



CASTLE ROCK EDINVAR
HOUSING ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

Scottish Charity number SC006035

Industrial Provident Society number 1767R(S)

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Board of Management

David Fraser	Chair
Lindsey Robertson	Depute Chair
Anthony Andrew	
Catherine Davies	
Brian Elliott	
Martin Gill	
Munwar Hussain	Resigned 27 th April 2010
John Lawrie	Resigned 29 th September 2009
Neil Miller	
Dermott Quinn	
Simon Shearer	
William Wood	Appointed 27 th April 2010

The Board of Management has responsibility for recruiting new Board members subject to approval by the Places for People Group Board. The Places for People Board have ultimate control over the Castle Rock Edinvar Housing Association Board. An Independence and Responsibilities Agreement sets out the governance arrangements.

Executive Officers

Managing Director	Alister Steele
Deputy Managing Director	Sandy Welsh
Head of Property Services	Chris Thomson
Head of Housing Services	Sandy Welsh
Head of Resources	Donald McAndie
Head of Neighbourhood Regeneration	Heather Macnaughton

Secretary Chris Martin

Registered Office	1 Hay Avenue Craigmillar Edinburgh EH16 4RW	Bankers	Co-operative Bank 147 Church Street Preston PR1 3UD
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<u>Advisors</u> Solicitors	T C Young Melrose House 69a George Street Edinburgh EH2 2JG	Registered Auditors	KPMG LLP St James Square Manchester M2 6DS
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Registration of the Association

Castle Rock Edinvar Housing Association is incorporated under the Industrial and Provident Societies Act 1965 (Registered Number 1767R(S)). It also has charitable status (Scottish Charity No. SC006035).

Castle Rock Edinvar Housing Association Limited is governed by its Rules which were amended in 2001 when it joined the Places for People Group. The Rules were amended again in 2005 to change the Associations name and acquire the assets and liabilities of Castle Rock Housing Association. The Places for People Group is a registered social landlord registered with the Housing Corporation in England.

OPERATING REVIEW

Castle Rock Edinvar is a member of the Places for People Group. The Board of Management of Castle Rock Edinvar is pleased to present its report and audited accounts for the year ended 31 March 2010.

Principal Activities of the Places for People's Group

Places for People Group ("the Group") is a property development and management group with a social purpose to provide quality housing within neighbourhoods in which people choose to live. We have specialist companies that provide housing for affordable rent, market rent and sale, commercial property, financial services, care and support services, regeneration products and childcare. Each of these activities can be delivered independently where required. What distinguishes us from our competitors is our ability to both develop and manage our neighbourhoods on a long term sustainable basis. We believe that putting new or redeveloped housing and support infrastructure in place is only the beginning. By combining the services provided by the Group with the skills of its staff and its financial strength, the Group is able to produce solutions which in other settings would require a whole range of private/public partnerships and different funding arrangements.

Places for People's Vision Statement is: "to create neighbourhoods of choice"

To realise the vision of creating and managing places where people can live, work, prosper while protecting and enhancing the natural environment, the business strategy has been to build up a land bank so that Places for People has control of large scale, mixed use developments. We will also make a long term commitment to the management of these new places, delivering excellent services to people who live in them and new ways of renting or buying a home. Castle Rock Edinvar and our subsidiary organisations play a key role in delivering the Group's Scottish Strategy.

Principal Activities of Castle Rock Edinvar

The relationship between Places for People and Castle Rock Edinvar and our subsidiaries are governed by Independence and Responsibility Agreements. Services provided between Group companies are set out in appropriate Service Level Agreements.

Castle Rock Edinvar is an amalgamation of three organisations, Edinvar Housing Association, Castle Rock Housing Association and Capital City Homes.

- Castle Rock was formed in 1968
- Edinvar was formed in 1973
- Capital City Homes was formed as a subsidiary of Places for People in 2001.

Edinvar joined the Places for People Group as a subsidiary in 2001. Castle Rock transferred engagement to Edinvar on 1st August 2005 and the name of Edinvar was changed to Castle Rock Edinvar.

Capital City Homes transferred engagements to Castle Rock Edinvar on 1st July 2007.

Subsidiary Organisations

Castle Rock Edinvar operates with two subsidiary organisations, Lothian Homes Limited and Places for People Scotland Care & Support Limited.

Lothian Homes is a company limited by shares (278428) and was established to provide a range of services and products which Castle Rock Edinvar could not undertake as a Scottish Charity. Lothian Home's activities include shared equity, market rent and mid market housing, economic development activities and services to owner occupiers.

Places for People Scotland Care & Support is a company limited by guarantee (120135) and a Scottish Charity (SC014023). Places for People Scotland Care & Support provides person centred care services to individuals with a range of needs.

Scottish Housing Regulator Inspection

Castle Rock Edinvar was inspected by the Scottish Housing Regulator in 2009 and in July 2009 we were awarded a B grade overall, which represents a good performance. Overall the assessment was that:

'Castle Rock Edinvar has many strengths and some weaknesses. The Association delivers accessible and generally good quality services and has a well-developed approach to gathering customer feedback and using this to improve services. It has a good awareness of where it needs to improve and was very responsive to our feedback during the inspection. It has an excellent approach to asset management and builds high quality new houses. It aims to continue to improve the efficiency of its business, including achieving projected savings'.

Strategic Objectives

Castle Rock Edinvar's strategic objectives are:

Customers. To have customer focussed services which meet customer aspirations and deliver excellent performance.

Growth. To focus our growth and expansion of our customer base in our core area of Edinburgh and the Lothians and to consider opportunities in other key locations in central Scotland which clearly add value to our business.

Efficiency. To be an organisation which is efficiently managed and works towards continually improving financial sustainability.

Marketing and Influencing. To position Castle Rock Edinvar as a leading Scottish RSL and to develop the Castle Rock Edinvar brand as a member of Places for People.

People. To be an employer of choice and to have a strong Board of Management which engages with and influences Places for People.

Business Plan Strategic Priorities

We aim to continue to develop and grow Places for People's business in Scotland as a leader in place making and management and to ensure that we make a positive difference to people's lives and life choices. The key strategic priorities for the next three year business plan are to work with all our subsidiaries and other Places for People companies to:

- become outstanding in the provision of customer focussed housing and property management services.
- develop a broader socio-economic customer base by broadening the tenure mix in our housing products with a specific focus on the emerging intermediate rented market.
- develop our approach to the provision of person centred services, which add value to and complement our core services, with a specific focus on developing older person services.
- ensure our existing neighbourhoods are 'neighbourhoods of choice' through developing our approach to place investment.
- bring forward proposals for a large scale development in Edinburgh which demonstrates Places for People's place making approach.

Principal Markets and Associated Risks

The principal market that Castle Rock Edinvar participates in is the social rented housing sector which accounts for most of the total turnover. Complementary activities include neighbourhood regeneration and lettings of shops and offices.

Castle Rock Edinvar manages over 5686 tenancies in social rented homes and shared ownership properties in eight local authorities in Scotland. Stock includes rented housing and apartments for families, couples and single people through a mixture of tenures.

Castle Rock Edinvar's Business Plan is designed to ensure that its strategy, products and services are delivered in accordance with its overall purpose and vision.

The scale and nature of the social housing renting, combined with our objective to continue to grow the stock we own and manage gives rise to a number of risks. These are:

- Development risks;
- Funding and interest rate risks;
- Market, product and demographic risks;
- Reputational risks;
- Environmental risks.

The Environment and Corporate Social Responsibility (CSR)

The Board recognises the need to develop its business in a sustainable manner; i.e. the business is developed to meet the needs of the present without compromising the ability of future generations to meet their own needs. We recognise that there are physical limits to the resources of the Earth (both in terms of generating materials and absorbing waste), and that any business activity that exceeds these limits is, by definition, unsustainable in the long term. In addition to making effective use of natural resources and enhancing the environment, we also believe that to achieve short and long term sustainability we need to promote social cohesion and inclusion and strengthen economic prosperity in the communities in which we work.

Income and Expenditure for the year

Castle Rock Edinvar conducted an efficiency review of costs and staff structures in 2008 to align departments and activities to those adopted in the Places for People Group. The efficiency review resulted in a reduction in staff and total management costs. The average management and maintenance overhead per unit fell from £740 per unit in the year to 31 March 2009 to £719 in the year to 31 March 2010.

Fixed assets other than freehold land are depreciated in accordance with FRS15. During the previous year the estimated useful lives of components such as kitchens, bathrooms and boilers were reassessed. The major repairs capitalised increased from £1,850,000 in the year to 31 March 2009 to £1,887,000 in the year to 31 March 2010.

As a result of the reduction in interest rates since October 2008 the interest payable for the year ended 31 March 2010 decreased to £1,187,000 (2009: £3,461,000).

As a result of the reduction in interest payable and the increase in major repairs capitalised, the surplus for the year was £7,309,000 (2009: £3,313,000). The reserves carried forward at 31 March 2010 were £25,830,000 (2009 £18,521,000). More details of other income and expenditure are included in note 2 to 4 to these accounts. Operational performance is monitored through a number of key performance indicators (KPI's) covering customers, efficiency and our organisation.

These include rent collected as a percentage of rent due, current tenant arrears as a percentage of rent, average re-let time, void losses as a percentage of rent due and the performance of the repairs service.

The cost of the Castle Rock Edinvar's fixed assets is £327 million (2009: £312 million). These have been funded from Housing Association Grant (HAG) and other capital grants of £218 million (66.6%), loans of £64 million (19.6%) and the Association's own resources of £45 million (13.8%).

Operational Performance Indicators

The table below charts the progress of the Association's key performance indicators over the last two financial years. Unless specified, the performance indicators show the position as at the 31 March 2010.

Performance Indicators	2009/10	2008/09
Repairs & Gas Servicing		
Emergency repairs (of all emergency repairs notified in the year, the number completed within 24 hours as a % of all emergency repairs completed in the period)	95.51%	96.9%
Urgent repairs (of all urgent repairs notified in the year, the number completed within 7 days as a % of all urgent repairs completed in the period)	95.53%	94.9%
Routine repairs (of all routine repair notified in the year, the number completed within 28 days as a % of all routine repairs completed in the period)	98.31%	98%
Customer's satisfaction rating with repairs	81%	86%
Gas Servicing (% of properties with a current CP12)	98.11%	98.29%
Arrears		
Current Tenant Arrears	4.10%	4.25%
Total Arrears	4.55%	4.69%
Voids		
Operational Void Loss	0.71%	0.77%
Total Voids	0.96%	1.21%
Rents		
Rent Collected (rent received as a % of rent charged to date).	106.88%	94.72%
Completions		
Affordable Rent	107 units	123units
Shared ownership	0 units	21units
Diversity		
Lettings (bme lettings as a % of the total annual lettings)	3.06%	4.37%
Staff (bme staff as a % of total staff)	1.33%	0.6%
Staff		
Absence (% of absenteeism)	3.27%	2.68%

Future Developments and Initiatives

Castle Rock Edinvar completed 107 affordable rented properties developed during the year to 31 March 2010 (year to March 2009 – 123 affordable rented and 21 shared ownership properties).

Castle Rock Edinvar had 79 rented and 29 shared ownership properties in development at the end of March 2010 and capital expenditure contracted but not provided in the accounts amounted to £15,887,000 (2009: £12,374,000).

Development performance is monitored using a number of indicators covering profitability of schemes, cost control, development pipeline and the management of working capital.

Castle Rock Edinvar has ownership of and is in control of land to ensure continued growth through the development of new stock subject to the availability of grant funding and new borrowings which will form part of Places for People Groups overall capital investment strategy. Future development will be focussed on large scale mixed tenure developments owned by Places for People.

Donations

Castle Rock Edinvar is a charitable RSL and during the year the Association received gift aid of £nil (2009: received £250,000 from Lothian Homes Limited). During the year Castle Rock Edinvar made donations totalling £10,816 to community groups within the communities the association operates in (2009: £7,037).

Employment and Equality and Diversity

During the year ended 31 March 2010 the average number of people, expressed as full time equivalents, was 130 (2009 : 135); At 31 March 2010 the actual number of people employed was 150 (2009 :161). Employee information is stated in note 6 to these accounts.

Staff turnover for the year to 31 March 2010 decreased to 9.81% (2009: 12.18%).

The staff profile at the year end showed 1.33% (2009: 0.6%) were from a BME background. 62% (2008: 66%) of the workforce were female and disabled staff represented 2% (2009: 1.27%) of employees.

The Board considers that employee involvement is essential to its continuing success and uses a variety of methods to inform, consult and involve its employees. In addition, the Group has a comprehensive learning and development policy and holds the Investors in People award.

The Board is committed to achieving equality through diversity and its policies and strategies recognise that all people have the right to their own distinctive and diverse identity. The Board recognises that it has the power to reduce the disadvantages that people experience by making services more responsive to all communities and individual needs. The Board also recognises its responsibility to meet these diverse needs by having a diverse workforce, which generally reflects local populations and has the skills and understanding to achieve the service objectives. The Board has taken positive steps to adopt good policy and practice in employing people with disabilities. The Places for People Group holds the Diversity Award Gold Standard.

Pension Funds

The Board has reviewed its obligations arising from employee pension funds and is satisfied that its liabilities are properly identified, planned and accounted for. The Scottish Federation of Housing Association's (SFHA) final salary Scheme was closed on 1 August 2005 to new employees. All new employees joining Castle Rock Edinvar now have the option of joining a Stakeholder scheme to which the Association contributes.

The Board is aware of the liability to pay a contribution to the SFHA pension scheme if it was to withdraw completely from the scheme. The estimated liability of each employer's potential debt on withdrawal from the SFHA Pension Scheme has been calculated at 30 September 2009. The amount of employer debt on withdrawal for Castle Rock Edinvar has been calculated as £17,080,957. The Board is also aware that Castle Rock Edinvar would cease to be a member of the Pension scheme if there were no active staff members. More details of the scheme are included in note 7.

Health and Safety

The Board takes very seriously its responsibilities on all matters relating to health and safety. There is a standing working group that meets to ensure all aspects of Health and Safety are covered. The working group is supported and advised by the Group Health and Safety staff. During the year the Group has continued to update its health and safety policies and provide staff training and education on health and safety matters and was awarded the Royal Society for the Prevention of Accidents Gold Award.

Treasury Management

Castle Rock Edinvar's borrowings reduced by £3,312,000 during the year (2009 – increased by £6,925,000). The ratio of net loans to total tangible assets at cost, after adjusting for the direct costs of fund raising, was 20.1% (2009: 20.1%) which is within the strategy target maximum of 50%.

The Board reviewed updates from the Group policy with regard to treasury management. The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum of 1 year's cash flow including a contingency for a maximum of 3 months sales slippage and a £30 million buffer to resource opportunistic investment. Cash projections cover a 3 year period to continuously monitor future borrowing requirements. The borrowing strategy aims over time to contain interest rate risk to within a range of 20% to 30% of the loan book, with the Board exercising strict control over derivative transactions.

The effect of a 1% increase in interest rates would cost Castle Rock Edinvar an additional £640,000 per annum in interest charges.

The Board of Management

Details of the Board members can be found listed on page 2 of these accounts. The Board has a range of skills and experience which meet the requirements listed in the Scottish Federation of Housing Association's code of governance for housing associations. In addition all directors have access to the Company Secretary for advice.

The Board has adopted guidelines for the appointment of directors which have been in place and which have been observed throughout the year. The letters of appointment of all directors are available for inspection at the Association's registered office during normal business hours. Board members are non remunerated and the normal term of office is six years.

Directors

The directors are well equipped to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct that are vital to the success of the Association. Training is provided to ensure that Board members have a duty to exercise reasonable care, skill and diligence; a duty to promote the success of the Association; a duty to act within their powers; a duty to exercise independent judgment; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Ultimate authority for all aspects of the Castle Rock Edinvar's activities rests with the Board. The Board is responsible for setting strategies and policies for the Association and co-ordinating the Association's activities under an Independence and Responsibility Agreement with the Group. These agreements enable the Board to control the Association and are the basis of the legal structure.

Board membership and attendance at Board and Committee meetings

At 31 March 2010 there were no tenant members on the Board. The Board Member's attendance at Board and Committee meetings, in relation to the number of meetings held, during the year ended 31 March 2010 is set out below.

Board Members		Board Meetings	Audit Committee
Simon Shearer		6/8	5/5
David Fraser	Chair	8/8	5/5
Anthony Andrew		5/8	
Dermot Quinn		6/8	
John Lawrie	Resigned on 29 September 2009	2/4	1/2
Lindsey Robertson	Depute Chair	5/8	
Martin Gill		6/8	5/5
Neil Miller		6/8	3/5
Catherine Davis		3/8	
Munwar Hussain	Resigned on 27 April 2010	Leave of absence approved 23 February 2010	
Brian Elliot		7/8	2/3

Internal Control and Risk Management

The Places for People Group Board of Directors is responsible for maintaining and reviewing the Group's system of internal control. The Group Audit and Risk Committee is responsible to the Group Board for monitoring this system and reporting on its effectiveness. Any such system can provide reasonable but not absolute assurance against material misstatement or loss, and the development of the system is a continuing process.

The Strategic Risk Management Group monitors and steers the development and implementation of enhancements to risk management processes and reports to the Audit and Risk Committee and Group Board as appropriate. Key tasks for this Group are to oversee the continuing refinement of risk policy, the Risk Management Framework and associated risk maps. The Group also scenario tests key risks and monitors adherence to the risk management processes. The Group comprises the Group Executive and a number of senior managers.

In July 2007 the Housing Corporation issued circular 07/07 on internal controls assurance which codified the applicability to Registered Social Landlords of the provisions of the Combined Code on Corporate Governance. The Circular remained in force until 1 April 2010 as part of the regulatory framework of the Tenant Services Authority which succeeded the Housing Corporation as Regulator from 1 December 2008. On 1 April 2010, the circular was withdrawn following the introduction on that date of the Tenant Services Authority's new regulatory framework. The Board believes that, for the year ended 31 March 2010, the Places for People Group Limited had in place the frameworks required to comply with the requirements of the circular 07/07. The Group Board is of the view that the Group complies with the Combined code of Corporate Governance and with the Tenant Service Authority's new regulatory framework.

In relation to Castle Rock Edinvar, the Scottish Federation of Housing Associations Raising Standards chapter sets out specific requirements in relation to how boards should assess and report on internal control assurance. In addition the activities of Castle Rock Edinvar comply fully with The Housing Scotland Act 2001.

The overall internal control framework comprises:

- Frameworks and structures to ensure that the business remains viable and is managed effectively.
- The identification of appropriate assurance mechanisms which can be used to ensure that the internal control framework is operating effectively.

A key element of the process is the submission of a report from the Group Chief Executive to the Group Board in relation to the effectiveness of on internal control. A specific requirement is that:-

"to help the board review the effectiveness of the Group's system of internal control, its chief executive or executive team should present it with an annual report on the effectiveness of the system. This should refer to the forms of assurance that the board considers appropriate to obtaining overall assurance on the system. Where there is an Audit Committee in place, the chief executive or executive team may present their report to it."

Internal Control – Assurance

Assurance has been drawn from five main sources. Some sources operate continuously over the year whilst others are year-end confirmation and certification processes.

The following deals with each major source of assurance. The Board, in forming a view, looks at the aggregate level of assurance derived from these sources, each having a differing degree of objectivity.

- **The year end completion of the Risk Assurance Process and subsequent confirmation of controls by Assurance and Regulation and Subsidiary boards.**

Assurance and Regulation and Subsidiary Risk Management frameworks are signed off annually by the relevant Director. Each framework is then presented to the relevant board for approval and a statement covering the level of internal control is signed by each Chair.

- **Submission of Letters of Representation from Directors and Senior Management.**

The Directors and Senior Management confirm that all necessary information has been made available to the auditors as part of the annual audit.

- **The operation of and output from Group Business Assurance Services.**

The planning and delivery of the Business Assurance Service has been reported comprehensively to the Audit Committee over the year. A business with the size and complexity of the Places for People Group will inevitably experience some internal control issues. These are identified and addressed by management, particularly as the approach is complemented by the Risk Management Cycle.

- **The view of the External Auditor, KPMG LLP**

This position in relation to controls which are within the scope of the auditor's terms of engagement is confirmed at the conclusion of each audit. Any issues arising from interim audit work are also reported to the Audit and Risk Management Committee.

- **The Tenant Services Authority Regulatory Code Self - Assessment Report**

The Tenant Services Authority (TSA) prepares a Regulatory Judgement every year where it sets out its overall assessment of Places for People's compliance with the regulatory framework for registered social landlords (RSLs). The Regulatory Judgement sets out the TSA's view on: Financial Viability, Governance and Management.

The overall judgements issued by the TSA in the current Regulatory Judgement for Places for People are as follows:

- **Financial Viability** - The Group meets the expectations set out in the Regulatory Code in terms of financial viability;
- **Governance** - The Governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation;
- **Management** - The Group generally meets the standard expected given the context in which it works and the available resources.

In addition, substantial work has been undertaken to ensure that the Audit & Risk Committee's structure and activities comply with the recommendations of the Smith Report, now incorporated within the revised Combined Code.

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2010, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

- **The local Audit Committee**

The local Audit Committee is responsible to the Castle Rock Edinvar Board. This Committee oversees reviews and monitors the Association's application of the Group's system of internal control as well as the Castle Rock Edinvar's subsidiaries.

The Group Board of Directors has reviewed the effectiveness of the system of internal control for the year ended 31 March 2010, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Statement of Disclosure to the Auditors

At the time of approval of this report:

a) so far as the Directors are aware, there is no relevant audit information of which the Group's Auditor is unaware, and

b) the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Responsibilities of the Board of Management

The Board of Management are responsible for preparing the Board of Management's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board of Management to prepare financial statements for each financial year. Under those regulations the Board of Management have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that year.

In preparing these financial statements, the Board of Management are required to:

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

The Board of Management are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Industrial & Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

By order of the Board



Chris Martin
Company Secretary

29 June 2010

Report of the independent auditors to the members of Castle Rock Edinvar Housing Association Limited

We have audited the financial statements of Castle Rock Edinvar Housing Association Limited for the year ended 31 March 2010 which comprise the Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with Schedule 7 paragraphs 13 and 14 to the Housing (Scotland) Act 2001 and 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 Board and auditors

The responsibility of the association's Board for the preparation of the Board's report, and the preparation of financial statements in accordance with applicable United Kingdom law and UK accounting standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Board's Responsibilities on page 12.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

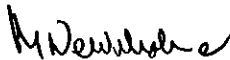
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Report of the independent auditors to the members of Castle Rock Edinvar Housing Association Limited (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2010 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.



M. Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James Square,
Manchester,
M2 6DS
6 August

INCOME AND EXPENDITURE ACCOUNT

	Notes	2010 £'000	2009 £'000
Turnover	2	24,663	20,692
Operating costs	2	(16,151)	(14,189)
Operating surplus	2	8,512	6,503
(Deficit)/Surplus on sale of fixed assets	5	(17)	260
Interest receivable and similar income	8	1	11
Interest payable and similar charges	9	(1,187)	(3,461)
Net surplus for the year	21	7,309	3,313

The historical cost surpluses and deficits are identical to those shown in the financial statements. There are no recognised gains or losses other than those reported above. Therefore a separate statement of recognised gains and losses has not been prepared.

All activities are continuing.

The notes on pages 18 to 34 form an integral part of these financial statements

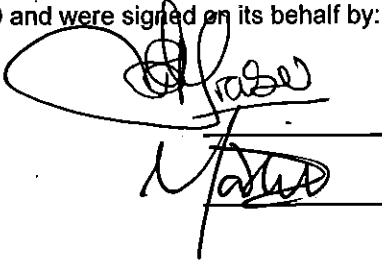
BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Housing properties	12	319,254	304,248
Less Housing association grant	12	(211,498)	(204,324)
Other capital grants	12	(3,833)	(3,789)
Depreciation	12	(9,391)	(8,239)
		94,532	87,896
Other fixed assets	12	4,493	4,588
Investments			
Shared equity loan	15	201	208
Shared equity grant	15	(201)	(208)
		-	-
Total fixed assets		99,025	92,484
Current assets			
Stock	16	1,551	1,095
Debtors: amounts due within one year	17	3,429	4,134
Cash at bank and in hand		25	144
		5,005	5,373
Creditors - Amounts due within one year	18	(15,087)	(12,700)
Net current liabilities		(10,082)	(7,327)
Total assets less current liabilities		88,943	85,157
Creditors - Amounts falling due after more than one year	19	63,113	66,636
Capital and Reserves			
Non-equity share capital	20	-	-
Revenue reserves	21	25,830	18,521
Total capital and reserves		25,830	18,521
		88,943	85,157

The notes on pages 18 to 34 form and integral part of these accounts.

The financial statements on pages 15 to 34 were approved by the Board of Management on the 29th June 2010 and were signed on its behalf by:

David Fraser
 Chairman
 Martin Gill
 Board Member



Chris Martin
 Secretary



CASH FLOW STATEMENT

	Note	2010 £'000	2009 £'000
Net cash inflow from operating activities	24	11,532	1,546
Returns on investments and servicing of finance			
Interest received		1	11
Interest paid		(1,187)	(3,461)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(1,186)	(3,450)
Investment			
Additions to housing properties		(16,310)	(15,790)
Sales of initial tranche		770	(105)
Disposals of housing properties		367	1,367
Capital grants received		8,118	9,235
Grants repaid on disposal		-	(22)
Payments to acquire other fixed assets		-	(20)
Sales of other fixed assets		9	-
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(7,046)	(5,335)
Cash inflow/(outflow) before management of liquid resources and financing	26	3,300	(7,239)
Financing			
Loans repaid		(3,312)	(5,596)
Loans received		-	12,500
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing		(3,312)	6,904
		<hr/>	<hr/>
Decrease in cash	26	(11)	(335)

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and the Statement of Recommended Practice for Registered Social Landlords (SORP) 2008. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Turnover

The turnover represents mainly rents, service charges and revenue grants receivable from the Scottish government or Local Authorities, housing developed for sale and some fees from managing agency services.

VAT

The majority of the Association's turnover is exempt from VAT. However certain activities are subject to VAT. Where appropriate, costs are stated including irrecoverable VAT.

Pensions

The Association participates in the SFHA Pension Scheme. The defined benefit pension scheme based on final pensionable salary was closed to new entrants on the 1 April 2005. Contributions from the Association and participating employees are paid into independently administered funds. These payments are made in accordance with triennial calculations by professionally qualified independent actuaries. In the intervening years, the actuary reviews the continuing appropriateness of the rates of contribution.

Employees joining the Association from 1 April 2005 have the option of joining a Stakeholder scheme to which the Association contributes. The costs of the stakeholders scheme are accounted for in the year in which they occur.

The Association is unable to identify separately the assets and liabilities of the SFHA Pension Scheme, therefore the costs of the pension have been accounted for on a defined contribution basis in this Association. The Association has complied with FRS 17 and relevant disclosures are included in note 7 to the accounts.

Depreciation

Fixed assets other than freehold land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis, over the expected remaining useful life of the component. Freehold land is not depreciated. The estimated lives of assets and components is as shown in the table below.

1 PRINCIPAL ACCOUNTING POLICIES CONTINUED

Depreciation (Continued)

Assets	Depreciation Period (Years)
<u>Housing & Commercial Properties:</u>	
Kitchens	20
Bathrooms	20
Boilers	15
External Windows & Doors	30
Roofs	45
Fire Safety Systems.	20
Fencing	30
Digital TV Aerials	10
Lifts	20
Aids and adaptations	10
Initial and replacement scheme assets	From 1 to 5
Other Elements (new build)	100
Other Elements (rehab)	80
Other Elements (Leasehold)	Lesser of Term of Lease or 100 years
 <u>Other Fixed Assets:</u>	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	10
Offices (long leasehold)	Lesser of Term of Lease or 100 years
Offices (short leasehold)	10
Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	5

Impairment

For fixed assets with a remaining useful life greater than 100 years an impairment review is carried out on an annual basis in accordance with FRS11. For all other assets an impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in note 3 analysis to the income and expenditure.

1. PRINCIPAL ACCOUNTING POLICIES (cont'd)

Housing association grant and other capital grants

Where developments have been financed wholly or partly by Housing Association Grant (HAG) or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received.

When HAG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where HAG is retained following the disposal of a property, it is shown under disposal proceeds and recycled grant funds in creditors. These funds will be used for the provision and improvement of new social housing for rent and sale.

Capitalisation of interest and administrative costs

Interest is capitalised on loans financing schemes in development up to their completion. This is calculated by reference to the Association's cost of borrowing and the development costs.

Administration costs relating to the development activities are capitalised on an apportionment of the staff time directly spent on this activity.

Scottish Government shared equity scheme (note 15)

Castle Rock Edinvar has sold properties under the Scottish Government shared equity schemes. Under these schemes buyers purchase a majority share of the property with the balance funded by Scottish Government grants. The fixed asset investment represents the total of the loans receivable from purchasers of the property when the equity is released. There is an equal and opposite liability to the Scottish Government amounting to any shared equity release.

Stock and work in progress

Stock and work in progress comprises the costs to balance sheet date of properties being developed for sale either as shared equity or shared ownership properties.

Cost of raising finance

The cost of raising finance is amortised over the period of the instrument. The deferred cost is offset against the liability and is included within "creditors: amounts falling due after one year".

Special needs housing managed by voluntary agents on behalf of the association

Because of the nature of the relationship between the Association and its managing agents these financial statements exclude the financial performance of the projects managed by our agents.

Service charge sinking funds

The Association is required to set aside sums in respect of future maintenance of certain factored properties. Amounts accumulated in the fund are included within "cash at bank and in hand" and within creditors: falling due within one year".

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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

	Turnover £'000	Operating costs £'000	Operating surplus £'000	Operating Surplus 31 March 2009 £'000
Social lettings	19,792	(11,549)	8,243	6,041
Other activities	4,871	(4,602)	269	462
Total	24,663	(16,151)	8,512	6,503
Total for year ended 31 March 2009	20,692	(14,189)	6,503	

Note 3 Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	2010				Total £'000	Year ended 31 March 2009 £'000
	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Ownership Housing £'000	Other £'000		
Income from lettings activities						
Rent receivable net of service charges	15,797	2,025	374	-	18,196	16,876
Service charges receivable	584	895	71	-	1,550	1,418
	<u>16,381</u>	<u>2,920</u>	<u>445</u>	<u>-</u>	<u>19,746</u>	<u>18,294</u>
Less voids	(156)	(57)	-	-	(213)	(275)
Rents receivable	16,225	2,863	445	-	19,533	18,019
Revenue grants from local authorities and other agencies	256	3	-	-	259	237
	<u>16,481</u>	<u>2,866</u>	<u>445</u>	<u>-</u>	<u>19,792</u>	<u>18,256</u>
Expenditure on letting activities						
Management and maintenance administration costs	(3,274)	(704)	(113)	-	(4,091)	(4,111)
Services	(777)	(685)	(35)	-	(1,497)	(1,388)
Planned and cyclical maintenance including major repairs costs	(1,839)	(276)	13	-	(2,102)	(2,327)
Reactive maintenance costs	(2,163)	(313)	(30)	-	(2,506)	(2,986)
Bad debts -rents and service charge	(192)	(4)	-	-	(196)	(170)
Depreciation on housing assets	(972)	(164)	(21)	-	(1,157)	(1,233)
	<u>(9,217)</u>	<u>(2,146)</u>	<u>(186)</u>	<u>-</u>	<u>(11,549)</u>	<u>(12,215)</u>
Operating surplus on letting activities	7,264	720	259	-	8,243	6,041
Total for year ended 31 March 2009	6,557	366	186	(1,068)	6,041	

Note 4 – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus/(deficit) year to 31 March 2010	Operating surplus/(deficit) year to 31 March 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing									
Care and repair	313	-	-	-	313	-	(417)	(104)	(110)
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	220	-	220	-	(246)	(26)	(42)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	12	12	-	-	12	7
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	3,302	3,302	-	(3,288)	14	-
Developments and improvements for sale to non registered social landlords	-	-	-	158	158	-	(165)	(7)	4
Other activities	-	-	-	627	627	-	(403)	224	314
Commercial property income	-	-	-	-	-	-	(83)	(83)	(69)
Garden aid	-	-	-	237	237	-	-	237	135
VAT recovery	-	-	-	2	2	-	-	2	(27)
Other	-	-	-	-	-	-	-	-	250
Intercompany donation	-	-	-	-	-	-	-	-	-
Total from other activities	-	313	220	4,338	4,871	-	(4,602)	269	462
Total from other activities for year to 31 March 2009	-	260	239	1,937	2,436	-	(1,974)	-	462

5. SALE OF FIXED ASSETS

	Turnover £'000	2010 Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000
Sales Income and Expenditure				
Sale of Housing Accommodation	731	(511)	(237)	(17)
	£'000	2009 £'000	£'000	£'000
Sale of Housing Accommodation	1,367	(527)	(580)	260

6. OFFICERS' EMOLUMENTS

The Association is controlled by a voluntary Board of Management who received no remuneration during the year to 31 March 2010 (2009 - £nil).

	2010 £'000	2009 £'000
The aggregate of emoluments payable to Officers whose emoluments (excluding pension contributions and benefits in kind) are £60,000 or more	210	91

Aggregate emoluments payable to the chief executive (excluding pension contributions)	88	91
---	----	----

Pension contributions payable to officers whose total emoluments (excluding pension contributions) are £60,000 or more	36	14
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The emoluments of the Directors whose emoluments excluding pension contributions and benefits in kind were over £60,000 were as follows

	No	No
£60,000 to £70,000	2	-
£80,000 to £90,000	1	-
£90,001 to £100,000	-	1

The aggregate amount of compensation payable to Officers for loss of office	£'000 15	£'000 -
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Expenses not chargeable to United Kingdom income tax reimbursed to members of the Board of Management	-	-
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The average number of full-time equivalents employed during the year was:-

	2010	2009
Housing	41	43
Property Services	19	20
Direct Trades	24	23
Sheltered Housing	19	22
Cleaners	7	7
Neighbourhoods	5	3
Total Managing Housing Services	115	118
Central Administration Services	15	17
Total average FTE employees	130	135

	2010 £'000	2009 £'000
Staff costs (for the above persons)		
Wages and salaries	3,313	3,539
Social security costs	278	288
Other pension costs	246	275
	3,837	4,102

7. PENSION OBLIGATIONS NOTE

The pension costs for Castle Rock Edinvar relate to following schemes

- The Places for People Group stake holder pension of which 2 employees are members. The members contribute 6% and this is matched by employer's contributions paid by Castle Rock Edinvar.

- The Scottish Federation of Housing Associations' Pension Scheme

1. Castle Rock Edinvar participates in the SFHA Pension Scheme. The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

2. 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.

3. 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.

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

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

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

7. The Scheme offers three benefit structures to employers, namely:

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

8. 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.

9. Castle Rock Edinvar has elected to continue to operate the final salary with a 1/60th accrual rate for active members with effect from 1 April 2008

10. During the accounting period Castle Rock Edinvar paid employer contributions at the rate of 18.9% of pensionable salaries. Member contributions were set at 7.7% of pensionable salaries,

7 PENSION OBLIGATIONS NOTE (CONT'D)

11. As at the balance sheet date there were 46 (2009 - 53) active members of the Scheme employed by Castle Rock Edinvar. The annual pensionable payroll in respect of these members was £1,209,820. Castle Rock Edinvar has closed the Scheme to new entrants.

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

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- Pension accrued pre 6 April 2005	2.6
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6
Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short
Contribution Rates for Future Service	
Final salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

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.

Castle Rock Edinvar 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 2009. As of this date the estimated employer debt for Castle Rock Edinvar £17,080,957.

7 PENSION OBLIGATIONS NOTE (CONT'D)

The Scottish Federation of Housing Associations' Pension Scheme Growth Plan

1. Castle Rock Edinvar participates in the Pensions Trust's Growth Plan as an Additional Voluntary Contribution (AVC) vehicle for employees. The Growth Plan is a multi-employer pension Plan where it is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers.
2. Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.
3. The rules of the Growth Plan give the Trustee the power to require employers to pay additional voluntary contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions
4. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustees of the plan. The Trustee's current policy is that it only applies to employers with the pre October 2001 liabilities in the plan winding up. The amount of debt can be volatile over time.
5. Castle Rock Edinvar has been notified by the Pension Trust of the estimated employer debt on withdrawal from the growth plan based on the financial position of the plan as at 30 September 2009. As of this date the estimated employer debt for Castle Rock Edinvar was £89,345 (30 September 2008 £39,899). As Castle Rock Edinvar continues to offer membership of the growth plan to employees it therefore regards crystallisation of the buy out debt as remote. No provision for the debt is therefore required.

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Interest receivable on cash deposits	<u>1</u>	<u>11</u>

9 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
On other loans		
Repayable within 5 years	111	844
Repayable wholly or partly in more than 5 years	<u>-</u>	<u>-</u>
	<u>111</u>	<u>844</u>
On bank loans and overdrafts		
Repayable within 5 years	204	-
Repayable wholly or partly in more than 5 years	<u>880</u>	<u>2,702</u>
	<u>1,084</u>	<u>2,702</u>
Capitalised Interest	(8)	(85)
Income and expenditure account	<u>1,187</u>	<u>3,461</u>

Interest is capitalised on loans financing schemes in development at varying rates of interest

10 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation was arrived at after charging

	2010 £'000	2009 £'000
Auditors' remuneration in their capacity as auditors (including expenses and VAT)	9	17
Payments under operating leases on motor vehicles	96	96
Depreciation of tangible fixed assets	<u>1,254</u>	<u>1,329</u>

11 TAXATION

There was no charge to corporation tax in 2010 or in 2009. The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

12 TANGIBLE FIXED ASSETS

Cost	Total Housing Properties (Note 13) £'000	Total Other Fixed Assets (Note 14) £'000	Total £'000
At 1 April 2009	304,248	8,062	312,310
Additions	16,310	-	16,310
Change of Tenure/Use	(770)	-	(770)
Disposals	(534)	(9)	(543)
At 31 March 2010	<u>319,254</u>	<u>8,053</u>	<u>327,307</u>
Less : HAG and other capital grants			
At 1 April 2009	(204,324)	(2,388)	(206,712)
Received in year	(8,074)	-	(8,074)
Change of Tenure/Use	749	-	749
Disposals	151	-	151
At 31 March 2010	<u>(211,498)</u>	<u>(2,388)</u>	<u>(213,886)</u>
Other Capital Grants			
At 1 April 2009	(3,789)	-	(3,789)
Additions	(44)	-	(44)
At 31 March 2010	<u>(3,833)</u>	<u>-</u>	<u>(3,833)</u>
Total grants 31 March 2010	<u>(215,331)</u>	<u>(2,388)</u>	<u>(217,719)</u>
Less: Depreciation			
At 1 April 2009	(8,239)	(1,086)	(9,325)
Depreciation charges during year	(1,158)	(96)	(1,254)
Depreciation eliminated on disposal	6	10	16
At 31 March 2010	<u>(9,391)</u>	<u>(1,172)</u>	<u>(10,563)</u>
Net book value at 31 March 2010	<u>94,532</u>	<u>4,493</u>	<u>99,025</u>
At 31 March 2009	<u>87,896</u>	<u>4,588</u>	<u>92,484</u>

13 HOUSING PROPERTIES	Completed Housing Properties £'000	Completed Shared Ownership Housing Properties £'000	Housing Properties in the course of Construction £'000	Shared Ownership Properties in the course of Construction £'000	Total Housing Properties £'000
Cost					
At 1 April 2009	282,866	7,995	12,754	633	304,248
Additions	-	-	15,280	1,030	16,310
Change of Tenure/Use	857	(584)	(994)	(49)	(770)
Transfer to completed schemes	14,011	-	(14,011)	-	-
Disposals	(371)	(163)	-	-	(534)
At 31 March 2010	<u>297,363</u>	<u>7,248</u>	<u>13,029</u>	<u>1,614</u>	<u>319,254</u>
Housing Association Grant					
At 1 April 2009	(186,523)	(5,736)	(11,520)	(545)	(204,324)
Additions	-	-	(7,121)	(953)	(8,074)
Change of Tenure/Use	(382)	382	747	2	749
Transfer to completed schemes	(7,851)	(2)	7,851	2	-
Disposals	61	90	-	-	151
At 31 March 2010	<u>(194,695)</u>	<u>(5,266)</u>	<u>(10,043)</u>	<u>(1,494)</u>	<u>(211,498)</u>
Other Capital Grants					
At 1 April 2009	(3,782)	(7)	-	-	(3,789)
Additions	-	-	(44)	-	(44)
Schemes completed in year	(44)	-	44	-	-
At 31 March 2010	<u>(3,826)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>(3,833)</u>
Total grants 31 March 2010	<u>(198,521)</u>	<u>(5,273)</u>	<u>(10,043)</u>	<u>(1,494)</u>	<u>(215,331)</u>
Total Grants at 31 March 2009	<u>(190,305)</u>	<u>(5,743)</u>	<u>(11,520)</u>	<u>(545)</u>	<u>(208,113)</u>
Depreciation					
At 1 April 2009	(8,037)	(202)	-	-	(8,239)
Depreciation charges during year	(1,137)	(21)	-	-	(1,158)
Depreciation eliminated on disposal	-	6	-	-	6
At 31 March 2010	<u>(9,174)</u>	<u>(217)</u>	<u>-</u>	<u>-</u>	<u>(9,391)</u>
Net book value 31 March 2010	<u>89,668</u>	<u>1,758</u>	<u>2,986</u>	<u>120</u>	<u>94,532</u>
Net book value 31 March 2009	<u>84,525</u>	<u>2,049</u>	<u>1,234</u>	<u>88</u>	<u>87,896</u>

Transfer to completed schemes includes £1,887,450 (2009: £1,850,000) in respect of capitalised major repairs. In addition the cost of major repairs charged to revenue in the year amounted to £575,286 (2009 - £1,048,000).

Castle Rock Edinvar capitalises expenditure to existing properties which it is considered will materially enhance the economic life of the asset, its income generating capacity or will result in a material reduction in annual operating costs.

14 OTHER FIXED ASSETS

Cost	IM & T Equipment £'000	Freehold commercial properties £'000	Short Leasehold offices £'000	Total £'000
At 1 April 2009	28	8,005	29	8,062
Disposals	-	-	(9)	(9)
At 31 March 2010	28	8,005	20	8,053
Other Capital Grants				
At 1 April 2009	-	(2,388)	-	(2,388)
At 31 March 2010	-	(2,388)	-	(2,388)
Depreciation				
At 1 April 2009	-	(1,069)	(17)	(1,086)
Charged during year	(6)	(87)	(3)	(96)
Eliminated on disposal	-	-	10	10
At 31 March 2010	(6)	(1,156)	(10)	(1,172)
Net book value at 31 March 2010	22	4,461	10	4,493
Net book value at 31 March 2009	28	4,548	12	4,588

15 FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Shared equity loans		
At 1 April 2009	208	740
Transferred to Lothian Homes Limited	-	(558)
	208	182
Additions in year	-	47
Net Appreciation in year	(7)	(21)
At 31 March 2010	201	208
Shared equity loans received		
At 1 April 2009	(208)	(740)
Transferred to Lothian Homes Limited	-	558
	(208)	(182)
Additions in year	-	(47)
Net Appreciation in year	7	21
At 31 March 2010	(201)	(208)
At 31 March 2009	-	-

	2010 £'000	2010 £'000	2010 £'000
16 STOCK AND WORK IN PROGRESS			
	External Sales (Excluding S/O) £	External Sales Shared Ownership £	Total Stock £
In-Complete Stock			
At April 2009	354	319	673
Grants transfer from other assets	(791)	-	(791)
Cost Additions - Cash	6,429	471	6,900
- Non Cash	1,167	-	1,167
Grant additions	(5,500)	-	(5,500)
Scheme completed in year	(898)	-	(898)
At 31 March 2010	<u>761</u>	<u>790</u>	<u>1,551</u>
Completed Stock			
At April 2009	148	-	148
Scheme completed in year	898	-	898
Write down on cost of sale	(1,046)	-	(1,046)
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>
Total Stock at 31 March 2010	<u>761</u>	<u>790</u>	<u>1,551</u>
Total Stock at 31 March 2009	<u>502</u>	<u>593</u>	<u>1,095</u>

17 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010 £'000	2009 £'000
Amounts falling due within one year:		
Rental debtors	929	870
Less: provision for bad and doubtful debts	<u>(308)</u>	<u>(295)</u>
	621	575
Other debtors	655	1,021
Amounts due from Group Undertakings	24	30
Sundry Debts and accrued income	<u>2,129</u>	<u>2,508</u>
	<u>3,429</u>	<u>4,134</u>

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2010 £'000	2009 £'000
Housing loans principal payable within one year	811	600
Interest on housing loans	72	88
Trade creditors	294	188
Obligations under finance leases	85	85
Amounts due to Group Undertakings	51	479
Other creditors	1,334	612
Development creditors	11,813	9,929
Prepaid rent	551	535
Bank overdraft	<u>76</u>	<u>184</u>
	<u>15,087</u>	<u>12,700</u>

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

	2010 £'000	2009 £'000
Debt		
Housing Loans	63,900	67,102
Finance Leases	382	467
	<u>64,282</u>	<u>67,569</u>
Cost of raising finance	(273)	(248)
Less : payable within one year	(896)	(685)
	<u>63,113</u>	<u>66,636</u>
Total creditors: Amounts falling due after more than one year	<u><u>63,113</u></u>	<u><u>66,636</u></u>

Debt analysis

Debt is repayable as follows:

In one year or less	896	685
In more than one year but less than two years	695	711
In more than two years but less than five years	12,181	14,505
In more than five years		
By instalments	14,596	15,755
Not by instalments	35,914	35,913
	<u>64,282</u>	<u>67,569</u>

The loans are secured by specific charges over properties, and are repayable at varying rates of interest.

20 NON EQUITY SHARE CAPITAL

	2010 £	2009 £
Issued, allotted and fully paid "B" shares of £1 each		
At 1 April 2009	164	165
Cancelled during the year	(5)	(10)
Issued during the year.	3	9
At 31 March 2010	<u>162</u>	<u>164</u>
Issued, allotted and unpaid "A" shares of £1 each		
At 1 April 2009	7	7
At 31 March 2010	<u>7</u>	<u>7</u>

The shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's rules and by the Industrial and Provident Societies Act 1965. On a return of capital on a winding-up, no member shall receive any property or sum beyond their £1 entitlement.

21 REVENUE RESERVES

	2010 £'000	2009 £'000
At 1 April 2009	18,521	15,208
Net surplus for the year	7,309	3,313
At 31 March 2010	25,830	18,521

22 CAPITAL COMMITMENTS

	2010 £'000	2009 £'000
Contracts placed for future capital expenditure not provided in the financial statements	15,887	12,374
Capital expenditure authorised but not contracted	-	-

Grant funding is in place for all social housing projects where contracts have been placed for future capital expenditure and it is anticipated that grant will be available for capital projects authorised but not contracted. Should grant funding not be available then the capital expenditure would not proceed.

	Vehicles 2010 £'000	Vehicles 2009 £'000
In one or less	61	71
Between one and two years	25	59
Between two and five years	8	19
In five years or more	-	-
	94	149

23 CONTINGENT LIABILITIES

There are no contingent liabilities other than those referred to in note 7 concerning the SFHA Pension Scheme.

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £'000	2009 £'000
Operating surplus on ordinary activities	8,512	6,503
Depreciation and impairment	1,254	1,329
Increase in stock and work in progress	(1,206)	(782)
Decrease/(increase) in debtors	705	(464)
Increase/(Decrease) in creditors	2,284	(5,300)
(Loss)/Gain on sales of fixed assets	(17)	260
Net cash inflow from operating activities	11,532	1,546

25 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £'000	2009 £'000
Decrease in cash	(11)	(335)
Net cash inflow from financing	3,312	(6,904)
Change in net debt resulting from cash flows	3,300	(7,239)
Opening net debt	(67,361)	(60,122)
Closing net debt	<u>(64,061)</u>	<u>(67,361)</u>

26 ANALYSIS OF NET DEBT

	At 1 April 2009 £'000	Cash flow £'000	At 31 March 2010 £'000
Cash	(40)	(11)	(51)
Loans (note 19)	(67,321)	3,312	(64,009)
Net Debt	<u>(67,361)</u>	<u>3,300</u>	<u>(64,061)</u>

27 Lottery Grant funding

Castle Rock Edinvar has received restricted grant funding during the year from the Big lottery Fund. These funds were held for:

	2010 £'000	2009 £'000
Grant money received	123	-
Expenditure to date	(100)	-
Balance outstanding	<u>23</u>	<u>-</u>

The outstanding money received is included within our other trade creditors (note 18)

28 Parent Undertaking and Group Transactions Note

Castle Rock Edinvar is a subsidiary of the Places for People Group Limited, 305 Gray's Inn Road, London WC1X 8QR. Since the parent company publishes consolidated group accounts, the Association has taken advantage of the exemption not to report transactions with other group companies as permitted in FRS8.

The principal subsidiaries of Castle Rock Edinvar are Lothian Homes Limited and Places for People Scotland Care & Support Limited.

29 Housing accommodation managed by the Association

	2010 No	2009 No
General tenancies	4,606	4,521
Sheltered tenancies	589	628
Very sheltered and other supported tenancies	245	215
Shared ownership	177	179
Leased	62	51
Managed for others	7	7
Total units	<u>5,686</u>	<u>5,601</u>