

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2011

Registered Housing Association No: HAL260

Financial Services Authority No: 2421R(S)

A Registered Scottish Charity No: SC036518

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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Registration particulars:

Financial Services Authority	Industrial & Provident Societies Act 1965 Registered Number: 2421R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number: HAL260
Scottish Charity	Charity and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC036518

DUNBRITTON HOUSING ASSOCIATION LIMITED

MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

YEAR ENDED 31 MARCH 2011

MANAGEMENT COMMITTEE

John O'Connor	Convenor
Septhon MacQuire	Vice Convenor
Sonja Aitken	Secretary
Andrew Henderson	Treasurer
Anthony Davey	
Lillian Kennedy MBE	
May Howie	
Alistair Tuach	
Councillor Gary Mulvaney	
Thomas Callaghan	
Jennifer Sheddan	(Resigned 15/09/10)
Linda Hall	
Councillor George Black	(Resigned 30/03/11)
Carole Haldane	
Terence Smalls	
Glenn Kelly	
Alfred Timothy Rhead	
Carol Haldane-Callaghan	Co-opted 09/02/11

EXECUTIVE OFFICERS

Morven Short	Director
Anne Marie Arthur	Depute Director
Tom Whyte	Corporate Services Manager

REGISTERED OFFICE

1st Floor
32 High Street
Dumbarton
G82 1LL

AUDITOR

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland
94/104 High Street
Dumbarton
G82 1PQ

FINANCE AGENTS

Baker Tilly Tax and Accounting Limited
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

SOLICITORS

Hart Smith
43 Crow Road
Glasgow
G11 7SH

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

TC Young
7 West George Street
Glasgow
G2 1BA

DUNBRITTON HOUSING ASSOCIATION LIMITED
REPORT OF THE COMMITTEE OF MANAGEMENT
YEAR ENDED 31 MARCH 2011

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2011.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2421R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO36518.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The year 2010/2011 started off as another quiet year in terms of development, however by the year end we had two projects on site and another three with grant funding approval. Subject to the timing of availability of the Housing Association Grant and our front-funding arrangements, we hope to have all 5 projects on site during 2011-12. We currently own and manage 695 rented and shared ownership properties, including 35 properties which are leased to a range of agencies to care for people with learning and physical disabilities; provide a factoring service to 412 home owners and provide a rent management & repairs service to the Scottish Veterans Garden City Association for the 8 properties they own in Alexandria and Dumbarton. The new build projects will provide an additional 110 homes, including 12 for shared equity, with the remainder for social rent.

We made a start on the 30 unit development at Leven Street, Alexandria in January 2011 after a delayed start caused by having to appeal, successfully, refusal of Planning Permission. All of the houses and flats are for social rent and will have a small but important impact in our waiting list for Alexandria, which has in excess of 460 applicants. Our development of 18 houses at Donich Park, Lochgoilhead (including 4 for Argyll Community Housing Association) also got underway in January and already we have a waiting list of 227 applicants, the majority of which have a local connection. Planning permission has been granted for a shared equity development of 12 flats on Upland Road in Garelochhead and demolition of the former Church of Scotland nursing home at Clydeview, Helensburgh got underway in March 2011. We aim to start on site there with a Progressive Care project, providing 39 self-contained flats, during 2011. A last minute welcome addition to our programme was approval to purchase and develop Turnberry Place, Castlehill, Dumbarton, which will provide 13 new flats and houses all for rent.

Our budgets and longer term financial projections indicate the Association is in a strong position to withstand the current economic uncertainties, so long as we are prudent in our business activities. Our expansion plans for our subsidiary Dunbritton Commercial Limited (DCL) continue to be on hold as we concentrate on re-development proposals for the site DCL owns at Brown Street, Haldane and deal with our active development programme in general. In addition, the Association has taken a cautious decision to express an interest in some of the stock which West Dunbartonshire Council has decided to transfer to other social landlords. Whilst this presents significant opportunities to help improve the lives of many tenants and grow our business through a significant increase in stock base, it remains to be seen whether the risks associated with such a transformation in the business is one worth taking. One year on from making the same comments on the stock transfer opportunity as we did last year, we are still awaiting sufficient information from West Dunbartonshire Council to enable an informed decision to be taken on making a bid for the stock.

DUNBRITTON HOUSING ASSOCIATION LIMITED
REPORT OF THE COMMITTEE OF MANAGEMENT
YEAR ENDED 31 MARCH 2011
(continued)

We had another successful year with yet more positive achievements in our Wider Role activities, with excellent results and outcomes to most the projects we have pursued during the year. We have been working on the following projects during 2010-11:

- 'FISH' is a financial inclusion project providing information and advice to tenants and sharing the services of a team of welfare rights officers. This is a joint project with other RSLs in Argyll and Bute
- 'Environmental Solutions Employability Project' is aimed at improving people's employability. The project enhances local eyesores and neglected areas whilst providing a supported work environment for those facing barriers to employment. This project is in partnership with West Highland Housing Association.
- 'Best Start for Children' is an early intervention project aimed at supporting vulnerable children and their carers/families.
- 'Helensburgh & Lomond Youth Outreach Project' is a project aimed mainly at vulnerable young people. The project provides appropriate information, advice and diversionary activities out in the streets to disadvantaged young people. The project is in partnership with Argyll Community Housing Association.
- Garelochhead Outdoor Centre. We bought a dilapidated Outdoor Centre from East Dunbartonshire Council and sold it to a local youth organisation called Route 81. This project works with vulnerable families and improves employability. The new 'Centre 81' opened this year and is providing the immediate and wider community with state-of-the-art facilities for young people in particular.
- 'Roots to Confidence' is a project aimed at helping vulnerable woman and their families who are currently staying at the Woman's Refuge. It is a horticultural based project, which has both practical and educational aspects to it.
- 'Making our Mark' is an arts project for vulnerable young people helping to improve their employability.
- Knowetop Community Farm is located within Castlehill, Dumbarton. Our involvement with the Farm has been in terms of promoting the volunteering side of the Farm's work and improving employability prospects of the volunteers.

Internal Audit reviews were carried out during the course of the year by TIAA Ltd. These were to determine the effectiveness of the Associations internal controls and approach to risk management. Each of the assessments produced substantial assurance in all areas examined. This included our approach to Business Planning, group structure governance, financial management, and performance monitoring.

The Association continues to subscribe to two benchmarking clubs, Scottish Housing Best Value Network and the Quality & Efficiency Forum. Through these we are able to monitor our performance against other housing associations. In our assessment our comparative performance is good if not in some cases, excellent.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Donations

During the year the Association made charitable donations amounting to £5,000 (2010: £3,700).

DUNBRITTON HOUSING ASSOCIATION LIMITED
REPORT OF THE COMMITTEE OF MANAGEMENT
YEAR ENDED 31 MARCH 2011
(continued)

Information for Auditors

In so far as the Management Committee are aware:

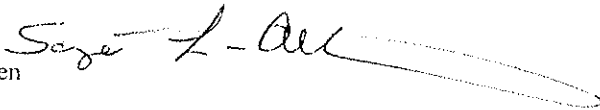
- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

Sonja Aitken
Secretary



Date: 17 August 2011

DUNBRITTON HOUSING ASSOCIATION LIMITED

STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2011

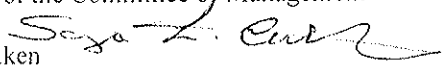
Under the legislation relating to Industrial and Provident Societies we are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association of that year. In preparing those financial statements we 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 Association will continue in business.

We are also responsible for:

- Keeping proper accounting records;
- Safeguarding the Association's assets;
- Taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management


Sonja Aitken
Secretary

Date: 17 August 2011

DUNBRITTON HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

YEAR ENDED 31 MARCH 2011

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

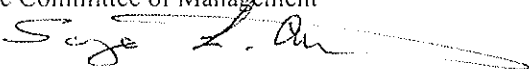
It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The management have reviewed the system of internal control in the Association during the year ended 31 March 2011. No weaknesses were found in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the auditor's report on financial statements.

By order of the Committee of Management

Sonja Aitken
Secretary



Date: 17 August 2011

DUNBRITTON HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

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

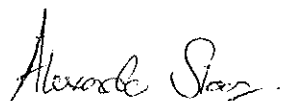
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association'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 6 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants

GLASGOW

Date: 17 August 2011

DUNBRITTON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

DUNBRITTON HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Dunbritton Housing Association Limited for the year ended 31st March 2011 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the Association's affairs as at 31st March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

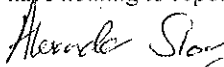
In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Matters on which we are required to report by exception

We are required to report to you under the Industrial and Provident Societies Acts 1965 to 2002 if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation,
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation,
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association, and
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.


ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW

Date: 17 August 2011

DUNBRITTON HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	2,418,744	2,467,745
Operating costs	2	<u>(1,791,866)</u>	<u>(1,670,224)</u>
Operating surplus	2	626,878	797,521
Profit on the sale of Housing Stock	4	31,649	16,165
Loss on sale of Properties held for Resale		-	(9,039)
Interest receivable		13,858	6,722
Interest payable	5	<u>(269,684)</u>	<u>(288,479)</u>
Surplus for year	7	<u>402,701</u>	<u>522,890</u>

There are no recognised gains and losses in the above periods other than the surplus for the year.

None of the Association's activities were acquired or discontinued during the above two financial years.

DUNBRITTON HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011	2010
		£	£
Tangible Fixed Assets			
Housing Properties			
- Depreciated cost	8	51,174,720	49,126,043
Less: HAG and other grants	8	<u>(40,544,246)</u>	<u>(38,371,348)</u>
		10,630,474	10,754,695
Other fixed assets	9	<u>29,868</u>	<u>34,251</u>
		<u>10,660,342</u>	<u>10,788,946</u>
Investments			
Investments in subsidiaries	10	2	2
Shared equity cost	10	318,761	318,761
Shared equity grant	10	<u>(318,761)</u>	<u>(318,761)</u>
		2	2
Current assets			
Debtors	11	1,082,859	322,186
Cash in bank and on hand		<u>3,883,970</u>	<u>2,978,194</u>
		4,966,829	3,300,380
Creditors: Amount falling due within one year	12	<u>(3,168,299)</u>	<u>(1,480,752)</u>
Net current assets		<u>1,798,530</u>	<u>1,819,628</u>
		12,458,874	12,608,576
Creditors: Amounts falling due after more than one year	13	<u>(9,994,778)</u>	<u>(10,547,171)</u>
Capital and reserves		<u>2,464,096</u>	<u>2,061,405</u>
Share capital	14	90	100
Designated reserves	7	1,808,018	1,565,818
Revenue reserves	7	655,988	495,487
Total funds		<u>2,464,096</u>	<u>2,061,405</u>

These financial statements on pages 9 to 27 were approved and authorised for issue by the Committee of Management on 17 August 2011 and signed on their behalf by:

Secretary:

Committee member:

Committee member:

DUNBRITTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2011

	Notes	2011	2010
		£	£
Net cash inflow from operating activities	17	1,868,743	<u>1,279,602</u>
Returns on investments and servicing of finance			
Interest received		13,858	6,722
Interest paid		<u>(269,684)</u>	<u>(288,479)</u>
		(255,826)	<u>(281,757)</u>
Investing activities			
Cash paid for construction and purchases		(2,358,125)	(1,434,765)
HAG and other grants received		2,208,426	1,234,779
Housing association grant repaid		(35,528)	(29,642)
Proceeds on disposal of properties		118,586	62,033
Purchase of other fixed assets		<u>(5,912)</u>	<u>(5,850)</u>
Net cash (outflow) from investing activities		<u>(72,553)</u>	<u>(173,445)</u>
Net cash inflow before financing		1,540,364	<u>824,400</u>
Management of liquid Resources			
Change in short term deposits		<u>-</u>	<u>(1,973,180)</u>
Financing			
Loan received		-	1,500,000
Loan principal repayments		(634,588)	(579,795)
Issue of share capital		<u>-</u>	<u>6</u>
Net cash (outflow)/inflow from financing		<u>(634,588)</u>	<u>920,211</u>
Increase/(decrease) in cash and cash equivalents		<u>905,776</u>	<u>(228,569)</u>

Further details are given in note 17.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. Principal accounting policies

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Dunbritton Housing Association Limited present information about it as an individual undertaking and not about its Group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the S.F.H.A. Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation.

Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

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

Office Equipment - 25%

Furniture and Equipment - 10%

Office Improvements - 20%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

I. Principal accounting policies (Continued)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset.

Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

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

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/(Deficit) 2010 £
Social lettings	2,331,618	(1,671,882)	659,736	800,320
Other activities	87,126	(119,984)	(32,858)	(2,799)
Total	<u>2,418,744</u>	<u>(1,791,866)</u>	<u>626,878</u>	<u>797,521</u>
2010	<u>2,467,745</u>	<u>(1,670,224)</u>	<u>797,521</u>	

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

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

	General Needs Housing £	Shared Ownership £	Supported Ownership £	2011 Total £	2010 Total £
Rent receivable net of service charges	2,136,461	132,724	-	2,269,185	2,230,086
Service charges	62,433	-	-	62,433	59,859
Gross income from rents and service charges	2,198,894	132,724	-	2,331,618	2,289,945
Less: voids	-	-	-	-	(3,620)
Net income from rents and service charges	2,198,894	132,724	-	2,331,618	2,286,325
Grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,198,894	132,724	-	2,331,618	2,286,325
Management and maintenance administration costs	832,967	-	-	832,967	675,469
Service costs	75,802	-	-	75,802	66,162
Planned and cyclical maintenance including major repairs costs	306,406	-	-	306,406	244,633
Reactive maintenance costs	220,290	-	-	220,290	255,136
Bad debts – rents and service charges	13,906	-	-	13,906	21,798
Depreciation of social housing	212,245	10,266	-	222,511	222,807
Operating costs for social letting activities	1,661,616	10,266	-	1,671,882	1,486,005
Operating Surplus for social lettings	537,278	122,458	-	659,736	800,320
2010	684,247	116,073	-	800,320	

The total major repairs in the year were £237,810 (2010 - £204,582). No major repairs were capitalised in the year.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(Continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs -- bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	68,230	-	-	68,230	-	(101,158)	(32,928)	386
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	18,896	18,896	-	(10,999)	7,897	8,746
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	6,463
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities -- tenant participation	-	-	-	-	-	-	(7,827)	(7,827)	(10,329)
Other activities	-	-	-	-	-	-	-	-	(8,065)
Total from other activities	-	68,230	-	18,896	87,126	-	(119,984)	(32,858)	(2,799)
2010	-	148,064	-	33,356	181,420	-	(184,219)	(2,799)	

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

4. Gain on Sale of Housing Stock

	2011	2010
	£	£
Net Sale proceeds	118,586	32,392
Cost of sales	<u>(86,937)</u>	<u>(16,227)</u>
Gain on sale of housing stock	<u>31,649</u>	<u>16,165</u>

5. Interest payable

	2011	2010
	£	£
On Bank Loans & Overdrafts	<u>269,684</u>	<u>288,479</u>

6. Taxation

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

7. Reserves

(a) Designated Reserves

	As at 1 April 2010	Transfer	As at 31 March 2011
	£	£	£
Cyclical maintenance reserve	338,996	54,856	393,852
Major repairs reserve	<u>1,226,822</u>	<u>187,344</u>	<u>1,414,166</u>
	<u>1,565,818</u>	<u>242,200</u>	<u>1,808,018</u>

No restrictions are placed upon these reserves, but the Committee have designated their use for specific purposes.

(b) Revenue reserve

	2011	2010
	£	£
Opening balance at 1 April 2010	495,487	280,432
Surplus for year	402,701	522,890
Transfer to designated reserves	<u>(242,200)</u>	<u>(307,835)</u>
Closing balance at 31 March 2011	<u>655,988</u>	<u>495,487</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

8. Tangible fixed assets
Housing properties

	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
As at 1 April 2010	44,266,975	2,393,928	3,962,851	50,623,754
Additions	194,171	2,163,954	-	2,358,125
Disposals	(12,842)	-	(80,058)	(92,900)
As at 31 March 2011	<u>44,448,304</u>	<u>4,557,882</u>	<u>3,882,793</u>	<u>52,888,979</u>
Depreciation				
As at 1 April 2010	1,395,212	-	102,499	1,497,711
Charge for year	212,245	-	10,266	222,511
Depreciation on disposals	(1,510)	-	(4,453)	(5,963)
As at 31 March 2011	<u>1,605,947</u>	<u>-</u>	<u>108,312</u>	<u>1,714,259</u>
Housing Association Grant and Other Grants				
As at 1 April 2010	32,659,815	2,362,726	3,348,807	38,371,348
Additions	127,165	2,081,261	-	2,208,426
Disposal	-	-	(35,528)	(35,528)
As at 31 March 2011	<u>32,786,980</u>	<u>4,443,987</u>	<u>3,313,279</u>	<u>40,544,246</u>
Net Book Value				
31 March 2011	<u>10,055,377</u>	<u>113,895</u>	<u>461,202</u>	<u>10,630,474</u>
31 March 2010	<u>10,211,948</u>	<u>31,202</u>	<u>511,545</u>	<u>10,754,695</u>

Development administration costs capitalised amount to £47,381 (2010 - £44,561) for which £18,171 (2010 - £nil) Housing Association Grant was received.

No land or buildings are held under a lease.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

**9. Tangible fixed assets
Other Fixed Assets**

	Office Improvements	Changing Facilities	Office Equipment	Furniture & Equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2010	20,668	137,852	138,591	42,921	340,032
Additions	2,499	-	1,776	1,637	5,912
As at 31 March 2011	<u>23,167</u>	<u>137,852</u>	<u>140,367</u>	<u>44,558</u>	<u>345,944</u>
Grants received					
As at 1 April 2010 and 31 March 2011	-	137,821	-	-	137,821
Depreciation					
As at 1 April 2010	19,032	31	128,711	20,186	167,960
Charge for year	908	-	6,027	3,360	10,295
As at 31 March 2011	<u>19,940</u>	<u>31</u>	<u>134,738</u>	<u>23,546</u>	<u>178,255</u>
Net Book Value					
31 March 2011	<u>3,227</u>	<u>-</u>	<u>5,629</u>	<u>21,012</u>	<u>29,868</u>
31 March 2010	<u>1,636</u>	<u>-</u>	<u>9,880</u>	<u>22,735</u>	<u>34,251</u>

10. Fixed Asset Investment

	2011 £	2010 £
Share Equity Properties		
Development cost of shared equity property	318,761	318,761
Less: Grants receivable	(318,761)	(318,761)
	<u>-</u>	<u>-</u>
Investments in subsidiaries		
As at 31 March 2010 & 31 March 2011	<u>2</u>	<u>2</u>

In the opinion of the Management Committee the aggregate of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Dunbritton Commercial Limited.

During the period Dunbritton Housing Association Limited recharged Dunbritton Commercial Limited for invoices paid on their behalf and for staff costs. The total cost to Dunbritton Commercial Limited during the year was £1,131 (2010: £1,747).

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Limited for the year ended 31 March 2011 were as follows:

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

10. Fixed Asset Investment (contd)		2011	2010
		£	£
Capital & Reserves		<u>3,518</u>	<u>7,361</u>
Profit/(Loss) for the year		<u>3,940</u>	<u>(3,299)</u>
11. Debtors		2011	2010
		£	£
Gross rents in arrears		94,430	89,309
Less: bad debt provision		<u>(21,861)</u>	<u>(23,820)</u>
		72,569	65,489
Social housing grant receivable		924,317	193,830
Prepayments and accrued income		18,749	-
Other debtors		65,162	56,884
Amounts Due From Group Undertakings		<u>2,062</u>	<u>5,983</u>
		<u>1,082,859</u>	<u>322,186</u>
12. Creditors due within one year		2011	2010
		£	£
Trade creditors		1,541,190	311,053
Other creditors		242,678	154,541
Accruals and deferred income		72,114	97,591
Rents in advance		201,801	199,217
Other taxation and social security		-	1,566
Social housing grant in advance		475,927	-
Bank loans		<u>634,589</u>	<u>716,784</u>
		<u>3,168,299</u>	<u>1,480,752</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

13. Creditors due outwith one year

	2011 £	2010 £
Loans	9,994,778	10,547,171
	<u>9,994,778</u>	<u>10,547,171</u>

Loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at varying rates of interest in instalments due as follows:

	2011 £	2010 £
In one year or less	634,589	716,784
Between two and five years	2,538,356	2,867,136
In five years or more	7,456,422	7,680,035
	<u>10,629,367</u>	<u>11,263,955</u>

14. Share Capital

	2011 £	2010 £
Shares of £1 fully paid and issued at 1 April 2010	100	94
Shares issued during year	-	6
Shares cancelled during the year	(10)	-
	<u>90</u>	<u>100</u>
Shares issued at 31 March 2011	90	100

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

15. Auditors' Remuneration

	2011 £	2010 £
The remuneration of the auditors (including expenses and including VAT for the year)	6,320	5,675
Remuneration of the auditors in respect of services other than those of auditors	-	-
	<u>6,320</u>	<u>5,675</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 MARCH 2011
(Continued)**

16. Employees

	2011 £	2010 £
Staff costs during year		
Wages and salaries	414,820	404,691
Social security costs	36,369	34,206
Other pension costs	45,714	50,275
Temporary, agency and seconded staff	<u>86,242</u>	<u>66,733</u>
	<u>583,145</u>	<u>555,905</u>
	No	No
The average full time equivalent number of persons employed by the Association during the year was as follows:	<u>15</u>	<u>13</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year (2010 - £60,000 per year).

	£	£
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>61,027</u>	<u>53,083</u>

The Association's pension contributions for the Director in the year amounted to £8,154 (2010 - £7,975).

There was one director whose emoluments, excluding pension contributions, were over £60,000 (2010: none).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 MARCH 2011
(Continued)**

17.	Notes to the Cash Flow Statement	2011	2010
(a)	Reconciliation of surplus to net cash inflow from operating activities		
	Surplus for year	402,701	522,890
	Net interest payable	255,827	281,757
	Profit on disposal	(31,649)	(16,165)
	Operating surplus for the year excluding interest and tax payable	<u>626,879</u>	<u>788,482</u>
	Depreciation	232,806	232,233
	Cancellation of share Capital	(10)	-
	(Increase)/Decrease in debtors	(760,673)	12,659
	Decrease in stock	-	236,463
	Increase in creditors	<u>1,769,741</u>	<u>9,765</u>
		<u>1,868,743</u>	<u>1,279,602</u>
(b)	Reconciliation of cash flow to movement in net debt		
	Increase in cash for the year	905,776	1,744,611
	Loans received	-	(1,500,000)
	Loan repayments	<u>634,588</u>	<u>579,795</u>
	Change in net debt	1,540,364	824,406
	Net debt as at 1 April 2010	<u>(8,285,761)</u>	<u>(9,110,167)</u>
	Net debt as at 31 March 2011	<u>(6,745,397)</u>	<u>(8,285,761)</u>

Analysis of Changes in net debt

	As at 31 March 2010 £	Cash Flow £	As at 31 March 2011 £
Cash at bank and in hand	2,978,194	905,776	3,883,970
Overdraft	-	-	-
Debt due within one year	(716,784)	82,195	(634,589)
Debt due after one year	<u>(10,547,171)</u>	<u>552,393</u>	<u>(9,994,778)</u>
	<u>(8,285,761)</u>	<u>1,540,364</u>	<u>(6,745,397)</u>

18. Capital Commitments

	2011 £	2010 £
Expenditure authorised by the Committee of Management contracted less certified.	4,116,198	-

The capital commitments are planned to be funded as follows:

Housing Association Grant	1,748,265	-
Private finance	2,367,933	-

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

19. Pension Fund

Dunbritton Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are commingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

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

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustees must prepare a recovery plan setting out the steps to be taken to make up the shortfall. Following consideration of the results of the valuation it was agreed that the shortfall of £160 million would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1 April 2011, increasing each 1 April in line with the rate of salary increases assumption.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

19. Pension Fund (cont.)

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Dunbritton Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 31 March 2011 and the final salary with a 1/60th accrual rate benefit option for new entrants. These rates also applied throughout the year ended 31 March 2011.

During the accounting period Dunbritton Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were ten active members of the Scheme employed by Dunbritton Housing Association Limited. The annual pensionable payroll in respect of these members was £296,675.

Dunbritton Housing Association Limited continues to offer membership of the Scheme to its employees.

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

19. Pension Fund (cont.)

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions		% p.a.
Investment return pre retirement		7.4
Investment return post retirement – Non pensioners		4.6
Investment return post retirement - Pensioners		4.8
Rate of salary increases		4.5
Rate of pension increases		
- Pension accrued pre 6 April 2005 in excess of GMP		2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)		2.2
Rate of price inflation		3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)		% p.a.
Final salary 1/60ths		19.2
Career average revalued earnings 1/60ths		17.1
Career average revalued earnings 1/70ths		14.9
Career average revalued earnings 1/80ths		13.2
Career average revalued earnings 1/120ths		9.4
Additional rate for deficit contributions*		10.4

(*expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculation the additional contributions).

DUNBRITTON HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

(Continued)

20. Housing Stock

	2011	2010
	£	£
The number of units in Management at 31 March was as follows:		
General needs - New build	383	382
Rehabilitation	243	243
Shared ownership	69	73
	695	698

21. Other financial commitments

Under the terms of the 1997 LSVT agreement the Association is committed to spending around £597,180 in planned maintenance for the remaining period of the agreement. If, as expected, the Scottish Government sets aside these contracts then this obligation will continue to meet its planned maintenance obligations in accordance with its ongoing stock condition surveys.

22. Commitments Under Operating Leases

At the year end, the annual commitments under operating leases were as follows:

	2011	2010
	£	£
Land and Buildings		
Expiring in over five years	35,000	35,000
Other		
Expiring within one year	-	468
Expiring between two and five years	1,492	-
	1,492	468

23. Related Parties

Various members of the Committee and their relatives are tenants of the Association. All of these transactions have been carried out on the terms applicable to all tenants.

The related party members of the members of the Management Committee is summarised as follows:

4 members are tenants of the Association
2 members are relevant local councillors

Governing Body Members cannot use their position to their advantage. Any transaction between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.