

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

FINANCIAL STATEMENTS

For the year ended 31 March 2011

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 2011

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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 2011

Board Members

John Potts (Chairman)	John Jameson OBE D.L.(resigned April 2011)
Scott Armstrong	Billy Lockhart (Vice Chairman)
Margaret Brown	Mike McLurg (resigned October 2010)
Beryl Castle	George McBurnie
James Duncan	David McMillan
Thomas Gillan	Fred Murray
John Hay	George Murray
Robert Higgins (appointed November 2010)	Bill Zemaititis (appointed July 2010)

Executive Management Team

Chief Executive	Zoe Forster
Director of Finance	Hugh Carr
Director of Housing Services	Jayne Moore
Director of Investment & Regeneration	James Shirazi

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 2011

The Board presents its Annual Report together with the audited accounts for the year to 31 March 2011.

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 under a range of tenure types
- 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 2011, there were approximately 1,000 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.

The Board of Novantia Limited comprises 3 members appointed by DGHP, who select 2 further members of the Board. The DGHP Board oversees the activities of Novantia within the group Business Plan.

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 2011, DGHP incurred a deficit of £4.9m (2010 - £6.1m) 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 two 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 million (2010 - £29.4 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 garage sites.

Maintenance and Investment Costs

Since 2003, DGHP has undertaken an extensive investment programme. In the eight 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 tenants' homes. This

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2011

investment totalled over £120m by March 2011, and is the principal 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 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.

During 2011/12, DGHP will be implementing a change in accounting policy to comply with the Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers 2010", which include the capitalisation and depreciation of most historic and future investment costs.

Scottish Housing Quality Standard

DGHP has developed an asset management strategy that will achieve the SHQS by 2015, 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.

Housing 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 2011, total loan commitments were £108.05m (2010 £88.55m). The Company's policy is to manage debt in a prudent and non-speculative manner, and therefore £85m of loans were subject to interest rates fixed until various dates up to 2030.

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
- the level of risks regarded as acceptable

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2011

- 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 phases of major 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 62 (2010 – 40) 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 2011 DGHP completed 9 Mortgage to Rent purchases (2010 - 6).

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 2011

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 £33,767 (2010 - £20,700) 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. The Company seeks to pay all suppliers within 30 days, subject to the need to ensure costs are properly incurred and invoiced.

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.

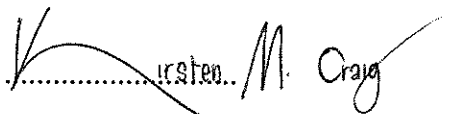
Going Concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years. It therefore has a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Auditors

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

Signed by order of the Board

Secretary: 

Date: 24 August 2011

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
STATEMENT ON BOARD RESPONSIBILITIES
YEAR ENDED 31 MARCH 2011

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 2011

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial operational information and the safeguarding of the Group's assets and interest.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the Turnbull principles as incorporated in the GPN15: demonstrating internal controls assurance in housing associations.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive Management Team (EMT) regularly considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational and financial and compliance issues including treasury strategy and new investment projects. The Board has adopted and disseminated to all employees a Code of Conduct for Employees. This sets out the Group's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and deterrence of fraud and corruption.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and quarterly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the EMT and Finance and Personnel Committee and are considered and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Fraud Assurance

As part of its system of internal control the Board has a well-defined and clear policy on fraud. It covers the specific responsibilities all employees and Board Members must adopt in preventing, detecting and reporting fraudulent activity. In addition, a clearly established whistleblowing policy is in place for all staff.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2011

Internal Audit Assurance

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Executive directors and report to the Audit Committee. The Audit Committee considers internal control and risk at each of its meetings during the year.

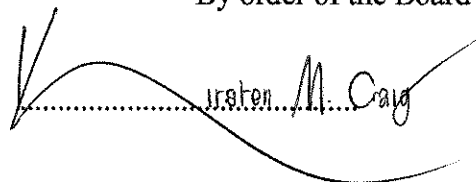
The Audit Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Audit Committee makes an annual report to the Board. The Board has received this report.

The Board confirms that there is an ongoing process for identifying and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and accounts and is regularly reviewed by the Board.

On behalf of the Group, the Audit Committee has reviewed the effectiveness of the systems of internal financial control in existence for the year ended 31 March 2011.

The Board has reviewed the effectiveness of the system of internal control and are satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and that those systems were aligned to an on-going process for the management of the significant risks facing the Group. No weaknesses were identified which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements'.

By order of the Board


Kirsten M. Craig

Date : 24 August 2011.....

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

Baker Tilly UK Audit LLP
Statutory Auditors
Chartered Accountants
Glasgow

Date: *27 September 2011*

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 group and parent financial statements of Dumfries and Galloway Housing Partnership Limited (the "financial statements") on pages 13 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company'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 auditor

As explained more fully in the Board's Responsibilities Statement set out on page 7, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the association's affairs as at 31 March 2011 and of the group's and company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Schedule 7 to the Housing (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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Janet Hamblin (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: ..27..September 2011

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES**GROUP INCOME AND EXPENDITURE ACCOUNT****YEAR ENDED 31 MARCH 2011**

	Notes	2011 £'000	2010 £'000
Turnover	2	28,973	29,430
Operating Costs	2	<u>(29,431)</u>	<u>(31,693)</u>
Operating (deficit)		(458)	(2,263)
Profit / (Loss) on disposal of fixed assets		4	(399)
Interest receivable		1	10
Interest payable and other charges	4	(4,511)	(3,475)
Other finance (costs)	18	<u>(2)</u>	<u>(33)</u>
Deficit on ordinary activities before tax		(4,966)	(6,160)
Corporation tax on ordinary activities	5	(1)	-
Deficit on ordinary activities after tax	15	<u><u>(4,967)</u></u>	<u><u>(6,160)</u></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 2011**

	Notes	2011 £'000	2010 £'000
Turnover	2	28,956	29,344
Operating Costs	2	<u>(29,420)</u>	<u>(31,617)</u>
Operating (deficit)		(464)	(2,273)
Profit / (Loss) on sale of fixed assets		4	(399)
Interest receivable		2	10
Interest payable and other charges	4	(4,511)	(3,475)
Other finance (costs)/income	18	<u>(2)</u>	<u>(33)</u>
Deficit on ordinary activities before tax		(4,971)	(6,170)
Corporation tax on ordinary activities	5	-	-
Deficit on ordinary activities after tax	15	<u><u>(4,971)</u></u>	<u><u>(6,170)</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 2011****GROUP**

	Notes	2011 £'000	2010 £'000
Deficit for the year		(4,967)	(6,160)
Actuarial gain / (loss) on pension scheme	18	894	(1,895)
Total deficits recognised since the last annual report		<u>(4,073)</u>	<u>(8,055)</u>

COMPANY

	Notes	2011 £'000	2010 £'000
Deficit for the year		(4,971)	(6,170)
Actuarial gain / (loss) on pension scheme	18	894	(1,895)
Total deficits recognised since the last annual report		<u>(4,077)</u>	<u>(8,065)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
GROUP BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 £'000	2010 £'000
Tangible Fixed Assets			
Housing properties			
- Gross cost less depreciation	6	93,858	72,306
Less: Grants	6	<u>(43,078)</u>	<u>(37,284)</u>
		50,780	35,022
Other Fixed Assets	6	<u>670</u>	<u>583</u>
		51,450	35,605
Current Assets			
Work in Progress	8	903	-
Debtors	9	2,566	5,672
Cash in bank and on hand		601	974
		<u>4,070</u>	<u>6,646</u>
Creditors: Amounts falling due within one year	10	<u>(8,060)</u>	<u>(8,724)</u>
Net current (liabilities)		(3,990)	(2,078)
Total assets less current liabilities		<u>47,460</u>	<u>33,527</u>
Creditors: Amounts falling due after more than one year	11	(108,050)	(88,550)
Pension (liability)	18	(368)	(1,863)
		<u>(108,418)</u>	<u>(90,413)</u>
Provision for Liabilities	5	(1)	-
		<u>(60,959)</u>	<u>(56,886)</u>
Capital and reserves			
Revenue reserve	15	<u>(60,959)</u>	<u>(56,886)</u>
Total Funds		<u>(60,959)</u>	<u>(56,886)</u>

These financial statements were approved by the Board and authorised for issue on 24 August 2011..... and signed on its behalf by:

Secretary:

Christen M. Craig
 Director:

Director:

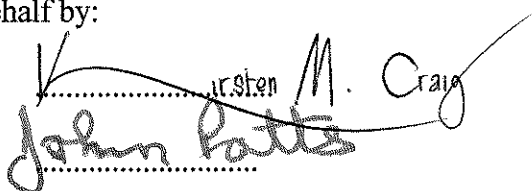
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
COMPANY BALANCE SHEET
AS AT 31 MARCH 2011

	Notes	£'000	2011 £'000	2010 £'000
Tangible Fixed Assets				
Housing properties				
- Gross cost less depreciation	6		93,858	72,306
Less: Grants	6		<u>(43,078)</u>	<u>(37,284)</u>
			50,780	35,022
Other Fixed Assets	6		658	583
Investments	7		<u>-</u>	<u>-</u>
			51,438	35,605
Current Assets				
Work in Progress	8	903		-
Debtors	9	2,583		5,685
Cash in bank and on hand		577		956
			<u>4,063</u>	<u>6,641</u>
Creditors: Amounts falling due within one year	10		<u>(8,052)</u>	<u>(8,727)</u>
Net current (liabilities)			(3,989)	(2,086)
Total assets less current liabilities			<u>47,449</u>	<u>33,519</u>
Creditors: Amounts falling due after more than one year	11		(108,050)	(88,550)
Pension (liability)	18		(368)	(1,863)
			<u>(60,969)</u>	<u>(56,894)</u>
Capital and reserves				
Revenue reserve	15		<u>(60,969)</u>	<u>(56,894)</u>
Total Funds			<u>(60,969)</u>	<u>(56,894)</u>

These financial statements were approved by the Board and authorised for issue on 24 August 2011... and signed on its behalf by:

Secretary:

Director:



 Kirsten M. Craig

 John Potts

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	2011	2010
		£'000	£'000
Net cash inflow from operating activities	16	<u>1,157</u>	<u>1,329</u>
Return on investments and servicing of finance			
Interest received		-	10
Interest paid		<u>(4,511)</u>	<u>(3,475)</u>
Net cash (outflow) from returns on investments & servicing of finance		<u>(4,511)</u>	<u>(3,465)</u>
Investing Activities			
Payments for the purchase and development of property		(22,600)	(24,817)
Proceeds of disposals of fixed assets		2,520	426
Repayment of proceeds to Council		(1,912)	-
HAG and other grants received		5,793	19,845
Purchase of equipment		<u>(320)</u>	<u>(145)</u>
Net cash (outflow) from investing		<u>(16,519)</u>	<u>(4,691)</u>
Net cash (outflow) before financing		<u>(19,873)</u>	<u>(6,827)</u>
Financing			
Loans received		19,500	7,400
Loans repaid		-	-
Net cash inflow from financing		<u>19,500</u>	<u>7,400</u>
(Decrease) / Increase in cash	16	<u>(373)</u>	<u>573</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	£'000	2011 £'000	2010 £'000
Net cash inflow from operating activities	17		<u>1,136</u>	<u>1,312</u>
Return on investments and servicing of finance				
Interest received		-		10
Interest paid		<u>(4,511)</u>		<u>(3,475)</u>
Net cash (outflow) from returns on investments & servicing of finance			<u>(4,511)</u>	<u>(3,465)</u>
Investing Activities				
Payments for the purchase and development of property		(22,600)		(24,817)
Proceeds of disposals of fixed assets		2,520		426
Repayment of proceeds to Council		(1,912)		-
HAG and other grants received		5,793		19,845
Purchase of equipment		<u>(305)</u>		<u>(145)</u>
Net cash (outflow) from investing			<u>(16,504)</u>	<u>(4,691)</u>
Net cash (outflow) before financing			<u>(19,878)</u>	<u>(6,844)</u>
Financing				
Loans received		19,500		7,400
Loans repaid		-		-
Net cash inflow from financing			<u>19,500</u>	<u>7,400</u>
(Decrease) / Increase in cash	17		<u>(379)</u>	<u>556</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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 of the company 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.

The accounts of Novantie have been prepared in accordance with the Companies Act 2006 and the Financial Reporting Standards for Smaller Entities 2008.

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.

Garage properties and Aid and Adaptations works are depreciated on a straight line basis over their expected economic useful lives at an annual rate of 5% (20 years)

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 2011

Other fixed assets

All fixed assets are initially recorded at cost. 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 - 20% or 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.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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.

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

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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.

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.

Work in Progress

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 2011

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

GROUP

	Turnover	Operating Costs	Operating (Deficit)/ Surplus	2010
	£'000	£'000	£'000	£'000
Social lettings	28,418	28,899	(481)	(2,332)
Other	<u>555</u>	<u>532</u>	<u>23</u>	<u>69</u>
Total	<u>28,973</u>	<u>29,431</u>	<u>(458)</u>	<u>(2,263)</u>
2010	<u>29,430</u>	<u>31,693</u>	<u>(2,263)</u>	

COMPANY

	Turnover	Operating Costs	Operating (Deficit)/ Surplus	2010
	£'000	£'000	£'000	£'000
Social lettings	28,418	28,899	(481)	(2,332)
Other	<u>538</u>	<u>521</u>	<u>17</u>	<u>59</u>
Total	<u>28,956</u>	<u>29,420</u>	<u>(464)</u>	<u>(2,273)</u>
2010	<u>29,344</u>	<u>31,617</u>	<u>(2,273)</u>	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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

	General Needs Housing £'000	Supported Housing £'000	Garages £'000	2011 £'000	2010 £'000
Lettings					
Rent receivable net of identifiable service charges	27,339	897	324	28,560	28,334
Service charges receivable	7	-	-	7	-
Gross Rents Receivable	27,346	897	324	28,567	28,334
Less: Rent Losses from Voids	493	12	50	555	700
Net income from rents and service charges	26,853	885	274	28,012	27,634
Grants from the Scottish Ministers	406	-	-	406	432
Other revenue grants	-	-	-	-	413
Total Income from Social Letting Activities	27,259	885	274	28,418	28,479
Operating costs on social letting activities					
Management and maintenance administration costs	8,400	214	-	8,614	8,942
Service costs	113	33	-	146	155
Reactive maintenance	4,536	145	-	4,680	6,123
Planned and cyclical maintenance including major repairs expenditure	14,736	20	-	14,756	15,131
Housing depreciation	448	-	-	448	275
Bad debts	255	-	-	255	185
Operating costs for social letting activities	28,488	412	-	28,899	30,811
Operating Surplus / (Deficit) for social lettings to 31 March 2011	(1,229)	472	274	(481)	(2,332)
Operating Surplus / (Deficit) for social lettings to 31 March 2010	(3,105)	528	245	(2,332)	

The total level of major repairs in the year was £12.3m (2010 - £15.1m). No major repairs were capitalised.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011**

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

GROUP	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	Total Turnover	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	Operating surplus or deficit	<i>Operating surplus or deficit for previous period of account</i>
Wider action/wider role	139				139		(228)	(89)	-
Care and repair									-
Factoring		145			145		(118)	27	-
Development activities									-
Support activities		181			181		(175)	6	-
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									-
Other activities				90	90		(11)	79	69
Total from other activities	139	326		90	555		(532)	23	69
2010	-	-	-	951	951	-	(882)	69	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

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

COMPANY

COMPANY	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	139				139		(228)	(89)	-
Care and repair									-
Factoring		145			145		(118)	27	-
Development activities									-
Support activities			181		181		(175)	6	-
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									-
Other activities				73	73			73	59
Total from other activities	139	145	181	73	538		(521)	17	59
2010	-	-	-	865	865	-	(806)	59	59

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

4. Interest payable

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Interest paid in period	(4,511)	3,475	(4,511)	3,475
Interest capitalised	-	-	-	-
	<u>(4,511)</u>	<u>3,475</u>	<u>(4,511)</u>	<u>3,475</u>

5. Taxation

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

Novantie is subject to UK Corporation Tax and was charged £1,141 (2010 - £2,905) in the year.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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 2010	20,901	53,514	74,415
Additions	21,775	829	22,604
Disposals in year		(650)	(650)
Transfers	(18,796)	18,796	0
As at 31 March 2011	<u>23,880</u>	<u>72,489</u>	<u>96,369</u>
Depreciation			
As at 1 April 2010	-	2,109	2,109
Charge for year	-	448	448
Disposals	-	(46)	(46)
As at 31 March 2011		<u>2,511</u>	<u>2,511</u>
Gross Cost less Depreciation	<u>23,880</u>	<u>69,978</u>	<u>93,858</u>
Housing Association Grant			
As at 1 April 2010	8,785	27,497	36,282
Additions	5,364	-	5,364
Transfer	987	(987)	-
As at 31 March 2011	<u>15,136</u>	<u>26,510</u>	<u>41,646</u>
Other Grants			
As at 1 April 2010	-	1,002	1,002
Additions	-	430	430
Transfer	-	-	-
As at 31 March 2011		<u>1,432</u>	<u>1,432</u>
Net book value			
31 March 2011	<u>8,744</u>	<u>42,036</u>	<u>50,780</u>
31 March 2010	<u>12,116</u>	<u>22,906</u>	<u>35,022</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 2011

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

	Office Property £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
As at 1 April 2010	390	2,267	2,657
Additions	-	319	319
As at 31 March 2011	<u>390</u>	<u>2,586</u>	<u>2,976</u>
Depreciation			
As at 1 April 2010	43	2,030	2,074
Charge for year	5	228	234
As at 31 March 2011	<u>48</u>	<u>2,258</u>	<u>2,306</u>
Net book value			
31 March 2011	<u>342</u>	<u>328</u>	<u>670</u>
31 March 2010	<u>346</u>	<u>237</u>	<u>583</u>

Tangible fixed assets – Company – Other Fixed Assets

	Office Property £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
As at 1 April 2010	390	2,266	2,656
Additions	-	305	305
As at 31 March 2011	<u>390</u>	<u>2,571</u>	<u>2,962</u>
Depreciation			
As at 1 April 2010	43	2,030	2,073
Charge for year	5	225	230
As at 31 March 2011	<u>48</u>	<u>2,255</u>	<u>2,303</u>
Net book value			
31 March 2011	<u>342</u>	<u>316</u>	<u>658</u>
31 March 2010	<u>346</u>	<u>237</u>	<u>583</u>

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

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

7 Investments

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Investment in Subsidiary Companies	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</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 2011, the capital and reserves of Novantie Ltd were £11k, with a profit after taxation for the period of £6k

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 2011.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
8. Work in Progress				
Cost of developing shared equity properties	2,605	-	2,605	-
Grant received to develop properties	(1,702)	-	(1,702)	-
	<u>903</u>	<u>-</u>	<u>903</u>	<u>-</u>
9. Debtors				
Rent arrears	1,089	1,011	1,074	1,011
Less: bad debt provision	(493)	(474)	(493)	(474)
	<u>596</u>	<u>537</u>	<u>581</u>	<u>537</u>
Prepayments and accrued income	249	197	249	197
Amounts owed by group company		-	38	33
Other debtors	1,721	4,938	1,715	4,918
	<u>2,566</u>	<u>5,672</u>	<u>2,583</u>	<u>5,685</u>
10 Creditors – Amounts falling due within one year				
Trade creditors	3,958	5,852	3,958	5,852
Other tax and social security	175	174	174	174
Accruals and deferred income	1,303	1,956	1,303	1,956
Rent in advance	367	291	366	291
Other creditors	2,257	451	2,251	454
	<u>8,060</u>	<u>8,724</u>	<u>8,052</u>	<u>8,727</u>
11 Creditors – Amounts falling due after one year				
Loans	<u>108,050</u>	<u>88,550</u>	<u>108,050</u>	<u>88,550</u>

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 1.30% to 5.25%. (2010 0.98% to 5.25%) in instalments due as follows:

In five years or more	<u>108,050</u>	<u>88,550</u>
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DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

12. Employees

	Group	
	2011	2010
	£'000	£'000
Staff costs during year		
Wages and salaries	5,649	5,235
Social security costs	550	488
Other pension costs	423	897
	<u>6,622</u>	<u>6,620</u>
The average full time equivalent number of persons employed during the year was as follows:	No	No
Administration and Leasing services	<u>191</u>	<u>178</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 (2010: £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)	437	516
Emoluments payable to Highest Paid Director (excluding pension contributions)	107	107

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
£80,001 - £90,000	1	3
£90,001 - £100,000	2	-

The Company's pension contributions for the Chief Executive in the year amounted to £24k (2010 £24k).

	2011	2010
	£'000	£'000
Total Board Members' expenses reimbursed insofar as not chargeable to UK Income Tax	<u>11</u>	<u>16</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

13. Auditors' Remuneration

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
The remuneration of the auditors (including expenses and VAT) for the year	27	26	23	23
Remuneration of the auditors in respect of Taxation services	6	7	5	6
	<u>33</u>	<u>33</u>	<u>28</u>	<u>29</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	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
At 1 April 2010	(56,886)	(48,831)	(56,894)	(48,829)
Accumulated deficit for the year	(4,967)	(6,160)	(4,971)	(6,170)
Actuarial gain (loss) recognised	894	(1,895)	894	(1,895)
At 31 March 2011	<u>(60,959)</u>	<u>(56,886)</u>	<u>(60,969)</u>	<u>(56,894)</u>
Analysed as:				
Revenue reserve excluding pension (liability)	(60,591)	(55,023)	(60,601)	(55,031)
Pension (liability)	(368)	(1,863)	(368)	(1,863)
	<u>(60,959)</u>	<u>(56,886)</u>	<u>(60,969)</u>	<u>(56,894)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

16. Group Cash Flow Statement

	2011	2010
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating (deficit)	(458)	(2,263)
Depreciation charges	681	709
Pension (income)	(602)	(288)
(Increase) / Decrease in work in progress	(903)	701
Decrease (Increase) in debtors	3,103	(497)
(Decrease) / Increase in creditors	(664)	2,967
	<u>1,157</u>	<u>1,329</u>
Reconciliation of net cash flow to movement in net debt		
(Decrease) / Increase in cash for the year	(373)	573
Movement in bank overdraft	-	-
	<u>(373)</u>	<u>573</u>
Loans received	(19,500)	(7,400)
Loan repayments	-	-
	<u>(19,873)</u>	<u>(6,827)</u>
Change in net debt	(19,873)	(6,827)
Net debt as at 1 April 2010	<u>(87,576)</u>	<u>(80,749)</u>
Net debt as at 31 March 2011	<u>(107,449)</u>	<u>(87,576)</u>

Analysis of Changes in net debt

	As at 31 March 2010	Cash Flow	Other Changes	As at 31 March 2011
	£'000	£'000	£'000	£'000
Cash at bank and in hand	974	(373)	-	601
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	(88,550)	(19,500)	-	(108,050)
	<u>(87,576)</u>	<u>(19,873)</u>	-	<u>(107,449)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

17. Company Cash Flow Statement

	2011	2010
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating (deficit)	(464)	(2,273)
Depreciation charges	678	709
Pension (income)	(602)	(288)
(Increase) Decrease in work in progress	(903)	701
Decrease (Increase) in debtors	3,102	(505)
(Decrease) / Increase in creditors	<u>(675)</u>	<u>2,968</u>
 Net cash inflow (outflow) from operating activities	 <u>1,136</u>	 <u>1,312</u>
 Reconciliation of net cash flow to movement in net debt		
(Decrease) / Increase in cash for the year	(379)	556
Movement in bank overdraft	<u>(379)</u>	<u>-</u>
Loans received	(19,500)	(7,400)
Loan repayments	<u>-</u>	<u>-</u>
Change in net debt	(19,879)	(6,844)
Net debt as at 1 April 2010	<u>(87,594)</u>	<u>(80,750)</u>
 Net debt as at 31 March 2011	 <u>(107,473)</u>	 <u>(87,594)</u>

Analysis of Changes in net debt

	As at 31 March 2010 £'000	Cash Flow £'000	Other Changes £'000	As at 31 March 2011 £'000
Cash at bank and in hand	956	(379)	-	577
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	<u>(88,550)</u>	<u>(19,500)</u>	<u>-</u>	<u>(108,050)</u>
	<u>(87,594)</u>	<u>(19,879)</u>	<u>-</u>	<u>(107,473)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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 2011, £25k was due to be paid over to the defined contribution pension scheme (2010: £21k).

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:

	2011	2010
	£'000	£'000
Present value of funded obligations	7,023	7,309
Fair value of plan assets	6,655	5,446
(Deficit)	(368)	(1,863)
Related deferred tax asset	-	-
Net (Liability)	(368)	(1,863)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

18. Pension Funds (cont'd.)

Actuarial assumptions

	2011	2010
Rate of increase in salaries	5.1%	5.3%
Rate of limited price indexation increases in pension in payment	2.8%	3.8%
Discount rate	5.5%	5.5%
Expected long rate return on scheme assets	6.6%	6.8%
Inflation assumption	2.8%	3.8%
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:

	2011	2010
	£,000	£'000
Opening defined benefit obligation	7,309	3,692
Service cost	629	340
Past Service Cost	(487)	36
Member Contributions	194	195
Interest cost	400	272
Actuarial (gains) / losses	(913)	2,851
Benefits paid	(109)	(77)
Closing defined benefit obligation	7,023	7,309

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

18. Pension Funds (cont'd.)

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

	2011	2010
	£'000	£'000
Opening plan assets	5,446	3,469
Expected return	398	239
Actuarial gains/(losses)	(19)	956
Contributions by employer	745	664
Contributions by members	194	195
Benefits paid	(109)	(77)
Closing plan assets	6,655	5,446

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

	2011	2010
	£'000	£'000
Current service cost	629	340
Interest on obligation	400	272
Expected return on plan assets	(398)	(239)
Past service cost	(487)	36
Total	144	409

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

	2011	2010
	£'000	£'000
Opening cumulative STRGL	(2,328)	(433)
Actuarial gains (losses)/	894	(1,895)
	(1,434)	(2,328)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

18. Pension Funds (cont'd.)

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

	2011
Equities	62%
Bonds	24%
Property	9%
Other	5%
	100%

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation	7,023	7,309	3,692	3,760	3,808
Plan assets	6,655	5,446	3,469	4,235	3,719
(Deficit)/Surplus	(368)	(1,863)	(223)	475	(89)
Difference between actual and expected return on scheme assets:					
Amount (£'000)	(19)	956	(1,744)	(449)	(6)
Percentage of scheme assets	(0.3%)	17.55%	(50.3%)	(10.6%)	(0.1%)
Experience gains and (losses) on scheme					
Amount (£'000)	22	(1)	376	55	(17)
Percentage of scheme liabilities	0.3%	0%	10.2%	1.5%	(0.4%)

The company expects to contribute £497k to its defined contribution scheme in the year to March 2011

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

19. Commitments – Group and Company

	2011 £'000	2010 £'000
Expenditure authorised by the Board contracted less certified	<u>42,948</u>	<u>69,331</u>

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 2011 was as follows:-

	2011	2010
General Needs	9,994	10,029
Supported Housing	278	278
	<u>10,272</u>	<u>10,307</u>

All housing units are owned and managed by the Company

21. Related Parties

The Company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies

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.

One Board member, Robert Higgins, is an elected member of Dumfries and Galloway Council. All transactions with the Council are undertaken on arm's length basis and in the normal course of business of both the Company and the Council. Councillor Higgins cannot use his position with the Company to his personal advantage.

22. Contingent Liability

The contractor engaged on some of the Company's regeneration schemes entered administration in April 2011. The administrator is seeking approximately £2.149m from the company under the relevant contracts. The Company is confident that no amounts are due to the contractor, and has not provided for any liability.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

23. Leasing Commitments

At 31 March 2011 the Group and Company had annual commitments under non-cancellable operating leases as set out below.

Land and buildings

	2011	2010
	£'000	£'000
Operating leases which expire:		
Within 1 year	21	-
Within 2 to 5 years	-	279
After more than 5 years	261	-
	<u>282</u>	<u>279</u>