

Synod



**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED
AND SUBSIDIARIES**

FINANCIAL STATEMENTS

For the year ended 31 March 2010

Company No. 220297

Scottish Housing Regulator Registration No: 315

A registered Scottish charity – Charity No. SC039896

**BAKER TILLY UK AUDIT LLP
Chartered Accountants**

Glasgow

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

CONTENTS

	Page
Report of the Board	3
Statement on Board's Responsibilities	7
Board Statement on Internal Financial Controls	8
Report of the Auditors on Board's Statement on Internal Financial Controls	9
Report of the Auditors	10
Income and expenditure account – Group	12
Income and expenditure account - Company	13
Statement of total recognised deficits and surpluses – Group	14
Statement of total recognised deficits and surpluses – Company	14
Balance sheet – Group	15
Balance sheet – Company	16
Cash flow statement – Group	17
Cash flow statement – Company	18
Notes to the financial statements	19 – 38
Registration particulars:	
Register of Companies	Companies Act 2006 Registered Number: 220297
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number: 315
Scottish Charities	Charities and Trustee Investment (Scotland) Act 2005 Charity No. SC039896

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

Board Members

John Potts (Chairman)	John Jameson OBE D.L.
Scott Armstrong	Billy Lockhart (Vice Chairman)
Margaret Brown	Mike McLurg
Beryl Castle	George McBurnie
Gordon Duff (appointed September 2009, resigned January 2010)	David McMillan
James Duncan	Fred Murray
Thomas Gillan	George Murray
John Hay	Bill Zemaititis (resigned June 2009)

Executive Management Team

Chief Executive	Zoe Forster
Director of Finance	Hugh Carr
Director of Customer Services	Richard Cave
Director of Investment & Regeneration	James Shirazi
Director of Corporate Business & Risk Management	Jayne Moore

Advisors

Bankers	Dexia Public Finance Bank, Shackleton House, 4 Battle Bridge Lane, London, SE1 2RB Clydesdale Bank plc, 84-86 High Street, Dumfries, DG1 2BJ Royal Bank of Scotland plc, Kirkstane House, 139 St Vincent Street, Glasgow, G2 5JF
Auditors	Baker Tilly UK Audit LLP, Breckenridge House, 274 Sauchiehall Street, Glasgow, G2 3EH
Lawyers	Harper MacLeod, The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE Brechin Tindal Oatts, 48 St. Vincent Street, Glasgow G2 5HS

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2010

The Board presents its Annual Report together with the audited accounts for the year to 31 March 2010.

Principal Activity

The principal activity of Dumfries and Galloway Housing Partnership Limited (DGHP) is the provision of housing which:

- improves the quality of housing and of management services for the people of Dumfries and Galloway;
- is let at affordable and sustainable rent levels
- encourages and strengthens tenant and resident participation in communities and in the Company;
- will provide through regeneration and new building homes to meet housing need
- meets the range of housing needs in Dumfries and Galloway, such as those of elderly and single people, and those seeking low cost home ownership.

Memorandum and Articles

DGHP is a Company Limited by Guarantee and does not have a share capital. The liability of the members is limited to £1 each. At 31 March 2010, there were approximately 800 members.

Registered Office

The Registered Office of the Company and its subsidiary companies is Grierson House, The Crichton, Bankend Road, Dumfries, DG1 4ZS.

The Board

The DGHP Board is elected by the members of the Company. It is the responsibility of the Board to determine the strategy, policy and overall direction of the Company. It also monitors the operational activities of the Company. Board members are unpaid.

Executive Management Team

The Executive Management Team is responsible for achieving the strategy, through undertaking the operational activities in line with the policies and standards set by the Board.

Financial Summary

In the year to 31 March 2010, DGHP incurred a deficit of £6.1m (2009 - £5.2m) before tax. This was the result of substantial investment in major repairs to the housing properties. DGHP projects that it will continue to operate in deficit over the next three years as it fulfils its promises to tenants to invest in their homes and to meet the obligations of the Scottish Housing Quality Standard (SHQS).

Turnover

Turnover of £29.4 million (2009 - £28.2 million) relates almost entirely to the income from the letting of properties at affordable rents. DGHP's policy is to set rents at affordable levels. Other income arises from garages and garages sites.

Maintenance and Investment Costs

Since 2003, DGHP has undertaken an extensive investment programme. In the seven years since acquiring the housing stock of Dumfries and Galloway Council, DGHP has installed approximately 11,000 secure external doors; 9,000 modern fitted kitchens and 4,600 modern bathrooms in its

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2010

tenants' homes. This investment totalled over £100m by March 2010, and is the cause of the accumulated deficit reported in these financial statements.

DGHP has a programme of further investment to complete the works planned at transfer and to achieve to the SHQS by 2015. The major elements of this programme are the installation of affordable and effective heating systems and modern bathrooms.

On a routine basis, DGHP is committed to maintaining its properties to the highest standard. To this end programmes of cyclical repairs are carried out to deal with the gradual and predictable deterioration of building components, and a comprehensive responsive maintenance service is provided.

Scottish Housing Quality Standard

DGHP has developed an asset management strategy that will achieve the SHQS by 2014, and seeks to

- develop a strategic approach to investing in and restructuring the housing stock.
- use DGHP's assets and resources to build stronger communities.
- deliver tenant and wider resident participation.
- build asset value.

DGHP will therefore improve the quality of its stock through active asset management, which may include demolitions, selective market sales of stock no longer fit for its original purpose, improvements where economically justifiable and new build where the appropriate funding is available.

Customer Services

DGHP is committed to a high standard of customer service in all its activities. Key to this are the Customer Service Centre, which is the principal point of contact for all customer enquiries, and locally based neighbourhood management and technical staff. The quality and customer satisfaction of these services is closely monitored, and steps are taken to improve them further on an ongoing basis.

Treasury Management

DGHP has a long term funding agreement with its funders Dexia Public Finance Bank, which provides the funding required to meet investment and regeneration commitments. At 31 March 2010, total loan commitments were £88.55m (2009 £81.15m). The Company's policy is to manage debt in a prudent and non-speculative manner, and therefore £65m of loans were subject to interest rates fixed for various periods of up to 20 years at 31 March 2010.

Risk Management

The Board has developed, with advice from auditors and insurers, a formal risk management process to identify and assess business risks and implement appropriate risk management strategies. This involved identifying the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of the Partnership's current internal controls.

Accordingly the Board has set policies on internal controls which cover the following:

- consideration of the type of risks the Company faces

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2010

- the level of risks regarded as acceptable
- the likelihood of risks occurring
- the Company's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained
- defining the appropriate responsibilities of management to implement the Board's policies and to identify and evaluate risks for the Board's consideration
- embedding risk management and effective control systems in the Company's operations
- developing systems to identify, assess and respond quickly to evolving risks in the Company and in the external environment
- including procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken

Budgetary Process

Each year the Board approves the 30 year Business Plan, annual budget and rolling three year Internal Management Plan. Key risk areas are identified and risk management processes implemented. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year, information on the key risk areas and service and performance standards. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Regeneration and Development

DGHP, in conjunction with Dumfries and Galloway Council and the Scottish Government, has agreed a five year framework of regeneration programmes, and will continue to explore opportunities for the provision of new housing in other parts of the region. Full financial appraisals are conducted on each potential development to ensure its viability and affordability before DGHP commits to a development.

During the year, the first regeneration schemes in Dumfries and Stranraer were completed, and further major regeneration projects in north west Dumfries and Stranraer commenced.

Sales of housing properties

DGHP sold 40 (2009 – 80) properties under Right to Buy in the year. When tenants exercise their Right to Buy; the largest part of the sale proceeds are passed to Dumfries and Galloway Council under the terms of the stock transfer agreement; DGHP retains only a small amount from each sale

DGHP participates in the Scottish Government's Mortgage to Rent scheme, which allows a homeowner to become a tenant of DGHP, avoiding the upheaval of removing families from their communities, and the costs of housing homeless families. In the year ended 31 March 2010 DGHP completed six Mortgage to Rent purchases (2009 - three).

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Board has established with a view to providing effective internal financial control are outlined on page 8.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2010

Employee Involvement and Health & Safety

The Company encourages employee involvement in all initiatives and holds annual conferences for staff and the Board to agree its objectives. A health and safety report is regularly reviewed by the Investment and Regeneration Committee.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training. High quality personnel are seen as an essential part of the control environment and the standards of integrity expected are communicated directly through the Chief Executive.

Employees with disabilities

Applications for employment by people with disabilities are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with DGHP may continue. DGHP's policy is that training, career development and promotion opportunities should be available to all employees.

Charitable Donations and Community Involvement

Charitable donations totalling £20,700 (2009 - £17,638) were made through the Community Pride Fund initiative.

Credit Payment Policy

The Company's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 39 days.

Information for auditors

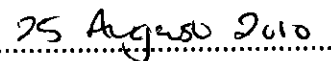
As far as the Board members are aware there is no relevant audit information of which the auditors are unaware and the Board members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Signed by order of the Board

Secretary: 

Date: 

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
STATEMENT ON BOARD RESPONSIBILITIES
YEAR ENDED 31 MARCH 2010

Company law requires the Board to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company at the end of the period and of the surplus or deficiency for the period then ended.

In preparing those financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The Board is responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL
YEAR ENDED 31 MARCH 2010

The Board acknowledges its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Company or for publication;
- The proper authorisation and recording of transactions;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use of disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

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

The Board has reviewed the system of internal financial control in existence in the Company for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board

Shayne Mowle

Date : *25 August 2010*

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

Corporate Governance

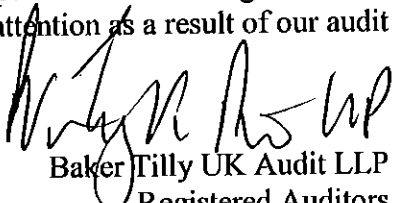
In addition to our audit of the financial statements, we have reviewed the Board's statement on page 8 concerning the Company's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Company'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 page 8 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 28.9.10.....

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

We have audited the financial statements on pages 12 to 38, which have been prepared under the accounting policies set out on pages 19 to 21. 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 Registered Social Landlord's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Registered Social Landlord's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Registered Social Landlord and the Registered Social Landlord's members as a body, for our audit work, for this report and for the opinion we have formed.

Respective responsibilities of the Board and auditors

The Board's responsibilities for the preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Board's Responsibilities Statement.

Our responsibility is to audit 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

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Registered Social Landlord's affairs as at 31 March 2010 and of the group's deficit 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 (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Opinion on other matter prescribed by the Companies Act 2006

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

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

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 the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



W. Michael Blyth (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Date: 28.5.10

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES**GROUP INCOME AND EXPENDITURE ACCOUNT****YEAR ENDED 31 MARCH 2010**

	Notes	2010 £'000	2009 £'000
Turnover	2	29,430	28,209
Operating Costs	2	<u>(31,693)</u>	<u>(29,317)</u>
Operating deficit		(2,263)	(1,108)
(Loss) on disposal of fixed assets		(399)	(12)
Interest receivable		10	16
Interest payable and other charges	4	(3,475)	(4,115)
Other finance (costs)/income	18	<u>(33)</u>	<u>43</u>
Deficit on ordinary activities before tax		(6,160)	(5,176)
Corporation tax on ordinary activities	5	-	-
Deficit on ordinary activities after tax	15	<u>(6,160)</u>	<u>(5,176)</u>

The results for the year relate wholly to continuing activities.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Turnover	2	29,344	28,169
Operating Costs	2	<u>(31,617)</u>	<u>(29,275)</u>
Operating deficit		(2,273)	(1,106)
(Loss) on sale of fixed assets		(399)	(12)
Interest receivable		10	16
Interest payable and other charges	4	(3,475)	(4,115)
Other finance (costs)/income	18	<u>(33)</u>	<u>43</u>
Deficit on ordinary activities before tax		(6,170)	(5,174)
Corporation tax on ordinary activities	5	-	-
Deficit on ordinary activities after tax	15	<u><u>(6,170)</u></u>	<u><u>(5,174)</u></u>

The results for the year relate wholly to continuing activities.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

STATEMENT OF TOTAL RECOGNISED DEFICITS AND SURPLUSES

AS AT 31 MARCH 2010

GROUP

	Notes	2010 £'000	2009 £'000
Deficit for the year		(6,160)	(5,176)
Actuarial (loss) on pension scheme	18	<u>(1,895)</u>	<u>(917)</u>
Total deficits recognised since the last annual report		<u>(8,055)</u>	<u>(6,093)</u>

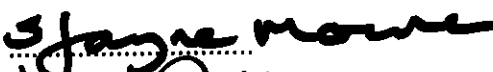

COMPANY

	Notes	2010 £'000	2009 £'000
Deficit for the year		(6,170)	(5,174)
Actuarial (loss) on pension scheme	18	<u>(1,895)</u>	<u>(917)</u>
Total deficits recognised since the last annual report		<u>(8,065)</u>	<u>(6,091)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
GROUP BALANCE SHEET
AS AT 31 MARCH 2010

	Notes	2010 £'000	2009 £'000
Tangible Fixed Assets			
Housing properties			
- Gross cost less depreciation	6	72,306	48,636
Less: Grants	6	<u>(37,284)</u>	<u>(17,439)</u>
		35,022	31,197
Other Fixed Assets	6	<u>583</u>	<u>825</u>
		35,605	32,022
Current Assets			
Stock	8	-	701
Debtors	9	5,672	5,175
Cash in bank and on hand		974	401
		<u>6,646</u>	<u>6,277</u>
Creditors: Amounts falling due within one year	10	<u>(8,724)</u>	<u>(5,757)</u>
		(2,078)	520
Net current (liabilities)/assets		<u>(2,078)</u>	<u>520</u>
Total assets less current liabilities		<u>33,527</u>	<u>32,542</u>
Creditors: Amounts falling due after more than one year	11	(88,550)	(81,150)
Pension (liability)	18	(1,863)	(223)
		<u>(56,886)</u>	<u>(48,831)</u>
Capital and reserves			
Revenue reserve	15	<u>(56,886)</u>	<u>(48,831)</u>
Total Funds		<u>(56,886)</u>	<u>(48,831)</u>



These financial statements were approved by the Board and authorised for issue on
 25 August 2010 and signed on its behalf by:

Secretary: 
 Director: 

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
COMPANY BALANCE SHEET
AS AT 31 MARCH 2010

	Notes	£'000	2010 £'000	2009 £'000
Tangible Fixed Assets				
Housing properties				
- Gross cost less depreciation	6		72,306	48,636
Less: Grants	6		<u>(37,284)</u>	<u>(17,439)</u>
			35,022	31,197
Other Fixed Assets	6		583	825
Investments	7		<u>-</u>	<u>-</u>
			35,605	32,022
Current Assets				
Stock	8	-		701
Debtors	9	5,685		5,180
Cash in bank and on hand		956		400
			<u>6,641</u>	<u>6,281</u>
Creditors: Amounts falling due within one year	10	(8,727)		(5,759)
			(2,086)	522
Net current (liabilities)/assets			<u>33,519</u>	<u>32,544</u>
Total assets less current liabilities				
Creditors: Amounts falling due after more than one year	11		(88,550)	(81,150)
Pension (liability)	18		(1,863)	(223)
			<u>(56,894)</u>	<u>(48,829)</u>
Capital and reserves				
Revenue reserve	15		<u>(56,894)</u>	<u>(48,829)</u>
Total Funds			<u>(56,894)</u>	<u>(48,829)</u>

These financial statements were approved by the Board and authorised for issue on 25 August 2010 and signed on its behalf by:

Secretary: 
 Director: 

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Notes	2010	2009
		£'000	£'000
Net cash outflow from operating activities	16		<u>1,329</u>
Return on investments and servicing of finance			<u>16</u>
Interest received		10	(4,115)
Interest paid		<u>(3,475)</u>	
Net cash (outflow) from returns on investments & servicing of finance			<u>(3,465)</u>
Investing Activities			
Payments for the purchase and development of property		(24,817)	(11,380)
Proceeds of disposals of fixed assets		426	3,289
Repayment of proceeds to Council HAG and other grants received		-	(3,409)
Purchase of equipment		19,845	9,345
		<u>(145)</u>	<u>(292)</u>
Net cash inflow from investing activities			<u>(4,691)</u>
Net cash (outflow) before financing			<u>(6,827)</u>
Financing			
Loans received		7,400	13,150
Loans repaid		-	-
Net cash inflow from financing			<u>7,400</u>
Increase in cash	16		<u>573</u>
			<u>149</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2010

	Notes	£'000	2010 £'000	2009 £'000
Net cash outflow from operating activities	17		<u>1,312</u>	<u>(6,456)</u>
Return on investments and servicing of finance				
Interest received		10		16
Interest paid		<u>(3,475)</u>		<u>(4,115)</u>
Net cash (outflow) from returns on investments & servicing of finance			<u>(3,465)</u>	<u>(4,099)</u>
Investing Activities				
Payments for the purchase and development of property		(24,817)		(11,380)
Proceeds of disposals of fixed assets		426		3,289
Repayment of proceeds to Council HAG and other grants received		-		(3,409)
Purchase of equipment		<u>(145)</u>		<u>(292)</u>
Net cash inflow from investing activities			<u>(4,691)</u>	<u>(2,447)</u>
Net cash (outflow) before financing			<u>(6,844)</u>	<u>(13,002)</u>
Financing				
Loans received		7,400		13,150
Loans repaid		-		-
Net cash inflow from financing			<u>7,400</u>	<u>13,150</u>
Increase in cash	17		<u>556</u>	<u>148</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

1. Principal accounting policies

The Company is incorporated under the Companies Act 2006 and is registered as a company limited by guarantee with Companies House in Scotland. The accounts have been prepared in accordance with the Companies Act 2006, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and in compliance with the Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and applicable Accounting Standards.

Basis of Preparation

The accounts are prepared under the historical cost convention and on a going concern basis. The Company's activities are based on a long term business plan, which anticipates that it will operate at a deficit until the initial major repair programme and SHQS investment is complete. To support its operation the Company has in place a loan facility of £130m. The Board believes that with the continuing support of its lenders it is proper to continue to prepare the financial statements on a going concern basis.

Consolidation

In accordance with Financial Reporting Standard 2, 'Accounting for subsidiary undertakings', the financial statements show the consolidated position of Dumfries & Galloway Housing Partnership and its subsidiaries Novantie Limited and DGHP 3 Limited

Turnover

Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers, and sales of shared equity properties.

Housing Association Grants (HAG) & Mortgage to Rent Grants (MTR)

HAG and MTR grants are receivable from the Scottish Government and are used to reduce the capital costs of housing properties. Grants received in respect of revenue expenditure are credited to the Income and Expenditure account in the same period as the expenditure to which they relate. Where following the sale of a property, HAG or MTR grant becomes repayable subject to abatement, it is included as a current liability until repaid. HAG is subordinated in respect of loans on agreement with the Scottish Government.

Other Grants

These include grants from local authorities and other organisations. The capital costs of housing properties are stated net of grants receivable on these properties. Grants in respect of revenue expenditure are credited to the Income and Expenditure account in the same period as the expenditure to which they relate.

Housing, land and buildings – depreciation

Housing Properties are stated at cost, less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties at annual rates of 1.33% (75 Years). As a result of the expected economic life being in excess of 50 years an annual impairment review is performed.

No depreciation is charged on the cost of land.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

Other fixed assets

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

Fixtures, fittings & equipment	- 33%
Office property	- 1.33%

Value Added Tax

The Company is VAT registered. Minimal recovery of input VAT is made, and as a result expenditure is shown inclusive of irrecoverable VAT.

Sale of housing properties

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

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Company's balance sheet.

Improvements

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

- An increase in rental income or
- A material reduction in future maintenance costs or
- A significant extension of the life of the property.

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

Retirement benefits (Note 18)

Retirement benefits to employees of the Company recruited since 10 October 2003 are provided by a defined contribution scheme provided by Scottish Widows. Contributions are made by DGHP of 10% of salary, and by the employee. Contributions charged to the Income and Expenditure account represent the contributions payable by the company in the year.

Retirement benefits to employees of the Company recruited before to 10 October 2003 are provided by the Local Government Pension Scheme (LGPS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

Retirements Benefits (cont)

The Company has fully adopted accounting standard FRS17 'Retirement Benefits'. The impact of this standard has been reflected throughout the financial statements. For defined benefit schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Deficits and Surpluses.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Leases and hire purchase contracts – operating leases

Rentals paid under operating leases are charged to income as incurred.

Capitalisation of development overheads.

Directly attributable external development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice. The Company does not capitalise internal costs.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Stocks/Work in Progress

Stocks/Work in progress relates to New Supply Shared Equity (NSSE) properties and is valued at the lower of cost and net realisable value. Cost comprises the cost of land, development and interest net of grants received. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

Investments

Investments in unlisted investments are held at cost.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

2. Particulars of turnover, operating costs and operating surplus and surplus before taxation by class of business

GROUP

	Turnover	Operating Costs	Operating (Deficit)/ Surplus	2009
	£'000	£'000	£'000	£'000
Social lettings	28,479	30,811	(2,332)	(1,121)
Other	951	882	69	13
Total	<u>29,430</u>	<u>31,693</u>	<u>(2,263)</u>	<u>(1,108)</u>
2009	<u>28,209</u>	<u>29,317</u>	<u>(1,108)</u>	

COMPANY

	Turnover	Operating Costs	Operating (Deficit)/ Surplus	2009
	£'000	£'000	£'000	£'000
Social lettings	28,479	30,811	(2,332)	(1,121)
Other	865	806	59	15
Total	<u>29,344</u>	<u>31,617</u>	<u>(2,273)</u>	<u>(1,106)</u>
2009	<u>28,169</u>	<u>29,275</u>	<u>(1,106)</u>	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

3. Particulars of income and expenditure from lettings - Group and Company

	General Needs Housing £'000	Supported Housing £'000	Garages £'000	2010 £'000	2009 £'000
Lettings					
Rent receivable net of identifiable service charges	27,117	881	336	28,334	27,406
Service charges receivable	-	-	-	-	-
Gross Rents Receivable	27,117	881	336	28,334	27,406
Less: Rent Losses from Voids	(607)	(29)	(64)	(700)	(813)
Net income from rents and service charges	26,510	852	272	27,634	26,593
Grants from the Scottish Ministers	432	-	-	432	595
Other revenue grants	413	-	-	413	223
Total Income from Social Letting Activities	27,355	852	272	28,479	27,411
Operating costs on social letting activities					
Management and maintenance administration costs	8,765	177	-	8,942	8,715
Service costs	116	39	-	155	164
Reactive maintenance	6,020	89	14	6,123	5,817
Planned and cyclical maintenance including major repairs expenditure	15,122	9	-	15,131	13,203
Housing depreciation	252	10	13	275	332
Bad debts	185	-	-	185	301
Operating costs for social letting activities	30,460	324	27	30,811	28,532
Operating (Deficit) for social lettings to 31 March 2010	(3,105)	528	245	(2,332)	(1,121)
Operating (Deficit) for social lettings to 31 March 2009	(1,795)	432	242	(1,121)	

The total level of major repairs in the year was £15.1m (2009 - £13.180m). No major repairs were capitalised.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

GROUP

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	701	701	-	(701)	-	-
Other activities	-	-	-	250	250	-	(181)	69	13
Total from other activities	-	-	-	951	951	-	(882)	69	13
2009	-	-	-	798	798	-	(785)	13	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

COMPANY	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or deficit</i>	<i>Operating surplus or deficit for previous period of account</i>
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	701	701	-	(701)	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	164	164	-	(105)	59	15
Total from other activities	-	-	-	865	865	-	(806)	59	15
2009	-	-	-	758	758	-	(743)	15	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

4. Interest payable

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Interest paid in period	3,475	4,115	3,475	4,115
Interest capitalised	-	-	-	-
	<u>3,475</u>	<u>4,115</u>	<u>3,475</u>	<u>4,115</u>

5. Taxation

DGHP obtained charitable status on 25 September 2008 and its activities are therefore exempt from corporation tax.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

6. Tangible fixed assets – Group and Company - Housing Properties

	Housing Properties Under Construction £'000	Housing Properties Held for Letting £'000	Total £'000
Gross Cost			
As at 1 April 2009	9,355	41,114	50,469
Additions	24,278	539	24,817
Disposals in year	(104)	(767)	(871)
Transfers	(12,628)	12,628	-
As at 31 March 2010	<u>20,901</u>	<u>53,514</u>	<u>74,415</u>
Depreciation			
As at 1 April 2009	-	1,833	1,833
Charge for year	-	322	322
Disposals	-	(46)	(46)
As at 31 March 2010	<u>-</u>	<u>2,109</u>	<u>2,109</u>
Housing Association Grant			
As at 1 April 2009	8,785	7,946	16,731
Additions	-	19,551	19,551
Transfer	-	-	-
As at 31 March 2010	<u>8,785</u>	<u>27,497</u>	<u>36,282</u>
Other Grants			
As at 1 April 2009	-	708	708
Additions	-	294	294
Transfer	-	-	-
As at 31 March 2010	<u>-</u>	<u>1,002</u>	<u>1,002</u>
Net book value			
31 March 2010	<u>12,116</u>	<u>22,906</u>	<u>35,022</u>
31 March 2009	<u>570</u>	<u>30,627</u>	<u>31,197</u>

None of the Company's properties is held under lease agreements. A valuation of the housing property has been carried out, as at 31 March 2010, for security purposes by Savills (L&P) Limited, which placed the value of the properties on this basis at £126m, which is significantly in excess of the carrying value of the housing property. As a result of this it is felt that there is no impairment in relation to housing property.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

6. Tangible fixed assets – Group and Company – Other Fixed Assets (cont'd)

	Office Property	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2009	390	2,122	2,512
Additions	-	145	145
Disposals in year	-	-	-
Transfer	-	-	-
As at 31 March 2010	<u>390</u>	<u>2,267</u>	<u>2,657</u>
Depreciation			
As at 1 April 2009	12	1,675	1,687
Charge for year	32	355	387
Disposals	-	-	-
As at 31 March 2010	<u>44</u>	<u>2,030</u>	<u>2,074</u>
Net book value			
31 March 2010	<u>346</u>	<u>237</u>	<u>583</u>
31 March 2009	<u>378</u>	<u>447</u>	<u>825</u>

None of the Company's properties is held under lease agreements.

7 Investments

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Investment in Subsidiary Companies	<u>-</u>	<u>-</u>	<u>4</u>	<u>2</u>

Dumfries and Galloway Housing Partnership Ltd owns 2 ordinary shares of £1 each in Novantie Limited, representing a 100% shareholding. Novantie's principal activity is management of commercial property. At 31 March 2010, the capital and reserves of Novantie Ltd were £7,812, with a profit for the period of £10,159.

Dumfries and Galloway Housing Partnership Ltd owns 2 ordinary shares of £1 each in DGHP 3 Limited, representing a 100% shareholding. DGHP 3 did not trade in the period to 31 March 2010.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

	Group		Company	
8. Stocks / Work in Progress	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Cost of developing properties	-	1,518	-	1,518
Grant received to develop properties	-	(817)	-	(817)
	-	701	-	701
 9. Debtors	 2010	 2009	 2010	 2009
	£'000	£'000	£'000	£'000
Rent arrears	1,011	1,249	1,011	1,249
Less: bad debt provision	(474)	(724)	(474)	(724)
	537	525	537	525
Prepayments and accrued income	197	175	197	175
Amounts owed by group company	-	-	33	13
Other debtors	4,938	4,475	4,918	4,467
	5,672	5,175	5,685	5,180
 10 Creditors – Amounts falling due within one year				
Trade creditors	5,852	2,195	5,852	2,195
Other tax and social security	174	131	174	131
Accruals and deferred income	1,956	1,626	1,956	1,626
Rent in advance	291	268	291	268
Amounts due to group company	-	-	-	8
Other creditors	451	1,537	454	1,531
	8,724	5,757	8,727	5,759
 11 Creditors – Amounts falling due after one year				
 Loans	 88,550	 81,150	 88,550	 81,150

Dexia Credit Local London Branch holds a standard security and floating charge on the company's properties. The loans are repayable at rates of interest at 0.98% to 5.25%. (2009 2.00% to 5.40%) in instalments due as follows:

In five years or more	88,550	81,150
-----------------------	--------	--------

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

12. Employees

	Group	
	2010	2009
	£'000	£'000
Staff costs during year		
Wages and salaries	5,235	5,054
Social security costs	488	402
Other pension costs	897	773
	<u>6,620</u>	<u>6,229</u>
The average full time equivalent number of persons employed during the year was as follows:	No	No
Administration and Leasing services	<u>178</u>	<u>176</u>

No member of the Board received any emoluments in respect of their services to the Company or the subsidiary companies.

The Directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 (2009: £60,000 per year). All the Directors emoluments were paid through the parent company

	£'000	£'000
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	516	449
Emoluments payable to Highest Paid Director (excluding pension contributions)	107	102

The number of Directors, excluding the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were:-

	No	No
£70,001 - £80,000	1	2
£80,001 - £90,000	3	2

The Company's pension contributions for the Chief Executive in the year amounted to £24k (2009 £21k).

	2010	2009
	£'000	£'000
Total Board Members' expenses reimbursed insofar as not chargeable to UK Income Tax	<u>16</u>	<u>19</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

13. Auditors' Remuneration

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
The remuneration of the auditors (including expenses and VAT for the year)	26	27	23	24
Remuneration of the auditors in respect of Taxation services	7	8	6	7
	<u>33</u>	<u>35</u>	<u>29</u>	<u>31</u>

14. Company limited by guarantee

The Company is a company limited by guarantee and does not have a share capital. The liability of the members is limited to £1 each.

15. Revenue reserve

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
At 1 April 2009	(48,831)	(42,738)	(48,829)	(42,738)
Retained deficit for the year I&E	(6,160)	(5,176)	(6,170)	(5,174)
Actuarial (loss) recognised	(1,895)	(917)	(1,895)	(917)
At 31 March 2010	<u>(56,886)</u>	<u>(48,831)</u>	<u>(56,894)</u>	<u>(48,829)</u>
Analysed as:				
Revenue reserve excluding pension (liability)	(55,023)	(48,608)	(55,031)	(48,606)
Pension (liability)	(1,863)	(223)	(1,863)	(223)
	<u>(56,886)</u>	<u>(48,831)</u>	<u>(56,894)</u>	<u>(48,829)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

16. Group Cash Flow Statement

	2010	2009
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating (deficit)	(2,263)	(1,108)
Depreciation charges	709	699
Pension (income)	(288)	(176)
Decrease/(Increase) in work in progress	701	(652)
(Increase) in debtors	(497)	(2,929)
Increase/(Decrease) in creditors	<u>2,967</u>	<u>(2,289)</u>
 Net cash (outflow) from operating activities	 <u>1,329</u>	 <u>(6,455)</u>
Reconciliation of net cash flow to movement in net debt		
 Increase in cash for the year	 573	 149
Movement in bank overdraft	-	-
	<u>573</u>	<u>149</u>
Loans received	(7,400)	(13,150)
Loan repayments	<u>-</u>	<u>-</u>
 Change in net debt	 (6,827)	 (13,001)
Net debt as at 1 April 2009	<u>(80,749)</u>	<u>(67,748)</u>
 Net debt as at 31 March 2010	 <u>(87,576)</u>	 <u>(80,749)</u>

Analysis of Changes in net debt

	As at 31 March 2009 £'000	Cash Flow £'000	Other Changes £'000	As at 31 March 2010 £'000
Cash at bank and in hand	401	573	-	974
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	<u>(81,150)</u>	<u>(7,400)</u>	<u>-</u>	<u>(88,550)</u>
	<u>(80,749)</u>	<u>(6,827)</u>	<u>-</u>	<u>(87,576)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

17. Company Cash Flow Statement

	2010	2009
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating (deficit)	(2,273)	(1,106)
Depreciation charges	709	699
Pension (income)	(288)	(176)
Decrease /(Increase) in work in progress	701	(652)
(Increase) in debtors	(505)	(2,921)
Increase/(Decrease) in creditors	2,968	(2,300)
	<hr/>	<hr/>
Net cash (outflow) from operating activities	1,312	(6,456)
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt		
Increase in cash for the year	556	148
Movement in bank overdraft	-	-
	<hr/>	<hr/>
	556	148
Loans received	(7,400)	(13,150)
Loan repayments	-	-
	<hr/>	<hr/>
Change in net debt	(6,844)	(13,002)
Net debt as at 1 April 2009	(80,750)	(67,748)
	<hr/>	<hr/>
Net debt as at 31 March 2010	(87,594)	(80,750)
	<hr/>	<hr/>

Analysis of Changes in net debt

	As at 31 March 2009 £'000	Cash Flow £'000	Other Changes £'000	As at 31 March 2010 £'000
Cash at bank and in hand	400	556	-	956
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	(81,150)	(7,400)	-	(88,550)
	<hr/>	<hr/>	<hr/>	<hr/>
	(80,750)	(6,844)	-	(87,594)
	<hr/>	<hr/>	<hr/>	<hr/>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

18. Pension Funds

The Company operates two different pension schemes for its employees. Retirement benefits for employees of the Company recruited since 10 October 2003 are provided by a defined contribution scheme provided by Scottish Widows. Contributions are made by employees and the employer, of up to 10% of salary. Contributions charged to the Income and Expenditure account represent the contributions payable by the Company in the year.

At 31 March 2010, £21k was due to be paid over to the defined contribution pension scheme (2009: £18k).

Employees who transferred to or joined the Company before 10 October 2003 belong to the Dumfries and Galloway Council Pension Fund which is part of the Local Government Pension Scheme (LGPS), which is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

The amounts recognised in the balance sheet are as follows:

	2010	2009
	£'000	£'000
Present value of funded obligations	7,309	3,692
Fair value of plan assets	5,446	3,469
(Deficit)	(1,863)	(223)
Related deferred tax asset	-	-
Net (Liability)	(1,863)	(223)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

18. Pension Funds (cont'd.)

Actuarial assumptions	2010	2009
Rate of increase in salaries	5.3%	4.6%
Rate of limited price indexation increases in pension in payment	3.8%	3.1%
Discount rate	5.5%	6.9%
Expected long rate return on scheme assets	6.8%	6.2%
Inflation assumption	3.8%	3.1%
Post retirement mortality	Based on PFA92 and PMA 92 'year of birth' tables.	Based on PFA92 and PMA 92 'year of birth' tables.

Changes in the present value of the defined benefit obligation are as follows:

	2010	2009
	£,000	£'000
Opening defined benefit obligation	3,692	3,760
Service cost	340	404
Past Service Cost	36	
Member Contributions	195	166
Interest cost	272	276
Actuarial losses/(gains)	2,851	(827)
Benefits paid	(77)	(87)
Closing defined benefit obligation	7,309	3,692

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

18. Pension Funds (cont'd.)

Changes in the fair value of plan assets are as follows:

	2010	2009
	£'000	£'000
Opening plan assets	3,469	4,235
Expected return	239	319
Actuarial gains/(losses)	956	(1,744)
Contributions by employer	664	580
Contributions by members	195	166
Benefits paid	(77)	(87)
Closing plan assets	5,446	3,469

The amounts recognised in profit and loss account are as follows:

	2010	2009
	£'000	£'000
Current service cost	340	404
Interest on obligation	272	276
Expected return on plan assets	(239)	(319)
Past service cost	36	-
Total	409	361

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

	2010	2009
	£'000	£'000
Opening cumulative STRGL	(433)	472
Actuarial (losses)/gains	(1,895)	(917)
	(2,328)	(445)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

18. Pension Funds (cont'd.)

The major categories of plan assets as a percentage of total as a percentage of total plan assets are as follows:

	2010
Equities	63%
Bonds	7%
Properties	25%
Other	5%

Amounts for the current and previous four periods are as follows:

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Defined benefit obligation	7,309	3,692	3,760	3,808	2,521
Plan assets	5,446	3,469	4,235	3,719	2,458
(Deficit)/Surplus	(1,863)	(223)	475	(89)	(63)
Difference between actual and expected return on scheme assets:					
Amount (£'000)	956	(1,744)	(449)	(6)	266
Percentage of scheme assets	17.55%	(50.3%)	(10.6%)	(0.1%)	10.8%
Experience gains and (losses) on scheme					
Amount (£'000)	(1)	376	55	(17)	(236)
Percentage of scheme liabilities	0%	10.2%	1.5%	(0.4%)	(9.4%)

The company expects to contribute £611,000 to its defined contribution scheme in the year to March 2010

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2010

19. Commitments – Group and Company

	2010	2009
	£'000	£'000
Expenditure authorised by the Board contracted less certified	69,331	56,459

The commitments include both the costs for long term contracts for major repairs and contracts for the acquisition and construction of new housing developments.

These commitments are intended to be financed from a combination of Housing Association Grants and Other Grants of £32m with the balance to be funded by private finance, arranged by DGHP and secured on specific properties, already in place.

20. Housing Stock

The number of units in management at 31 March 2010 was as follows:-

	2010	2009
General Needs	10,029	10,184
Supported	278	278
Shared Ownership	-	-
	10,307	10,462

All housing units are owned and managed by the Company

21. Related Parties

Various members of the Board are tenants of the Company. Their transactions with the Company are all done on standard terms, as applicable to all tenants.

No transactions with related parties were undertaken which are required to be disclosed under Financial Reporting Standard 8.

22. Leasing Commitments

At 31 March 2010 the Group and Company had annual commitments under non-cancellable operating leases as set out below.

Land and buildings

	2010	2009
	£'000	£'000
Operating leases which expire:		
Within 1 year	-	15
Within 2 to 5 years	279	273
After more than 5 years	-	-
	279	288