Financial Statements comply with the above requirements.

REPORT OF THE THE BOARD OF DIRECTORS (continued)
For the year ended 31 March 2011

STATEMENT OF BOARD RESPONSIBILITIES (continued)

INTERNAL FINANCIAL CONTROL (continued)

In so far as the directors are aware:

- (1) there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
 - (2) the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.
- Atrium's performance is monitored by the Board on a regular basis. To achieve this, the Board receives budget forecasts, management accounts and treasury management reports. These reports include detailed analysis of significant variances against budget and the measures to be taken to address them. The organisation also has in place a framework of policies and procedures to ensure the effective management of its activities and the minimisation of risk.
 - External Auditors report on any weaknesses in internal financial control identified during the course of their audits. These reports, together with the replies from management and details of measures taken as a consequence, are reviewed by the Corporate Services Sub Committee and Board.
 - The Board has appointed Internal Auditors to undertake a rolling programme of internal audit work. The Internal Auditors report on any weaknesses within the system of internal controls to the Corporate Services Sub Committee and Board.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the organisation for the year ended 31 March 2011 and to the date of this report. 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. The implementation of a programme of internal audit has further strengthened and improved internal controls.

AUDITORS

A resolution to re-appoint Findlay and Company, Chartered Accountants, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



S Black
 Company Secretary
 28th June 2011

**REPORT BY THE AUDITORS TO THE BOARD OF ATRIUM HOMES
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 6 and 7 concerning the Organisation's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 1999/5 issued by the Auditing Practices Governing Body. The Bulletin does not require us to review the effectiveness of the Organisation'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.

Through enquiry of certain members of the Governing Body and Officers of the Organisation, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Organisation's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



**Alexander Squires CA (Senior Statutory Auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS**

28th June 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATRIUM HOMES

We have audited the financial statement of Atrium Homes Limited for the year ended 31st March 2011 which comprise Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been updated so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Governing Body Responsibilities set out on pages 6 and 7, the directors 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governing Body's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2011 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Schedule 7 to the Housing Association (Scotland) Act 2001 and the Registered Social Landlord Accounting Requirements (Scotland) Order 2007.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governing Body's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATRIUM HOMES (ctd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Alexander Squires CA (Senior Statutory Auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS

28th June 2011

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	2	3,659,697	3,777,873
Operating Costs	2	2,316,644	2,935,459
Operating Surplus/ (Deficit)		1,343,053	842,414
Gain on sale of Stock	22	20,291	14,863
Interest Receivable	7	14,225	10,464
Interest Payable	8	(659,656)	(632,963)
Surplus for the year		717,913	234,778

STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS

		2011 £	2010 £
Surplus/ (Deficit) for the year		717,913	234,778
Unrealised movement on revaluation of properties	16	748,141	1,370,029
Total recognised gains/(losses) for the year		1,466,054	1,604,807
Total gains and losses recognised since last annual report		1,466,054	1,604,807

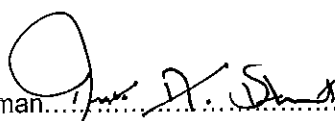
NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

		2011 £	2010 £
Surplus/ (Deficit) for the year		717,913	234,778
Historical cost increase in gain on sale of housing accommodation		25,007	33,180
Historical cost depreciation charge		(287,163)	(228,136)
Historical cost surplus/(deficit) for the year		455,757	39,822

BALANCE SHEET as at 31 March 2011

	Notes	£	2011 £	£	2010 £
TANGIBLE FIXED ASSETS					
Housing Properties at Valuation	11 a)		25,270,000		20,590,000
Housing Properties – cost less depreciation	11 a)	4,369,234		6,343,934	
Less: Social Housing Grant		(4,087,043)		(5,001,462)	
Other Grants		(70,584)		(49,148)	
			211,607		1,293,324
			<u>25,481,607</u>		<u>21,883,324</u>
Other Fixed Assets	11 b)		64,851		66,397
Investment in Subsidiary	12		100		100
			<u>25,546,558</u>		<u>21,949,821</u>
CURRENT ASSETS					
Debtors	13	1,706,764		403,964	
Cash at bank and in hand		2,289,864		2,045,448	
		<u>3,996,628</u>		<u>2,449,412</u>	
CREDITORS: Amounts falling due within one year	14	<u>(2,161,586)</u>		<u>(805,785)</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>1,835,042</u>		<u>1,643,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			27,381,600		23,593,448
CREDITORS: Amounts falling due after more than one year	15		<u>(18,017,524)</u>		<u>(15,695,426)</u>
NET ASSETS			<u>9,364,076</u>		<u>7,898,022</u>
CAPITAL AND RESERVES					
Designated Reserves	16		201,977		201,977
Revenue Reserve	16		482,185		(260,735)
Revaluation Reserve	16		8,679,914		7,956,780
			<u>9,364,076</u>		<u>7,898,022</u>

The financial statements on pages 7 to 26 were approved by the Board on 28th June 2011 and signed on its behalf by –

Chairman.....
K.A. Stewart

Director.....
W.M. Griffiths

Secretary.....
S. Black

CASHFLOW STATEMENT
for the year ended 31 March 2011

	Notes	2011	2010
		£	£
Net Cash Inflow from Operating Activities	17 a)	2,409,112	1,093,490
Returns on Investments and Servicing of Finance			
Interest Received		14,225	10,464
Interest Paid		(659,656)	(619,364)
Net Cash (Outflow) from Returns on Investments and Servicing of Income		(645,431)	(608,900)
Capital Expenditure			
Payments for the Purchase and Development of Property		(7,378,308)	(5,267,498)
Payments to acquire other Fixed Assets		(95,226)	(61,823)
Capital Grants Received		3,555,278	3,792,838
Sales of Housing Accommodation		63,816	75,820
Net Cash (Outflow) from Capital Expenditure		(3,854,440)	(1,460,663)
Net Cash Outflow) before the use of Liquid Resources and Financing		(2,090,759)	(976,073)
Financing			
Loan Advances Received		2,356,056	1,797,040
Loans Repaid		(20,881)	-
Increase in Cash	17 c)	244,416	820,967

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

1 PRINCIPAL ACCOUNTING POLICIES

The Financial Statements have been prepared on the historical cost basis in accordance with the requirements of the Statement of Recommended Practice: Accounting by Registered Social Landlords 2008 and applicable accounting standards, and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Consolidation Exemption

The directors have taken advantage of the exemption under Section 398 of the Companies Act 2006 of the necessity to prepare consolidated financial statements of the group

Housing Properties

The company obtains annual valuations on its properties on the Existing Use for Social Housing basis and state Housing Properties held for letting at this valuation. Consequently it is felt that a depreciation charge is neither required nor appropriate in accordance with Financial Reporting Standard no.15. The properties are subject to ongoing planned maintenance programme and there is unlikely to be economic obsolescence. No specific impairment reviews are carried out due to the regular inspection of properties throughout the year in addition to the annual valuation. Statement of Recommended Practice: Accounting by Registered Social Landlords 2008 states that the surplus on revaluation is to be the difference between the revalued amount and the previous carrying value net of grants.

Land and Properties under construction are stated at cost, which include capitalised attributable development administration costs in excess of allowances.

Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic lives of the assets at the following annual rates:

Office premises	14%
Furniture and Fittings	10% to 20%
Office Equipment	20% to 33.33%
Computer Equipment	20% to 50%

Investments

Fixed Asset Investments are held at cost less any permanent diminution in value.

Social Housing Grant and Other Grants

Grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Grants received in respect of capital expenditure are credited to the Balance Sheet in the same period as the expenditure to which it relates.

Cyclical and Major Repairs

The costs of cyclical and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred unless the item is deemed to be of a capital nature.

Designated Reserves

The organisation has designated part of its reserves to meet its long terms obligations. Transfers are at the discretion of the Board; currently the Board believes that building positive revenue reserves is a priority and any future transfers will be considered on an annual basis. Designated reserves for major repairs reflect Atrium'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 repair expenditure and the actual cost of repairs is charged to the Income and Expenditure account.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011**

1 PRINCIPAL ACCOUNTING POLICIES (continued)

Turnover

Turnover is wholly attributable to rents, grants and other income receivable relating to the operation of housing accommodation.

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. Gains or losses on sale are accounted for using the valuation of the properties in accordance with Financial Reporting Standard no.15.

Development Costs

In accordance with Statement of Recommended Practice: Accounting by Registered Social Landlords 2008, directly attributable costs incurred in the development of housing properties in excess of allowances received are capitalised and classified as housing property costs. Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Retirement Benefits

Atrium Homes participates in The Pensions Trust Defined Benefits Pension Scheme and retirement benefits to employees of the organisation are funded by the contributions from all participating employers and employees of the scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. Contributions to the scheme are charged to the Income and Expenditure account in the year in which they are due.

Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure account on a straight line basis over the lease term.

Social Housing Grant and Other Grants in Advance/ Arrears

Where property acquisitions and developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those acquisitions and developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet. A total of £4,484,642 (2010 - £4,681,273) was received and capitalised during the year.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates. A total of £213,217 (2010 - £154,997) was receivable in the year relating to New Supply Shared Equity property sales, medical adaptations and development allowances. Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Capital grants receivable are shown separately on the Balance Sheet in accordance with Statement of Recommended Practice: Accounting by Registered Social Landlords 2010. The Consultative Committee of Accountancy Bodies have received Counsel's opinion that paragraphs 17 & 26 of Schedule 4 to the Companies Act prohibits companies from adopting this treatment. However these paragraphs do not feature in the SORP or Accounting Order referred to above. As the accounts are prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Landlords 2008 and applicable accounting standards, and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, this represents a departure from the Companies Act and is therefore disclosed.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover £	2011 Operating Costs £	Operating Surplus/ (Deficit) £	2010 Operating Surplus/ (Deficit) £
Social Lettings	3,467,905	2,124,852	1,343,053	837,294
Other Activities	191,792	191,792	-	5,120
Total	3,659,697	2,316,644	1,343,053	842,414
<i>Total for previous year</i>	<i>3,777,873</i>	<i>2,935,459</i>	<i>842,414</i>	<i>1,152,300</i>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	General needs	Supported Housing Accomm.	Shared Ownership Housing	2011 Total	2010 Total
	£	£	£	£	£
Turnover					
Rents	3,357,980	76,404	-	3,434,384	3,169,235
Service charges	-	-	-	-	-
Gross income from rents and service charges	3,357,980	76,404	-	3,434,384	3,169,235
Less: Rent losses from voids	(50,337)	(67)	-	(50,404)	(56,379)
Net income from rents and service charges	3,307,643	76,337	-	3,383,980	3,112,856
Grants from Scottish Ministers	83,925	-	-	83,925	154,997
Other Revenue Grants	-	-	-	-	-
Total Turnover from Social Letting Activities	3,391,568	73,317	-	3,467,905	3,267,853
Operating Costs					
Management & Maintenance administration costs	430,692	13,963	-	444,655	443,701
Service costs	-	-	-	-	-
Planned and Cyclical Maintenance including major repairs costs	934,178	20,091	-	954,269	1,218,069
Reactive Maintenance costs	678,824	5,988	-	684,812	733,680
Bad Debts – rents and service charges	40,826	290	-	41,116	35,109
Depreciation of social housing	-	-	-	-	-
Impairment of social housing	-	-	-	-	-
Operating Costs for Social Letting Activities	2,084,520	40,332	-	2,124,852	2,430,559
Operating Surplus / (Deficit) for Social Lettings	1,307,048	36,005	-	1,343,053	837,294
<i>Operating Surplus / (Deficit) for Social Lettings previous year</i>	<i>788,289</i>	<i>49,005</i>	<i>-</i>	<i>837,294</i>	<i>1,135,293</i>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

4	PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM OTHER ACTIVITIES	Grants from Scottish Ministers £	Supporting People Income £	Other Income £	Total Turnover £	Operating costs – bad debts £	Other Operating costs £	2011	2010
								Operating surplus/ (deficit) £	Operating surplus/ (deficit) £
	Sales of New Supply Shared Equity properties	-	-	-	-	-	-	-	-
	Wider role	-	-	-	-	-	-	-	-
	Support activities	-	-	-	-	-	-	-	-
	Development initiatives	137,799	-	-	137,799	-	137,799	-	-
	Other agency/ management services	-	-	53,993	53,993	-	53,993	-	5,120
	Total from other activities	137,799	-	53,993	191,792	-	191,792	-	5,120
	Total from other activities for the previous year	106,170	-	403,850	510,020	-	504,900	-	17,007

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

5 OFFICERS' EMOLUMENTS

In accordance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2008, details of officers' total emoluments that exceed £60,000 (excluding pension contributions) require disclosure.

One officer received emoluments (excluding pension contributions) greater than £60,000.

	2011	2010
	£	£
a) Emoluments payable to Chief Executive (excluding pension contributions)	<u>63,180</u>	<u>61,702</u>
Pension contributions made on behalf of the Chief Executive	<u>9,711</u>	<u>9,483</u>

6 EMPLOYEE INFORMATION

	2011	2010
	Number	Number
The average monthly number of full-time employees during the year was	20	20
Staff costs were:-	£	£
Salaries	625,351	629,101
Social security costs	50,438	50,071
Pension costs	86,324	83,158
	<u>762,113</u>	<u>762,330</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

7 INTEREST RECEIVABLE

	2011	2010
	£	£
Bank interest	11,756	7,285
Atrium Initiatives	2,469	3,179
	<u>14,225</u>	<u>10,464</u>

8 INTEREST PAYABLE

Interest Payable on Bank loans	659,656	632,963
Less interest capitalised (note 11a)	-	-
	<u>659,656</u>	<u>632,963</u>

9 TAXATION

Atrium Homes has been recognised by the Inland Revenue as a charity for taxation purposes. Provided its income is derived from and applied to charitable purposes, no taxation liability arises.

10 SURPLUS ON ORDINARY ACTIVITIES

	2011	2010
	£	£
Surplus on Ordinary Activities is stated after charging:		
Auditors Remuneration - External Audit Services (excl. VAT)	6,600	6,225
Operating Lease Rentals - Land and building	31,725	31,725
- Other assets	-	-
Depreciation	<u>26,072</u>	<u>27,970</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

11 a) TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Housing Properties held for letting	Housing Properties under construction	Total
Cost or Valuation	£	£	£
At 1 April 2010	30,861,565	6,343,934	37,205,499
Additions	1,213,546	6,164,762	7,378,308
Disposals	(43,525)	-	(43,525)
Revaluation	748,141	-	748,141
Transfer	8,139,462	(8,139,462)	-
At 31 March 2011	40,919,189	4,369,234	45,288,423
Social Housing Grants			
At 1 April 2010	9,342,312	5,001,462	14,343,774
Additions	-	4,357,001	4,357,001
Disposals	-	-	-
Transfer	5,271,420	(5,271,420)	-
At 31 March 2011	14,613,732	4,087,043	18,700,775
Other Grants			
At 1 April 2010	929,253	49,148	978,401
Additions	106,204	21,436	127,640
Disposals	-	-	-
Transfer	-	-	-
At 31 March 2011	1,035,457	70,584	1,106,041
Depreciation			
At 1 April 2010	-	-	-
Charge for year	-	-	-
Revaluation	-	-	-
At 31 March 2011	-	-	-
Net book values			
As at 31 March 2011	25,270,000	211,607	25,481,607
As at 31 March 2010	20,590,000	1,293,324	21,883,324

Housing Properties held for letting were valued independently by Drivers Jonas in March 2011. The valuation was prepared on the "Existing Use Value for Social Housing" (EUV-SH) basis and amounted to £25.27m on 985 units (2010 - £20.59m on 918 units) Properties under construction include £180,004 (2010 - £205,038) of capitalised attributable development administration costs in excess of allowances received. No loan interest has been capitalised in 2011 or 2010.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

11 a) TANGIBLE FIXED ASSETS – HOUSING PROPERTIES (ctd.)

The valuation was undertaken in accordance with the Appraisal & Valuation Standards published by the Royal Institution of Chartered Surveyors using a discounted cash flow method. The key assumptions made were as follows:

- Rental Growth – RPI + 1% for all properties except improved BISF properties (RPI + 8% for 2 years, RPI + 1% thereafter), and unimproved BISF properties (RPI + 4.5% for 2 years, RPI + 8% for 1 year and RPI + 1% thereafter)
- Discount Rate – 6.25% for original properties, 6% for new-builds
- Expenditure – in accordance with Atrium Homes' long term financial projections.

On the historical cost basis the cost of properties held for letting at 31st March 2011 was £16,549,443 (2010 - £12,623,961).

11 b) TANGIBLE FIXED ASSETS – OTHER

	Office Premises £	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Total £
Cost or Valuation					
At 1 April 2010	69,601	28,595	24,487	199,244	321,927
Additions	78,906	5,501	2,368	8,451	95,226
Disposals	-	-	-	-	-
At 31 March 2011	148,507	34,096	26,855	207,695	417,153
Grants					
As at 1 April 2010	26,419	-	-	-	26,419
Additions	70,701	-	-	-	70,701
Disposals	-	-	-	-	-
At 31 March 2011	97,120	-	-	-	97,120
Depreciation					
At 1 April 2010	40,117	18,216	14,236	156,541	229,110
Charge for the year	1,683	2,549	4,888	16,952	26,072
Disposals	-	-	-	-	-
At 31 March 2011	41,800	20,765	19,124	173,493	255,182
Net Book Values					
As at 31 March 2011	9,587	13,331	7,731	34,202	64,851
As at 31 March 2010	3,066	10,379	10,251	42,701	66,397

The treatment of the grants above is inconsistent with the requirements of the Companies Act 2006. The Directors have considered the principles of the Statement of Recommended Practice: Accounting by Registered Social Landlords 2008 and believe the substance of the grant is best reflected by the above treatment and believe the impact on the Income and Expenditure Account is immaterial.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

12 FIXED ASSETS INVESTMENT

	2011	2010
	£	£
Investment in Subsidiary (see note 28)		
At 31 st March 2011 and 31 st March 2010	<u>100</u>	<u>100</u>

13 DEBTORS: Amounts receivable within one year:-

	2011	2010
	£	£
Arrears of rent	116,168	92,131
Less: Provision for doubtful debts	(56,213)	(45,249)
	<hr/>	<hr/>
	59,955	46,882
Social Housing Grant Receivable	1,003,371	-
Due from group undertakings	38,529	51,607
Other debtors and prepayments	604,909	305,475
	<hr/>	<hr/>
	1,706,764	403,964
	<hr/>	<hr/>

The amount due from Group Undertakings includes £24,726 due after more than one year (2010 - £38,529).

14 CREDITORS: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,752,670	356,290
Other Taxation and Social Security	1,718	16,018
Accruals and deferred income	108,460	336,690
Rent in advance	96,094	96,787
Housing Loans	202,644	-
	<hr/>	<hr/>
	2,161,586	805,785
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

15 CREDITORS: amounts falling due after more than one year

	2011	2010
	£	£
Housing Loans		
Due 1 - 2 years	312,683	202,644
Due 2 – 5 years	1,173,964	1,173,964
Due over 5 years	16,530,877	14,318,818
	<u>18,017,524</u>	<u>15,695,426</u>

Housing loans are secured by specific charges on the organisation's housing properties and are repayable at varying rates of interest and in instalments due after four years.

16 RESERVES

	Total
	£
Designated Reserve – Major Repairs	
At 1 April 2010	201,977
Transfer from Income and Expenditure account	-
	<u>201,977</u>
At 31 March 2011	<u>201,977</u>
Revenue Reserves	
At 1 April 2010	(260,735)
Surplus for year	717,913
Transfer from Revaluation Reserve – properties sold	25,007
Transfer to Designated Reserves	-
	<u>482,185</u>
At 31 March 2011	<u>482,185</u>
Revaluation Reserve	
At 1 April 2010	7,956,780
Revaluation in year	748,141
Transfer to Revenue Reserves – properties sold	(25,007)
	<u>8,679,914</u>
At 31 March 2011	<u>8,679,914</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

17 CASHFLOW STATEMENT

a) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities	2011	2010	
	£	£	
Operating Surplus	1,343,053	842,414	
Depreciation	26,072	27,972	
Decrease in WIP	-	660,100	
(Increase) in Debtors	(315,813)	(103,562)	
Increase/ (Decrease) in Creditors	1,355,800	(333,434)	
	2,409,112	1,093,490	
b) Reconciliation of Net Cash Flow to Movement in Net Debt	2011	2010	
	£	£	
Increase in Cash in the Period	244,416	820,967	
Cash Inflow from Debt Finance	(2,524,742)	(1,369,547)	
	(2,280,326)	(548,580)	
Change in Net Debt	(2,280,326)	(548,580)	
Net Debt at 1 April 2010	(13,649,978)	(13,101,398)	
	(15,930,304)	(13,649,978)	
c) Analysis of Changes in Net Debt	At 1 April 2010	Cash Flows	At 31 March 2011
	£	£	£
Cash at Bank and in Hand	2,045,448	244,416	2,289,864
Debt due within 1 year	-	(202,644)	(202,644)
Debt due after 1 year	(15,695,426)	(2,322,098)	(18,017,524)
	(13,649,978)	(2,280,326)	(15,930,304)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

18 HOUSING STOCK

The number of units of general needs accommodation in management was:

Units in management at start of year	918
Units sold under Right to Buy	(2)
Units acquired in year	2
Units constructed in year	67
	985
Units in management at the year end	985

19 COMMITMENTS UNDER OPERATING LEASES

	2011	2010
	£	£
At the year end, the annual commitments under operating leases were as follows:		
Land and buildings:		
Expiring in 4 – 5 years	32,400	-
Expiring in over 5 years	-	31,725
Other:		
Expiring within 1 year	73	-
Expiring in 1 – 2 years	1,134	-
Expiring in 4 - 5 years	1,191	-

20 RETIREMENT BENEFIT OBLIGATIONS

General

Atrium Homes 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

20 RETIREMENT BENEFIT OBLIGATIONS (continued)

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

Employer Debt Regulations

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.

Atrium Homes has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Atrium Homes was £1,619,707.

At this point in time the Trustee does not intend to wind up the SFHA Scheme, nor does Atrium Homes intend to either close the scheme to new entrants or withdraw from the scheme, so no provision for any of these events is made in the accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

21 SCOTTISH SECURE TENANCY RENTS

	2011 £	2010 £
Average tenancy rent for housing accommodation	<u>3,517</u>	<u>3,430</u>
Percentage increase from previous year	<u>2.5%</u>	<u>2.2%</u>
These figures take into account changes in the composition of stock from acquisition and sales.		
Rent increase applied	<u>2.9%</u>	<u>2.9%</u>

22 GAIN ON SALE OF HOUSING ACCOMMODATION

	2011 £	2010 £
Net proceeds from the disposal of housing accommodation	63,816	75,820
Book value of housing accommodation sold	<u>43,525</u>	<u>60,957</u>
Gain on sale of housing accommodation	<u>20,291</u>	<u>14,863</u>

23 CAPITAL COMMITMENTS

	2011 £	2010 £
Capital expenditure contracted but not provided for	<u>7,493,065</u>	<u>3,369,625</u>
Capital expenditure authorised but not yet contracted	<u>1,742,000</u>	<u>1,990,000</u>

This commitment is being financed by agreed grant and loan facilities still to be drawn down.

27 CONTINGENT LIABILITIES

Grants may become repayable in certain circumstances, such as disposal of certain assets or failure to comply with grant conditions. The Board is not aware of any circumstances at the Balance Sheet date which would necessitate provision in the financial statements for any grant to be repaid.

As disclosed in note 20 the company participates in a multi employer pension scheme. Should the company leave the scheme, the amount of employer debt was estimated at £1,619,707 as at 30th September 2010. The company has no intentions of withdrawing from the scheme and consequently no provision has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

28 RELATED PARTY TRANSACTIONS

a) One Board member who served during the year is also a tenant – Mr R McLachlan. His tenancy is on Atrium's normal tenancy terms and he cannot use his position to his advantage.

b) The company also had transactions with Atrium Initiatives Ltd, a wholly owned subsidiary of Atrium Homes. Atrium Homes charged Atrium Initiatives £45,681 in respect of office rent and management fees (2010 - £27,880), and £2,469 loan interest (2010 - £3,179). Atrium Home also paid certain suppliers on behalf of Atrium Initiatives before being reimbursed. Included in Other Debtors is a sum of £458,043 paid by Atrium Homes to a supplier in March 2011. This was repaid to Atrium Homes in April 2011.

At the Balance Sheet date Atrium Initiatives owed Atrium Homes £38,529 (2010 - £51,607) in respect of a loan repayable in 60 monthly instalments which commenced in December 2008 at a fixed rate of interest of 5.4%. The loan is secured over two properties.