

Dunbritton Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HAL260

FSA Reference No. 2421R(S)

Scottish Charity No. SC036518

DUNBRITTON HOUSING ASSOCIATION LIMITED

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DUNBRITTON HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2012**

MANAGEMENT COMMITTEE

John O'Connor	Convenor
Sephton MacQuire	Vice Convenor
Sonja Aitken	Secretary
Terence Smalls	Treasurer
Anthony Davey	
Lillian Kennedy MBE	
May Howie	
Alistair Tuach	
Councillor Gary Mulvaney	
Alfred Timothy Rhead	
Ronald Fox	(Appointed 14/9/11)
Councillor George Black	(Resigned 13/4/11)
Glen Kelly	(Resigned 8/6/11)
Linda Hall	(Resigned 14/6/11)
Andrew Henderson	(Deceased 20/6/11)
Thomas Callaghan	(Resigned 14/12/11)
Carol Haldane-Callaghan	(Resigned 14/12/11)

EXECUTIVE OFFICERS

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

REGISTERED OFFICE

1st Floor
32 High Street
Dumbarton
G82 1LL

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

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

SOLICITORS

Harper McLeod
C'd'oro Building
45 Gordon Street
Glasgow
G1 3PE

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2012

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

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 SC036518.

Principal Activities

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

Review of Business and Future Developments

This is our 19th set of Annual Accounts and, as we enter our 20th year of operation, reflect on yet another successful and productive year of activity.

We have a 3 year rolling Business Planning system, including our Internal Management Plan. Our strategic objectives and risks are backed by clear operational actions aimed at delivering on our Vision & Purpose.

Our Vision

'Dunbritton Housing Association's Vision for our area is a thriving, diverse, healthy and safe community with amenities that enhance quality of life.'

Our Purpose

Dunbritton Housing Association's Purpose is to:

- Provide good quality housing and services that are affordable and accessible to all
- Support the physical, social, economic and environmental regeneration of communities in our area
- Enhance quality of life in diverse communities that are safe, sustainable and attractive
- Work with our customers, staff and partners to achieve our Vision

Some key outcomes this year, based on our stated Purpose, include:

1. Providing an additional 44 homes for rent and making a start on 129 more
Having received approvals for five new build development projects just before the start of the financial year and having bid successfully to the Scottish Government's Innovation & Investment Fund (IIF) for a sixth new build scheme, this has proven to be a busy and positive year for the Association. Leven Street, Alexandria and Highland Drive, Lochgoilhead are now complete and we are on site at Turnberry Place, Dumbarton, Upland Road, Garelochhead and Clydeview, Helensburgh. This provides 44 new homes by the date of this report (35 new homes by the year end). The IIF development of 51 houses and flats at the former Hermitage Academy site in Helensburgh is scheduled to be on site during 2012. The new build projects currently on site or going on site during 2012/13 will provide an additional 129 homes, including 12 for shared equity, with the remainder for social rent.

We have had intense negotiations with lenders to secure the best possible deals for the private finance required for these projects. Whilst, in the short term, the loan requirements will put some pressures on our finances, the longer term financial projections indicate the Association is in a strong position to face the current economic climate, so long as we are prudent, as ever, in our business activities.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

Review of Business and Future Developments (Contd.)

2. Providing good quality homes and services

At 31st March 2012 we owned and managed 729 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. In addition, we provide a factoring service to 423 home owners and provide a rent management and repairs service to the Scottish Veterans Garden City Association for the 8 properties they own in Alexandria and Dumbarton.

3. Enhancing quality of live and opportunities for our customers and potential customers by retaining homes for rent

During the year we learned that our application to the Scottish Government to have the exemption from the Right to Buy extended for a further 10 years from September 2012 had been successful. This means the majority of our rented housing will not be subject to the Modernised Right to Buy, thereby retaining stock for current and future applicants needing access to our homes. We also welcome the recent announcement by the Scottish Government that they may consider completely removing the Right to Buy.

4. Supporting social and economic community needs and working in partnership with others

We had another successful year of achievements in our Wider Role activities and more detail of the outcomes and funding contributions will be contained in our Annual Review. Our efforts levered in a total of £322,052 of funds (£175,271 of Wider Role Grant support and match funding from other sources of £138,759). This is good return on our investment of £20,400 to buy in services from Community Links Scotland. Projects we worked on during 2011-12 included:

- o 'FISH': a financial inclusion project providing information and advice to tenants and sharing the services of a team of welfare rights officers, covering Argyll & Bute.
- o 'Environmental Solutions Employability Project': aimed at improving people's employability, managed by the Argyll & Bute Employability Team.
- o 'Roots to Confidence': a project aimed at helping vulnerable woman and their families who are currently staying at the Woman's Refuge.
- o 'Working Rite': a project using an employability model used successfully by other RSLs which encourages non-academic young people into apprenticeships.
- o HNC in Community Development and Housing: developed in partnership with local RSLs and Clydebank College this project offers HNC-level training and work placements in community development and introduction to work in housing.

5. Supporting sustainable and attractive communities

Our commercial subsidiary, Dunbritton Commercial Limited (DCL), in conjunction with the Association, decided at the end of the year to progress with the refurbishment of the block of 3 flats and 3 shops at Brown Street, Haldane and we purchased the three flats at Brown Street from DCL to facilitate the funding required to carry out the works. This is one of the last major areas of work required to complete the hugely successful regeneration of the Mill of Haldane. Once this project is completed, during 2012/13, we intend reviewing the scope and capacity for our subsidiary to embark on new ventures which will benefit the Association.

6. Delivering Results

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. Whilst our full performance results are published in our Annual Review, here are some of our key indicators which we have submitted to the Scottish Housing Regulator as part of our Annual Performance & Statistical Return as analysed through the Quality & Efficiency Forum (a group of 25 members drawn from throughout Scotland:

DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2012

Review of Business and Future Developments (Contd.)

Arrears

- o Dunbritton's current tenant rent arrears (excluding technical arrears) have been low in each of the past four years, ending 2011/12 at 1.70%
- o The Association's rank within the QEF for current non-technical arrears is 6th (out of 25)
- o The QEF average is 2.67%
- o The Peer Group 2 average is 2.19%
- o The Scottish median is 2.32%
- o 1.70% places the Association in the second performance quartile which spans the range 1.59% to 2.32%

Voids

- o The Association's total rent loss due to voids equated to zero per cent of its annual rental income (£65 actual)
- o Its rank in the group is 1st
- o The QEF average is 0.64%
- o The Peer Group 2 average is 0.48%
- o The Scottish median is 0.46%

- o A void loss of zero places Dunbritton in the top performance quartile which covers zero to 0.20%

Re-lets

- o The Association took an average of zero days to re-let its empty properties
- o Its rank in the group is 1st
- o The group average is 19 days
- o The Peer Group 2 average is 20 days
- o The Scottish median is 18 days
- o A re-let period of zero days puts Dunbritton in the top performance quartile which goes from zero to 11 days

Finally, we pride ourselves on our approach to Risk Management. The Scottish Housing Regulator continues to view the Association as one with whom it requires only 'low engagement' and our Internal Audit reviews, carried out during the course of the year by TIAA Ltd., have continued to result in substantial or reasonable assurance assessments in respect of the effectiveness of the Association's internal controls and approach to risk management.

An example of our robust risk assessment process is our decision not to bid for some of the West Dunbartonshire Council stock. For a variety of reasons we considered that the transferring tenants' expectations for new developments would not be fundable and the risks associated with proposals were not appropriate at this time, particularly given our existing and active development programme commitments. Our decision has been vindicated by the Council's recent decision to halt the transfer process and to deliver on the tenants' needs themselves.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012

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.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee 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 for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

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.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012**

Statement on Internal Financial Control

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 of 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 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.

Donations

During the year the Association made charitable donations amounting to £6,944 (2011 £ 5,000).

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
08 August 2012



DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
DUNBRITTON HOUSING ASSOCIATION LIMITED
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 5 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
08 August 2012

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 2012 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

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 state of the Association's affairs as at 31st March 2012 and of its profit 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

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 if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUNBRITTON HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- 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
08 August 2012

DUNBRITTON HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012 £	Restated 2011 £
TURNOVER	2.	2,650,709	2,418,744
Operating Costs	2.	(2,046,069)	(1,845,864)
OPERATING SURPLUS	9.	604,640	572,880
Gain On Sale Of Housing Stock	7.	45,810	31,649
Interest Receivable and Other Income		3,462	13,858
Interest Payable and Similar Charges	8.	(218,960)	(269,684)
		(169,688)	(224,177)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		434,952	348,703
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		434,952	348,703

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	434,952	348,703
Prior year adjustment (as explained in Note 26)	(1,118,651)	-
Total losses and gains recognised since last annual report	(683,699)	348,703

DUNBRITTON HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

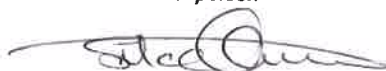
	Notes	2012		Restated 2011
		£	£	£
TANGIBLE FIXED ASSETS				
Housing Properties - Depreciated Cost	11.(a)	53,150,929		49,289,998
Less: Social Housing Grant	11.(a)	(40,831,008)		(38,340,024)
: Other Public Grants	11.(a)	(1,478,012)		(1,453,835)
		<u>10,841,909</u>		<u>9,496,139</u>
Other fixed assets	11.(b)	4,408		29,868
		<u>10,846,317</u>		<u>9,526,007</u>
FIXED ASSET INVESTMENTS				
Investment in subsidiaries	22.		2	2
Shared Equity Cost	22.	318,761	318,761	
Shared Equity Grant	22.	(318,761)	(318,761)	
		<u>-</u>	<u>-</u>	<u>-</u>
CURRENT ASSETS				
Debtors	14.	1,789,883	1,082,859	
Development Cost of Housing Property	23.	43,134	15,684	
Cash at bank and in hand		1,784,169	3,883,970	
		<u>3,617,186</u>	<u>4,982,513</u>	
CREDITORS: Amounts falling due within one year	15.	(3,322,925)	(3,168,299)	
NET CURRENT ASSETS		<u>294,261</u>	<u>1,814,214</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,140,580</u>	<u>11,340,223</u>	
CREDITORS: Amounts falling due after more than one year	16.	(9,360,189)	(9,994,778)	
NET ASSETS		<u>1,780,391</u>	<u>1,345,445</u>	
CAPITAL AND RESERVES				
Share Capital	18.	84		90
Designated Reserves	19.(a)	994,038		994,038
Revenue Reserves	19.(b)	786,269		351,317
		<u>1,780,391</u>	<u>1,345,445</u>	

The Financial Statements were approved by the Management Committee and signed on their behalf on 08 August 2012.

Chairperson



Vice-Chairperson



Secretary



DUNBRITTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	2012	2011
		£	£
Net Cash Inflow from Operating Activities	17.	1,187,429	1,922,724
Returns on Investment and Servicing of Finance			
Interest Received		3,462	13,858
Interest Paid		(242,990)	(269,684)
Net Cash Outflow from Investment and Servicing of Finance		(239,528)	(255,826)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(4,332,220)	(2,412,106)
Purchase of Other Fixed Assets		-	(5,912)
Social Housing Grant Received		1,816,724	2,208,426
Social Housing Grant Repaid		-	(35,528)
Other Grants Received		24,177	-
Proceeds on Disposal of Properties		78,201	118,586
Net Cash Outflow from Capital Expenditure and Financial Investment		(2,413,118)	(126,534)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(1,465,217)	1,540,364
Financing			
Loan Principal Repayments		(634,589)	(634,588)
Share Capital Issued		5	-
Net Cash Outflow from Financing		(634,584)	(634,588)
(Decrease) / Increase in Cash	17.	(2,099,801)	905,776

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

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 2010, 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

Retirement Benefits

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. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Windows	15 years
Kitchens	15 years
Bathrooms	25 years
Central Heating	25 years
Boilers	15 years
Rewiring	25 years
Internal Doors	25 years

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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:-

Furniture and Fittings	25%
Computer Equipment	25%
Office Equipment	25%

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 attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

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.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2012			2011		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,424,297	1,755,127	669,170	2,331,618	1,725,880	605,738
Other Activities	4.	226,412	290,942	(64,530)	87,126	119,984	(32,858)
Total		2,650,709	2,046,069	604,640	2,418,744	1,845,864	572,880

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2012 Total £	Restated
					2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,973,170	236,506	136,995	2,346,671	2,269,185
Service Charges Receivable	37,575	40,479	-	78,054	62,433
Gross Rents Receivable	2,010,745	276,985	136,995	2,424,725	2,331,618
Less: Rent losses from voids	428	-	-	428	-
Net Rents Receivable	2,010,317	276,985	136,995	2,424,297	2,331,618
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	2,010,317	276,985	136,995	2,424,297	2,331,618
Expenditure on Social Letting Activities					
Service Costs	30,417	32,768	-	63,185	75,802
Management and maintenance administration costs	875,221	50,253	4,022	929,496	832,967
Reactive Maintenance	238,364	13,686	-	252,050	220,290
Bad Debts - Rents and Service Charges	31,237	-	-	31,237	13,906
Planned and Cyclical Maintenance, including Major Repairs	142,453	8,179	-	150,632	252,425
Depreciation of Social Housing	288,247	30,014	10,266	328,527	330,490
Operating Costs of Social Letting	1,605,939	134,900	14,288	1,755,127	1,725,880
Operating Surplus on Social Letting Activities	404,378	142,085	122,707	669,170	605,738
2011	368,430	114,850	122,458		

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2012 £	Operating Surplus /(Deficit) 2011 £
Wider Role Activities	175,271	-	-	-	175,271	-	258,809	(83,538)	(32,928)
Factoring	-	-	-	51,141	51,141	1,648	13,930	35,563	7,897
Other Activities - tenant participation	-	-	-	-	-	-	16,555	(16,555)	(7,827)
Total From Other Activities	175,271	-	-	51,141	226,412	1,648	289,294	(64,530)	(32,858)
2011	-	68,230	-	18,896	87,126	-	119,984	(32,858)	

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2012	2011
£	£

No Officer of the Association received emoluments greater than £60,000.

No Pension contributions were made to Officers receiving greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)	<u>58,175</u>	<u>53,443</u>
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6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>16</u>	<u>15</u>

Staff Costs were:

	£	£
Wages and Salaries	472,603	414,820
Social Security Costs	40,863	36,369
Other Pension Costs	66,803	45,714
Temporary, Agency and Seconded Staff	45,176	86,242
	<u>625,445</u>	<u>583,145</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	78,201	118,586
Cost of Sales	<u>32,391</u>	<u>86,937</u>
Gain On Sale Of Housing Stock	<u>45,810</u>	<u>31,649</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	218,960	269,684
Less: Interest Capitalised	-	-
	<u>218,960</u>	<u>269,684</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	343,898	355,950
Auditors' Remuneration - Audit Services	9,582	6,320
Operating Lease Rentals - Land & Buildings	42,000	42,000
Operating Lease Rentals - Other	3,999	6,015
Gain on sale of fixed assets	<u>-</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2011- restated	44,077,148	4,557,882	3,882,793	52,517,823
Additions	44,341	4,202,619	-	4,246,960
Disposals	(57,968)	-	(19,500)	(77,468)
Schemes Completed	5,419,048	(5,419,048)	-	-
As at 31st March 2012	49,482,569	3,341,453	3,863,293	56,687,315
DEPRECIATION				
As at 1st April 2011- restated	3,119,513	-	108,312	3,227,825
Charge for Year	308,172	-	10,266	318,438
Disposals	(8,953)	-	(924)	(9,877)
As at 31st March 2012	3,418,732	-	117,654	3,536,386
SOCIAL HOUSING GRANT				
As at 1st April 2011- restated	30,598,242	4,443,987	3,297,795	38,340,024
Additions	15,478	2,533,915	-	2,549,393
Disposals	(25,112)	-	(33,297)	(58,409)
Schemes Completed	3,895,644	(3,895,644)	-	-
As at 31st March 2012	34,484,252	3,082,258	3,264,498	40,831,008
OTHER CAPITAL GRANTS				
As at 1st April 2011- restated	1,438,351	-	15,484	1,453,835
Additions	-	24,177	-	24,177
Disposals	-	-	-	-
Schemes Completed	24,177	(24,177)	-	-
As at 31st March 2012	1,462,528	-	15,484	1,478,012
NET BOOK VALUE				
As at 31st March 2012	10,117,057	259,195	465,657	10,841,909
As at 31st March 2011	8,921,042	113,895	461,202	9,496,139

Additions to housing properties includes capitalised development administration costs of £34567 (2011 - £47,381) and capitalised major repair costs to existing properties of £nil (2011 £nil)

All land and housing properties are freehold.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Office Improvements £	Changing Facilities £	Office Equipment £	Furniture & Equipment £	Total £
COST					
As at 1st April 2011	23,167	137,852	140,367	44,558	345,944
Additions	-	-	-	-	-
Eliminated on Disposals	-	-	(9,955)	-	(9,955)
As at 31st March 2012	<u>23,167</u>	<u>137,852</u>	<u>130,412</u>	<u>44,558</u>	<u>335,989</u>
GRANTS RECEIVED					
As at 1st April 2011	-	137,821	-	-	137,821
Received in year	-	-	-	-	-
Repaid on Disposal	-	-	-	-	-
As at 31st March 2012	<u>-</u>	<u>137,821</u>	<u>-</u>	<u>-</u>	<u>137,821</u>
AGGREGATE DEPRECIATION					
As at 1st April 2011	19,940	31	134,738	23,546	178,255
Charge for year	1,865	-	4,164	19,431	25,460
Eliminated on disposal	-	-	(9,955)	-	(9,955)
As at 31st March 2012	<u>21,805</u>	<u>31</u>	<u>128,947</u>	<u>42,977</u>	<u>193,760</u>
NET BOOK VALUE					
As at 31st March 2012	<u>1,362</u>	<u>-</u>	<u>1,465</u>	<u>1,581</u>	<u>4,408</u>
As at 31st March 2011	<u>3,227</u>	<u>-</u>	<u>5,629</u>	<u>21,012</u>	<u>29,868</u>

12. CAPITAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>5,192,352</u>	<u>-</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012 £	2011 £
Land and Buildings		
Expiring in over five years	42,000	42,000
Other		
Expiring between two and five years	<u>3,999</u>	<u>1,492</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	109,803	94,430
Less: Provision for Doubtful Debts	(49,702)	(21,861)
	<u>60,101</u>	<u>72,569</u>
Social Housing Grant Receivable	1,633,411	924,317
Other Debtors	88,940	83,911
Amounts Due from Group Undertakings	7,431	2,062
	<u>1,789,883</u>	<u>1,082,859</u>

15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Bank Overdrafts (secured)	-	-
Housing Loans	634,589	634,589
Trade Creditors	1,534,653	1,541,190
Rent in Advance	198,564	201,801
Social Housing Grant in Advance	452,352	475,927
Other Taxation and Social Security	3,939	-
Other Creditors	411,553	242,678
Accruals and Deferred Income	87,275	72,114
	<u>3,322,925</u>	<u>3,168,299</u>

16. CREDITORS: Amounts falling due after more than one year

	2012	2011
	£	£
Housing Loans	<u>9,360,189</u>	<u>9,994,778</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	634,589	634,589
Between one and two years	634,589	634,589
Between two and five years	1,903,767	1,903,767
In five years or more	6,821,833	7,456,422
	<u>9,994,778</u>	<u>10,629,367</u>
Less: Amount shown in Current Liabilities	634,589	634,589
	<u>9,360,189</u>	<u>9,994,778</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2012 £	2011 £
Operating Surplus	604,640	572,880
Depreciation	353,987	340,786
Change in properties developed for resale	(27,450)	-
Change in Debtors	2,070	(760,673)
Change in Creditors	254,193	1,769,741
Share Capital Written Off	(11)	(10)
Net Cash Inflow from Operating Activities	1,187,429	1,922,724

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
(Decrease) / Increase in Cash	(2,099,801)		905,776	
Cash flow from management of liquid resources	-		-	
Cash flow from change in debt	634,589		634,588	
Movement in net debt during year	(1,465,212)		1,540,364	
Net debt at 1st April 2011	(6,745,397)		(8,285,761)	
Net debt at 31st March 2012	(8,210,609)		(6,745,397)	

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	3,883,970	(2,099,801)		1,784,169
Liquid Resources	-	-		-
Debt: Due within one year	(634,589)	634,589	(634,589)	(634,589)
Due after more than one year	(9,994,778)	-	634,589	(9,360,189)
Net Debt	(6,745,397)	(1,465,212)	-	(8,210,609)

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	90
Issued in year	5
Cancelled in year	(11)
At 31st March 2012	<u>84</u>

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.

19. RESERVES

(a) Designated Reserves

	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2011 as previous stated	393,852	1,414,166	1,808,018
Prior year adjustment	(177,233)	(636,747)	(813,980)
At 1st April 2011 (as restated)	<u>216,619</u>	<u>777,419</u>	<u>994,038</u>
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2012	<u>216,619</u>	<u>777,419</u>	<u>994,038</u>

(b) Revenue Reserves

	Total £
At 1st April 2011 as previous stated	655,988
Prior year adjustment	(304,671)
At 1st April 2011 (as restated)	<u>351,317</u>
Surplus for the year	434,952
Transfer (to) / from Designated Reserves	-
At 31st March 2012	<u>786,269</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012	2011
	No.	No.
General Needs - New Build	403	367
- Rehabilitation	224	225
Shared Ownership	68	69
Supported Housing	34	34
	<u>729</u>	<u>695</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

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

2 members are tenants of the Association

1 member is a relevant local councillor

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions 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.

Transactions with the subsidiary are detailed in the Fixed Asset Investment Note.

22. FIXED ASSET INVESTMENT

	2012 £	2011 £
Shared 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 31st March 2012 & 31st March 2011	<u>2</u>	<u>2</u>

In the opinion of the Management Committee the aggregate value 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 year Dunbritton Housing Association Limited purchased 3 flats from Dunbritton Commercial Limited. The properties were transferred at their market value. During the period the Association recharged Dunbritton Commercial Limited for invoices paid on their behalf and for staff costs. The total costs recharged in the year were £2,447 (2011: £1,131). Recharges of administrative expenses were carried out on normal commercial terms.

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Limited for the year ended 31st March 2012 were as follows:

	2012 £	2011 £
Capital & Reserves	<u>47,650</u>	<u>3,518</u>
Profit for the year	<u>40,192</u>	<u>3,940</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DEVELOPMENT COST OF HOUSING PROPERTY

	2012 £	2011 £
Shared Equity Properties		
In the course of construction	891,661	340,609
Completed Properties Unsold	-	-
	<u>891,661</u>	<u>340,609</u>
Less: Grants Received from Scottish Ministers	(848,527)	(324,925)
	<u>43,134</u>	<u>15,684</u>

24. OTHER FINANCIAL COMMITMENTS

Under the terms of the 1997 LSVT agreement the Association is committed to spending around £518,613 in planned maintenance and major repairs 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Dunbritton Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

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 structure for active members as at 31st March 2012 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2012.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Dunbritton Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £352,117. Dunbritton Housing Association Limited continues to offer membership of the Scheme to its employees.

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