

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

Report of the Board of Management and
Financial Statements for the year ended
31 March 2014

Registration Particulars:

Register of Companies

Companies Act 2006
Registered Number: SC220297

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number: 315

Office of the Scottish Charity Regulator

Charities and Trustee Investment (Scotland)
Act 2005
Charity No. SC039896

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2014

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DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2014

Board Members

David McMillan (Chairman)

Bill Marshall

Scott Armstrong

George McBurnie

Margaret Brown (resigned June 2013)

Pat McTaggart

Beryl Castle

Fred Murray

Thomas Gillan

John Potts (resigned September 2013)

John Hay

Bill Robertson (appointed September 2013)

Robert Higgins

Liz Roper (appointed September 2013)

Billy Lockhart

Jim Steen

Bill Zemaititis

Executive Management Team

Chief Executive

Zoe Forster

Director of Finance

Hugh Carr

Director of Housing Services

Jayne Moore

Director of Investment & Regeneration

James Shirazi

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2014

Registered Office:

**Grierson House
The Crichton
Bankend Road
Dumfries
DG1 4ZS**

Auditors:

**Haines Watts
231/233 St Vincent St
Glasgow
G2 5QY**

Principal Bankers:

**Dexia Public Finance Bank
13th Floor
200 Aldersgate Street
London
EC1A 4HD**

**The Housing Finance Corporation plc
4th Floor, 107 Cannon Street
London,
EC4 5AF**

**Royal Bank of Scotland plc, Kirkstane House,
139 St Vincent Street
Glasgow
G2 5JF**

**Clydesdale Bank plc
84-86 High Street
Dumfries
DG1 2BJ**

**Santander UK plc
17 Ulster Terrace
Regents Park
London
NW1 4PJ**

**Barclays Bank plc
Aurora
1st Floor, 120 Bothwell Street
Glasgow, G2 7JT**

**Nationwide International Ltd
5-11 St Georges Street
Douglas
Isle of Man
IM99 1RN**

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2014

Solicitors:

**Brechin Tindal Oatts
48 St. Vincent Street
Glasgow
G2 5HS**

**Harper MacLeod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE**

**Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY**

**Simpson and Marwick
144 West George Street
Glasgow
G2 2HG**

**ACH Shoosmiths
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN**

Internal Auditors:

**Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE**

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2014

The Board presents its Annual Report together with the audited accounts for the year to 31 March 2014.

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; and
- 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 2014, there were approximately 1,500 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 Boards of Novantia Limited and of DGHP 3 Limited comprise 3 members appointed by DGHP, who select 2 further members of each subsidiary's Board. The DGHP Board oversees the activities of Novantia and DGHP 3 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 2014, DGHP generated a surplus of £2,731k (2013 – deficit £1,506k) before tax.

Turnover

Turnover of £37million (2013 - £34 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.

Treasury Management

DGHP has a long term funding agreement with Dexia Public Finance Bank, which provides the funding required to meet investment and regeneration commitments entered into before 2011. At 31 March 2014, total loan commitments to Dexia were £101.3m (2013-£101.3m), from a total facility of £130m. The Company's policy is to manage debt in a prudent and non-speculative manner, and therefore £85m of this loan is subject to interest rates fixed until various dates up to 2030.

DGHP also has a 30 year fixed rate loan with The Housing Finance Corporation plc of £40m. This loan was drawn down in March 2012, and is sufficient to fund the new build developments currently being delivered with Scottish Government and Dumfries and Galloway Council grant support.

Business Plan and 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.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

REPORT OF THE BOARD YEAR ENDED 31 MARCH 2014

Risk Management

The Board has developed, with advice from internal 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
- 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

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 10.

Housing Services

DGHP is committed to a high standard of customer service in all its activities. Key to this is 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.

Asset Management and Investment

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 continue to 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.

Since acquiring the housing stock of Dumfries and Galloway Council in 2003, DGHP has invested approximately £150m in bringing its tenants homes to the Scottish Housing Quality Standard, which will be achieved ahead of the Scottish Government's deadline of March 2015. The major elements of this programme to date are the installation of modern secure front and rear doors; modern kitchens and bathrooms, including a significant number of bathrooms adapted for people with mobility needs, and affordable and effective heating systems. By 2015, the company will complete the installation of modern heating systems, including many state of the art low carbon systems to bring affordable heating to all its tenants.

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.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2014

Of the total expenditure on works to new and existing properties in the year; £21,902k (2013: £23,194k) were capitalised. Of these total capitalised costs £5,078k relates to replaced components (2013:£10,815k) and £16,824k relates to new built and improved properties (2013 £12,379k).

Regeneration and Development

DGHP, in conjunction with Dumfries and Galloway Council and the Scottish Government, has an ambitious programme of regeneration and new build housing development, to meet the high levels of demand for new affordable homes across the region 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 2013/14, the Company progressed the regeneration schemes in Dumfries and Stranraer which had been delayed by the financial collapse its largest new build housing contractor. These schemes are now close to completion, and other schemes supported by the Scottish Government's Innovation and Investment Fund are on site. Overall, DGHP is committed to completing over 200 further new homes by 2017.

Big Lottery

During 2011/12, DGHP completed the development of 10 flats in Dumfries for young people leaving care and setting up their own home for the first time, supported by DGHP staff living in the same accommodation. This important project has been supported by the Scottish Government and by the Big Lottery Fund. The Big Lottery Fund is funding the costs of staff, other administration costs and the capital costs of fittings and equipment.

Sales of housing properties

DGHP sold 31 (2013 – 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

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 Board.

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 £23,000 (2013 - £29,329) 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 31 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.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2014

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 Group 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

Haines Watts has indicated its willingness to continue in office.

Signed by order of the Board

Secretary: *Zoë Forster*

Date: *21st Aug 2014*

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
STATEMENT ON BOARD RESPONSIBILITIES
YEAR ENDED 31 MARCH 2014

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 Determination of Accounting Requirements 2012. 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 2014

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 include;

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, 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. (including anti-bribery policy).

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 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 2014

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 2014.

The Board has reviewed the effectiveness of the system of internal control and is 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

Secretary

Zoe Forster

Date :

21st Aug 2014

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 (DGHP) for the year ended 31 March 2014 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 9, 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 company's affairs as at 31 March 2014 and of the group's and the company's income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements- 2012.

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.

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.



Richard Gibson BAcc CA CF (Senior Statutory Auditor)
For and on behalf of Haines Watts, Statutory Auditor
231/233 St Vincent St
Glasgow
G2 5QY

Date: 25th August 2014

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Turnover	2	36,830	34,187
Operating Costs	2	<u>(27,331)</u>	<u>(28,219)</u>
Operating surplus		9,499	5,968
Loss on disposal of fixed assets		(454)	(748)
Interest receivable		54	259
Interest payable and other charges	4	(6,821)	(6,955)
Other finance (costs)/income		<u>(54)</u>	<u>(30)</u>
Surplus/ (Deficit) on ordinary activities before tax		2,224	(1,506)
Taxation on ordinary activities	5	(57)	(45)
Surplus/ (Deficit) on ordinary activities after tax	15	<u><u>2,167</u></u>	<u><u>(1,551)</u></u>

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

		2014	2013
Surplus/ (Deficit) for the year		2,167	(1,551)
Actuarial (loss) on pension scheme	18	(210)	(672)
Total recognised surpluses and deficits for the year		<u><u>1,957</u></u>	<u><u>(2,223)</u></u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Turnover	2	36,969	33,934
Operating Costs	2	<u>(27,246)</u>	<u>(28,173)</u>
Operating surplus		9,723	5,761
Loss on sale of fixed assets		(454)	(748)
Interest receivable		56	257
Interest payable and other charges	4	(6,821)	(6,955)
Other finance (costs)/income		<u>(54)</u>	<u>(30)</u>
Surplus/ (Deficit) on ordinary activities before tax		2,450	(1,715)
Taxation on ordinary activities	5	-	-
Surplus/ (Deficit) on ordinary activities after tax	15	<u><u>2,450</u></u>	<u><u>(1,715)</u></u>

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

		2014	2013
Surplus/ (Deficit) for the year		2,450	(1,715)
Actuarial (loss) on pension scheme	18	(210)	(672)
Surplus/ (Deficit) on ordinary activities after tax		<u><u>2,240</u></u>	<u><u>(2,387)</u></u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES**GROUP BALANCE SHEET AS AT 31 MARCH 2014**

	Notes	2014	2013
		£'000	£'000
Tangible Fixed Assets			
Housing properties			
- Gross cost less depreciation	6	202,364	189,714
Less: Grants	6	(60,671)	(57,920)
		141,693	131,794
Other Fixed Assets	6	654	696
		142,347	132,490
Current Assets			
Work in Progress	8	1,504	1,299
Debtors	9	3,926	3,568
Cash in bank and on hand		5,447	12,753
		10,877	17,620
Creditors: Amounts falling due within one year	10	(10,575)	(9,723)
Net current assets		302	7,897
Total assets less current liabilities		142,649	140,387
Creditors: Amounts falling due after more than one year	11	(142,799)	(142,902)
Pension (liability)	18	(2,481)	(2,074)
		(145,280)	(144,976)
Provision for Liabilities		(2)	(1)
		(2,633)	(4,590)
Capital and reserves			
Revenue reserve	15	(2,633)	(4,590)
Total Funds		(2,633)	(4,590)

These financial statements were approved by the Board and authorised for issue on 21/08/14 and signed on its behalf by:

Secretary: *Zoë Foster*

Director: *Patricia McTaggart*

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES**COMPANY BALANCE SHEET**

AS AT 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Tangible Fixed Assets			
Housing properties			
- Gross cost less depreciation	6	202,792	189,642
Less: Grants	6	(60,647)	(57,920)
		142,145	131,722
Other Fixed Assets	6	631	689
Investments	7	-	-
		142,776	132,411
Current Assets			
Work in Progress	8	1,504	1,299
Debtors	9	4,131	3,889
Cash in bank and on hand		5,388	12,584
		11,023	17,772
Creditors: Amounts falling due within one year	10	(11,052)	(9,980)
Net current assets		(29)	7,792
Total assets less current liabilities		142,747	140,203
Creditors: Amounts falling due after more than one year	11	(142,799)	(142,902)
Pension (liability)	18	(2,481)	(2,074)
		(145,280)	(144,976)
Capital and reserves			
		(2,533)	(4,773)
Revenue reserve	15	(2,533)	(4,773)
Total Funds		(2,533)	(4,773)

These financial statements were approved by the Board and authorised for issue on 21/08/14 and signed on its behalf by:

Secretary: *Rae Foster*

Director: *Patricia McTaggart*

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Net cash inflow from operating activities	17a	<u>15,801</u>	<u>13,624</u>
Return on investments and servicing of finance			
Interest received		54	257
Interest paid		<u>(6,924)</u>	<u>(6,958)</u>
Net cash (outflow) from returns on investments & servicing of finance		<u>(6,870)</u>	<u>(6,701)</u>
Taxation			
Corporation tax paid		(45)	
Less grants received		<u>-</u>	
Net cash outflow from taxation		<u>(45)</u>	
Capital Expenditure and Financial Investment			
Payments for the purchase and development of property		(19,020)	(23,320)
Proceeds of disposals of fixed assets		1,184	1,461
Repayment of proceeds to Council		(932)	(1,137)
HAG and other grants received		2,771	7,446
Purchase of other fixed assets		<u>(195)</u>	<u>(229)</u>
Net cash (outflow) from Capital Expenditure and Financial Investment		<u>(16,192)</u>	<u>(15,779)</u>
Net cash (outflow) before financing		<u>(7,306)</u>	<u>(8,856)</u>
Financing			
Loans received		-	-
Loans repaid		<u>-</u>	<u>(20,000)</u>
Net cash (outflow)/inflow from financing		<u>-</u>	<u>(20,000)</u>
(Decrease)/increase in cash	17a	<u>(7,306)</u>	<u>(28,856)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£'000	£'000
Net cash inflow from operating activities	17b	<u>16,365</u>	<u>13,509</u>
Return on investments and servicing of finance			
Interest received		56	257
Interest paid		<u>(6,924)</u>	<u>(6,955)</u>
Net cash (outflow) from returns on investments & servicing of finance		<u>(6,868)</u>	<u>(6,698)</u>
Capital Expenditure and Financial Investment			
Payments for the purchase and development of property		(19,519)	(23,312)
Proceeds of disposals of fixed assets		1,184	1,461
Repayment of proceeds to Council		(931)	(1,151)
HAG and other grants received		2,747	7,441
Purchase of other fixed assets		<u>(174)</u>	<u>(228)</u>
Net cash (outflow) from Capital Expenditure and Financial Investment		<u>(16,693)</u>	<u>(15,789)</u>
Net cash (outflow) before financing		<u>(7,196)</u>	<u>(8,978)</u>
Financing			
Loans received			-
Loans repaid		-	(20,000)
		<u>-</u>	<u>(20,000)</u>
Net cash (outflow)/inflow from financing		<u>-</u>	<u>(20,000)</u>
(Decrease)/increase in cash	17b	<u><u>(7,196)</u></u>	<u><u>(28,978)</u></u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

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 Determination of Accounting Requirements 2012 and in compliance with the Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers Update 2010" and applicable Accounting Standards.

The accounts of Novantie Limited and DGHP 3 Limited have been prepared in accordance with the Companies Act 2006 and the Financial Reporting Standards for Smaller Entities April 2008.

Basis of Preparation

The accounts are prepared under the historical cost convention and on a going concern basis. To support its operation the Company has in place loan facilities totalling £170m. The Company's activities are based on a long term business plan, which anticipates that it will continue to generate the cashflow required to support and repay its borrowings. 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 others, 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. HAG is repayable under certain circumstances.

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.

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 2014

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 75 years
Kitchen	Over 20 years
Bathroom	Over 30 years
Windows	Over 30 years
Rewiring	Over 30 years
Heating-Radiators	Over 24 years
Boiler	Over 10 years
Heating - Green	Over 20 years
Roofs (pitched)	Over 45 years
Roofs (flat)	Over 15 years
Extensions	Over 55 years

As a result of the expected economic life being in excess of 50 years an annual impairment review is performed.

Other fixed assets

All fixed assets are initially recorded at cost. Depreciation is charged by equal instalments at rates estimated to write off costs less any residual value over expected useful lives

Fixtures, fittings & equipment	- over 3 or 5 years
Office property	- over 75 years

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.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

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 after 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 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.

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.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

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 2014

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

GROUP

	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	2013 £'000
Social lettings	35,440	25,514	9,926	5,748
Other Activities	<u>1,390</u>	<u>1,817</u>	<u>(428)</u>	<u>220</u>
Total	<u><u>36,830</u></u>	<u><u>27,331</u></u>	<u><u>9,499</u></u>	<u><u>5,968</u></u>
2013	<u><u>34,187</u></u>	<u><u>28,219</u></u>	<u><u>5,968</u></u>	

COMPANY

	Turnover £'000	Operating Costs £'000	Operating Surplus £'000	2013 £'000
Social lettings	35,440	25,514	9,926	5,748
Other Activities	<u>1,529</u>	<u>1,732</u>	<u>(203)</u>	<u>13</u>
Total	<u><u>36,969</u></u>	<u><u>27,246</u></u>	<u><u>9,723</u></u>	<u><u>5,761</u></u>
2013	<u><u>33,934</u></u>	<u><u>28,173</u></u>	<u><u>5,761</u></u>	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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

	General Needs Housing £000	Supported Housing £000	Other £000	Total 2014 £000	Total 2013 £000
Rents receivable net of service charges	33,071	1,276	390	34,737	33,025
Service charges	39	81	-	120	62
Gross income from rents and service charges	33,110	1,357	390	34,857	33,087
Less voids	335	26	91	452	625
Net income from rents and service charges	32,775	1,331	299	34,405	32,462
Grants from the Scottish Ministers	322	-	-	322	315
Other revenue grants	-	713	-	713	168
Total turnover from social letting activities	33,097	2,044	299	35,440	32,945
Management and maintenance administration costs	9,626	774	-	10,400	9,559
Service Costs	44	73	-	117	209
Planned and cyclical maintenance including major repairs costs	6,199	191	34	6,424	5,363
Reactive maintenance costs	2,604	4	-	2,608	6,009
Bad debts – rents and service charges	321	-	-	321	355
Depreciation of social housing	5,459	164	21	5,644	5,702
Operating costs for social letting activities	24,253	1,206	55	25,514	27,197
Operating surplus/(deficit) for social lettings	8,844	838	244	9,926	5,748
Operating surplus/(deficit) for social lettings for previous period of account	5,059	492	197	5,748	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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>	<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	-	-	-	-	-	-	(35)	(35)	(17)
Factoring	-	-	-	107	107	-	(211)	(104)	(40)
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	165	4	169	-	(273)	(104)	16
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services	-	-	-	130	130	-	(223)	(93)	(29)
Developments and improvements for sale to non-registered social landlords	-	-	-	1,062	1,062	-	(1,062)	-	-
Other activities	-	-	-	(78)	(78)	(2)	(11)	(91)	290
Total from other activities	-	-	165	1,225	1,390	(2)	(1,815)	(427)	220
2013	29	-	189	1,204	1,242	-	(1,022)	220	

Included in other activities is income in relation to cost recovery e.g. legal costs and staff telephone costs.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities - 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	-	-	-	-	-	-	(35)	(35)	(17)
Factoring	-	-	-	107	107	-	(211)	(104)	(40)
Development activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	165	4	169	-	(199)	(30)	16
Care activities	-	-	-	-	-	-	-	-	(30)
Agency/management services	-	-	-	130	130	-	(225)	(95)	-
Developments and improvements for sale to non-registered social landlords	-	-	-	1,062	1,062	-	(1,062)	-	-
Other activities	-	-	-	61	61	-	-	61	84
Total from other activities	-	-	165	1,365	1,529	-	(1,732)	(203)	13
2013	29	-	189	771	989	-	(976)	13	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

4. Interest payable

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Interest payable in period	(6,821)	(6,955)	(6,821)	(6,955)
Interest capitalised	-	-	-	-
	<u>(6,821)</u>	<u>(6,955)</u>	<u>(6,821)</u>	<u>(6,955)</u>

5. Taxation

DGHP has charitable status and its activities are therefore exempt from corporation tax.

Novantie is subject to UK Corporation Tax and was charged £2k Deferred Taxation (2013 - £2k CT) in the year.

DGHP 3 is subject to UK Corporation Tax and was charged £55k (2013 – £43k) in the year

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

6. Tangible fixed assets – Group – Housing Properties

	Housing Properties Under Construction £'000	Housing Properties Held for Letting £'000	Total £'000
Gross Cost			
As at 1 April 2013	22,064	196,477	218,541
Additions	6,812	12,208	19,020
Disposals in year	-	(1,013)	(1,013)
Transfers	(14,344)	14,344	-
As at 31 March 2014	<u>14,532</u>	<u>222,016</u>	<u>236,548</u>
Depreciation			
As at 1 April 2013	-	28,827	28,827
Charge for year	-	5,644	5,644
Disposals	-	(287)	(287)
Transfer	-	-	-
As at 31 March 2014	<u>-</u>	<u>34,184</u>	<u>34,184</u>
Gross Cost less Depreciation	<u>14,532</u>	<u>187,832</u>	<u>202,364</u>
Housing Association Grant			
As at 1 April 2013	17,003	36,015	53,018
Additions	1,339	299	1,638
Disposals	-	(17)	(17)
Transfer	(8,950)	8,950	-
As at 31 March 2014	<u>9,392</u>	<u>45,247</u>	<u>54,639</u>
Other Grants			
As at 1 April 2013	953	3,949	4,902
Additions	169	964	1,133
Disposals	0	(3)	(3)
Transfer	(793)	793	-
As at 31 March 2014	<u>329</u>	<u>5,703</u>	<u>6,032</u>
Total Grants	<u>9,721</u>	<u>50,950</u>	<u>60,671</u>
Net book value			
31 March 2014	<u>4,811</u>	<u>136,882</u>	<u>141,693</u>
31 March 2013	<u>4,108</u>	<u>127,686</u>	<u>131,794</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2014

6. Tangible fixed assets –Company - Housing Properties

	Housing Properties Under Construction £'000	Housing Properties Held for Letting £'000	Total £'000
Gross Cost			
As at 1 April 2013	22,064	196,404	218,468
Additions	7,311	12,208	19,519
Disposals in year	-	(1,013)	(1,013)
Transfers	(14,344)	14,344	-
As at 31 March 2014	<u>15,031</u>	<u>221,943</u>	<u>236,974</u>
Depreciation			
As at 1 April 2013	-	28,826	28,826
Charge for year	-	5,643	5,643
Disposals	-	(287)	(287)
Transfers	-	-	-
As at 31 March 2014	<u>-</u>	<u>34,182</u>	<u>34,182</u>
Gross Cost less Depreciation	<u>15,031</u>	<u>187,761</u>	<u>202,792</u>
Housing Association Grant			
As at 1 April 2013	17,003	36,015	53,018
Additions	1,339	299	1,638
Disposals in year	-	(17)	(17)
Transfer	(8,950)	8,950	-
As at 31 March 2014	<u>9,392</u>	<u>45,247</u>	<u>54,639</u>
Other Grants			
As at 1 April 2013			
Additions	933	3,969	4,902
Disposals in year	169	940	1,109
Transfer	-	(3)	(3)
As at 31 March 2014	<u>(793)</u>	<u>793</u>	<u>-</u>
Total Grants	<u>9,701</u>	<u>50,946</u>	<u>60,647</u>
Net book value			
31 March 2014	<u>5,328</u>	<u>136,815</u>	<u>142,145</u>
31 March 2013	<u>4,128</u>	<u>127,594</u>	<u>131,722</u>

None of the Company's properties are held under lease agreements. A valuation of the housing property has been carried out, as at 31 March 2014, for security purposes by Savills (L&P) Limited, which placed the value of the properties on this basis at £219m, which is significantly in excess of the carrying value of the housing property. As a result of this it is judged 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 2014

6. Tangible fixed assets – Group – Other Fixed Assets

	Office Property £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
As at 1 April 2013	534	2,609	3,143
Additions	13	182	195
Disposals	-	(24)	(24)
Transfers	-	-	-
As at 31 March 2014	<u>547</u>	<u>2,767</u>	<u>3,314</u>
Depreciation			
As at 1 April 2013	61	2,303	2,364
Charge for year	3	233	236
Disposals	-	(23)	(23)
Transfers	-	-	-
As at 31 March 2014	<u>64</u>	<u>2,513</u>	<u>2,577</u>
Grants			
As at 1 April 2013	67	16	83
Additions	-	-	-
Transfers	-	-	-
As at 31 March 2014	<u>67</u>	<u>16</u>	<u>83</u>
Net book value			
31 March 2014	<u>416</u>	<u>238</u>	<u>654</u>
31 March 2013	<u>406</u>	<u>290</u>	<u>696</u>

Tangible fixed assets – Company – Other Fixed Assets

	Office Property £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
As at 1 April 2013	534	2,593	3,127
Additions	13	161	174
Transfers	-	(24)	(24)
Disposals	-	-	-
As at 31 March 2014	<u>547</u>	<u>2,730</u>	<u>3,277</u>
Depreciation			
As at 1 April 2014	61	2,294	2,355
Charge for year	3	228	231
Disposals	-	(23)	(23)
Transfers	-	-	-
As at 31 March 2014	<u>64</u>	<u>2,499</u>	<u>2,563</u>
Grants			
As at 1 April 2013	67	16	83
Additions	-	-	-
Transfers	-	-	-
As at 31 March 2014	<u>67</u>	<u>16</u>	<u>83</u>
Net book value			
31 March 2014	<u>416</u>	<u>215</u>	<u>631</u>
31 March 2013	<u>406</u>	<u>283</u>	<u>689</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 2014

7. Investments

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Investment in Subsidiary Companies	-	-	4	4

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 2013, the capital and reserves of Novantie Ltd were £29k (2013: £21k), with a profit after taxation for the period of £6k (2013: £6k).

Dumfries and Galloway Housing Partnership Ltd owns 2 ordinary shares of £1 each in DGHP 3 Limited, representing a 100% shareholding. At 31 March 2013, the capital and reserves of DGHP 3 Ltd were £374k (2013: £154k), with a profit after taxation for the period of £220k (2013: £150k). DGHP 3 Ltd's principal activity is to perform design and build contracts.

8. Work in Progress

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Cost of developing shared equity properties	3,865	3,462	3,865	3,462
Grant received to develop properties	(2,361)	(2,163)	(2,361)	(2,163)
	<u>1,504</u>	<u>1,299</u>	<u>1,504</u>	<u>1,299</u>

9. Debtors

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Rent arrears	1,116	982	1,107	969
Less: bad debt provision	(628)	(484)	(627)	(484)
	488	498	480	485
Prepayments and accrued income	382	283	382	283
Amounts owed by group companies	-	-	280	357
Other debtors	3,055	2,787	2,989	2,764
	<u>3,926</u>	<u>3,568</u>	<u>4,131</u>	<u>3,889</u>

Included in Other Debtors are amounts totalling £25k which are receivable after more than 12 months.

Included in amounts owed by group companies is an amount of £38k which is receivable after more than 12 months.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
10 Creditors – Amounts falling due within one year				
Trade creditors	2,958	3,814	1,571	3,814
Other tax and social security	177	178	177	178
Accruals and deferred income	5,475	1,883	87	1,883
Rent in advance	561	411	558	408
Amounts owed to Group companies	-	-	1,921	2,202
Corporation tax creditor	55	45	-	-
Other creditors	1,349	3,392	6,738	1,495
	<u>10,575</u>	<u>9,723</u>	<u>11,052</u>	<u>9,980</u>
11 Creditors – Amounts falling due after one year				
Loans	<u>142,799</u>	<u>142,902</u>	<u>142,799</u>	<u>142,902</u>

Dexia Credit Local London Branch holds a standard security and floating charge over approximately 9,000 of the company's properties. Interest is payable at rates of 1.45% to 5.46%. (2013 1.71% to 5.39%). The loan is repayable in instalments due as follows:

	£'000	£'000
Within 2 - 5 years	35,000	-
In five years or more	66,300	101,300

The Housing Finance Corporation plc holds a standard security over 1,165 of the company's properties. The loan of £40,000k is repayable in full in October 2043 and interest is fixed at 4.948%. The loan premium of £1.602k received on drawdown in 2012 is being amortised over the life of the loan and at the balance sheet date stood at £1,499k (2013 - £1,602k).

12. Employees

	Group	
	2014 £'000	2013 £'000
Staff costs during year		
Wages and salaries	6,256	5,709
Social security costs	622	577
Other pension costs	932	867
	<u>7,810</u>	<u>7,153</u>

Included in the pension costs total is an adjustment of £143k (2013- £2k) arising from the implementation of FRS17 in the financial statements.

	No	No
The average full time equivalent number of persons employed during the year was as follows:		
Administration and Leasing services	<u>216</u>	<u>208</u>

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

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
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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 (2013: £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)	458	440
Emoluments payable to Highest Paid Director (excluding pension contributions)	123	107

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

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

The Company's pension contributions for the Chief Executive in the year amounted to £26k, (2013 £24k).

	2014 £'000	2013 £'000
Total Board Members' expenses reimbursed insofar as not chargeable to UK Income Tax	14	14

13. Auditors' Remuneration

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
The remuneration of the external auditors (including expenses and VAT) for the year	30	33	18	25
	30	33	18	25

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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 1 April 2013	(4,590)	(2,367)	(4,773)	(2,386)
Accumulated deficit for the year	2,167	(1,551)	2,450	(1,715)
Actuarial (loss) recognised	(210)	(672)	(210)	(672)
At 31 March 2014	(2,633)	(4,590)	(2,533)	(4,773)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
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16. Big Lottery

During the year, the company received £179,122 (2013 – £173,111) from the Big Lottery Fund in respect of the company's Supported Housing Pathway to Independence project. This is the third year of a five year commitment by the Big Lottery Fund to part fund this project to a total of £941,842.

17a. Group Cash Flow Statement

	2014	2013
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating surplus	9,499	5,939
Depreciation charges	5,881	5,980
Pension adjustment	143	-
(Increase)/decrease in work in progress	(205)	(311)
Decrease/(increase) in debtors	(358)	732
Increase in creditors	842	1,284
	<u>15,801</u>	<u>13,624</u>
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash for the year	(7,306)	(28,856)
	<u>(7,306)</u>	<u>(28,856)</u>
Loans received	-	-
Loan repayments	-	20,000
Loan amortisation	103	-
	<u>(7,203)</u>	<u>(8,856)</u>
Change in net debt	(7,203)	(8,856)
Net debt as at 1 April 2013	(130,149)	(121,293)
	<u>(137,352)</u>	<u>(130,149)</u>

Analysis of Changes in net debt

	As at 31	Cash	Other	As at 31
	March 2013	Flow	Changes	March 2014
	£'000	£'000	£'000	£'000
Cash at bank and in hand	12,753	(7,306)	-	5,447
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	(142,902)	-	103	(142,799)
	<u>(130,149)</u>	<u>(7,306)</u>	<u>103</u>	<u>(137,352)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

17b. Company Cash Flow Statement

	2014	2013
	£'000	£'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating surplus	9,723	5,731
Depreciation charges	5,874	5,976
Pension (income)	143	-
(Increase)/decrease in work in progress	(205)	(310)
Decrease/(increase) in debtors	(242)	340
Increase in creditors	1,072	1,772
	<hr/>	<hr/>
Net cash inflow from operating activities	16,365	13,509
	<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash for the year	(7,196)	(28,978)
Movement in bank overdraft	-	-
	<hr/>	<hr/>
	(7,196)	(28,978)
Loans received	-	-
Loan repayment	-	20,000
Loan amortisation	103	-
	<hr/>	<hr/>
	(7,093)	(8,978)
Change in net debt		
Net debt as at 1 April 2013	(130,318)	(121,340)
	<hr/>	<hr/>
Net debt as at 31 March 2014	(137,411)	(130,318)
	<hr/>	<hr/>

Analysis of Changes in net debt

	As at 31 March 2013 £'000	Cash Flow £'000	Other Changes £'000	As at 31 March 2014 £'000
Cash at bank and in hand	12,584	(7,196)	-	5,388
Overdraft	-	-	-	-
Debt due within one year	-	-	-	-
Debt due after one year	(142,902)	-	103	(142,799)
	<hr/>	<hr/>	<hr/>	<hr/>
	(130,318)	(7,196)	103	(137,411)
	<hr/>	<hr/>	<hr/>	<hr/>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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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 the employer, of 10% of salary and by employees. Contributions charged to the Income and Expenditure account represent the contributions payable by the Company in the year.

At 31 March 2014, £35k was due to be paid over to the defined contribution pension scheme (2013: £32k).

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:

	2014	2013
	£'000	£'000
Present value of funded obligations	12,006	10,220
Fair value of plan assets	9,525	8,146
(Deficit)	(2,481)	(2,074)
Related deferred tax asset	-	-
Net (Liability)	(2,481)	(2,074)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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18. Pension Funds (cont'd.)

Actuarial assumptions	2014	2013
Rate of increase in salaries	5.1%	5.1%
Rate of limited price indexation increases in pension in payment	2.8%	2.8%
Discount rate	4.3%	4.5%
Expected long rate return on scheme assets	6.0%	5.0%
Inflation assumption	1%	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:

	2014	2013
	£,000	£'000
Opening defined benefit obligation	10,220	8,104
Current Service cost	756	589
Past Service Cost	-	-
Member Contributions	188	181
Interest cost	477	402
Actuarial (gains) / losses	536	1,185
Benefits paid	(171)	(241)
Closing defined benefit obligation	12,006	10,220

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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18. Pension Funds (cont'd.)

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

	2014	2013
	£'000	£'000
Opening plan assets	8,146	6,711
Expected return	423	372
Actuarial gains/(losses)	326	513
Contributions by employer	613	610
Contributions by members	188	181
Benefits paid	(171)	(241)
Closing plan assets	9,525	8,146

The amounts recognised in income and expenditure account are as follows:

	2014	2013
	£'000	£'000
Current service cost	756	589
Interest on obligation	477	402
Expected return on plan assets	(423)	(372)
Past service cost	-	-
Total	810	619

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

	2013	2013
	£'000	£'000
Opening cumulative STRDS	(3,297)	(2,625)
Actuarial (losses)/gains	(210)	(672)
	(3,507)	(3,297)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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18. Pension Funds (cont'd.)

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

	2014	2013
Equities	75%	66%
Bonds	15%	24%
Property	8%	8%
Other	2%	2%
	100%	100%

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

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present Value of Scheme liabilities	12,006	10,220	8,104	7,023	7,309
Fair Value of Scheme assets	9,525	8,146	6,711	6,655	5,446
(Deficit)/Surplus of the Scheme	(2,481)	(2,074)	(1,393)	(368)	(1,863)
Difference between actual and expected return on scheme assets:					
Amount (£'000)	326	513	(1,083)	(19)	956
Percentage of scheme assets	3.4%	6.3%	(16.1%)	(0.3%)	17.55%
Experience gains and (losses) on scheme					
Amount (£'000)	(33)	31	104	22	(1)
Percentage of scheme liabilities	0.3%	0%	1.28%	0.3%	0%

The company expects to contribute £557k to its defined contribution scheme in the year to March 2014.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
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19. Commitments – Group and Company

	2014	2013
	£'000	£'000
Expenditure authorised by the Board contracted less certified	12,243	20,966

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 will be financed by a combination of Housing Association Grants and Other Grants of £4.5m with the balance to be funded by private finance arranged by DGHP and secured on specific properties, which is already in place.

20. Housing Stock

The number of units in management at 31 March 2013 was as follows:-

	2014	2013
General Needs	10,034	9,968
Supported Housing	303	275
	10,337	10,243

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.

23. Leasing Commitments

At 31 March 2014 the Group and Company had annual commitments under non-cancellable operating leases as set out below.

Land and buildings

	2014	2013
	£'000	£'000
Operating leases which expire:		
Within 1 year	26	26
Within 2 to 5 years	303	285
After more than 5 years	-	-
	329	311

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
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24. Reconciliation of Funds

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
At 1 April 2013	(4,590)	(2,367)	(4,775)	(2,386)
Surplus/ (Deficit) for year	1,957	(2,223)	2,240	(2,387)
Net Change in Funds	1,957	(2,223)	2,240	(2,387)
At 31 March 2014	(2,633)	(4,590)	(2,535)	(4,775)