

Dunbritton Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No. HAL260

FCA Reference No. 2021R(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 2013**

MANAGEMENT COMMITTEE

Anthony Davey	Convenor
Sephton MacQuire	Vice Convenor
Sonja Aitken	Secretary
Terence Smalls	Treasurer
John O'Connor	
Lillian Kennedy MBE	
May Howie	
Alistair Tuach	
Councillor Gary Mulvaney	
Alfred Timothy Rhead	
Ronald Fox	Resigned 18/12/12
Eamonn Hughes	Co-optee joined 12/12/12
Fiona Murphy	Co-optee joined 12/12/12
Garry Smith	Joined 11/04/12
Councillor Hazel Sorrell	Joined 12/06/12
Emma Jardine	Joined 11/04/12

EXECUTIVE OFFICERS

Morven Short	Director
Anne Marie McCann	Depute Director

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

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29, Ladyloan Place
Drumchapel
G15 8LB

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2021R(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

We enter our 21st year of operation with a healthy balance sheet and, having carried out a robust review of our financial position, confidence in our plans and projections for a healthy future despite challenges that are facing us as a registered social landlord and employer.

The Association generated a surplus of £767,391 in the financial year and a 43% increase in net assets which now total £2.54 million. Our long term financial projections were updated in late 2012 and demonstrate, subject to continued control, a positive financial outlook over the short, medium and long term. These projections were subject to external scrutiny and comment and feedback confirmed no material issues or concerns with the assumptions employed or the overall conclusion regarding the positive projected financial position of the Association.

We have a 3 year rolling Business Planning system, including our Internal Management Plan, Risk Register and Asset Management, Development, Wider Role and Tenant Participation Strategies. 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

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

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

1. Providing an additional 22 homes for rent and in the process of building 99 more for rent and shared equity

The last of our new Leven Street properties in Alexandria were handed over and let early in the financial year and 13 new homes at Turnberry Place, Castlehill, Dumbarton were completed and let by October 2012. Our on-going development programme included the 12 shared equity flats at Upland Road, Garelochhead, which were completed in May 2013 and are currently being marketed. In addition, the Clydeview, Helensburgh development of 38 amenity standard social rented flats was on site and is due for completion in July 2013. Towards the year end a start was made finally on the development of 49 houses and flats for social rent at the former Hermitage Academy site in Helensburgh.

2. Securing loan finance to enable our continuing development programme

We completed a new loan arrangement with Bank of Scotland and extended our loan arrangement with our existing provider, Santander. Both banks' willingness to complete new facilities with Dunbritton was a demonstration of their confidence in our organisation, our business planning process and our financial stability.

3. Providing good quality homes and services

At 31st March 2013 we owned 686 homes and managed 67 shared ownership properties. Of our own properties, 34 are leased to a range of agencies to care for disabled people. In addition, we provide a factoring service to 350 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.

Our Satisfaction Surveys, carried out on a quarterly basis backed up by repairs satisfaction surveys, continued to demonstrate good results, with an overall satisfaction level of 94%.

4. Working to sustain tenancies in a challenging economic environment

With Welfare Reform changes in progress and more to come, we spent a considerable amount of time during the year identifying elements of the changes that would impact on our business and our tenants and sharing owners; this included preparing an action plan to deal with the reforms, working with welfare advice providers, credit unions and citizens advice as well as meeting with tenants who are most likely to be affected to discuss their support needs and requirements.

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

The Wider Role grant funding stream ended in 2011/12, replaced with the new People & Communities Fund (PCF) which is open to an extensive range of community bodies, not just housing associations. Not surprisingly, demands on that fund over the past year have meant it has been well over-subscribed and, whilst a lot of preparatory work went on, we did not receive any grant this year from PCF. However, one of the projects we had been pursuing over the year finally received funding approval in May 2013. With an overall value of £279,155, this 'Growing Our Own' project will deliver a variety of environmental improvements across various estates and communities as well as create a number of job opportunities.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

During the year we were successful in securing National Lottery Awards for All and Investing in Ideas grants totalling £12,558 and in-kind contribution from Crudens valued at £16,500 to assist the Leven Group with groundworks in the Leven Street area as well as surveys and consultations regarding development of a community park.

6. Supporting sustainable and attractive communities

Over a decade of investment in regeneration of the Mill of Haldane Estate, Vale of Leven, in partnership with the local community, Cube Housing Association and West Dunbartonshire Council was one of 13 projects shortlisted for the Chartered Institute of Housing in Scotland's Excellence in Regeneration Award. We are in the process of finalising our input to the estate's regeneration with the on-going renovation of 6 properties (shops and flats) at Brown Street.

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

7. 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 and, 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 (APSR) as analysed through the Quality & Efficiency Forum (a group of 25 members drawn from throughout Scotland):

Arrears

✓ Dunbritton's current tenant rent arrears (excluding technical arrears) have been consistently low in each of the past four years, ending 2012/13 at 1.69%, ranking 5th in the QEF group and well below the Scottish median of 2.29%.

Voids

✓ The Association's total rent loss due to voids equated to 0.02% of its annual rental income, once again ranking us 1st in the QEF group and well below the Scottish median of 0.48%.

Re-lets

✓ The Association's time to re-let voids has been exceptionally low for many years and we took an average of one day to re-let properties this year, once again ranking us 1st in the QEF group and well below the Scottish median of 17 days.

8. Taking a robust approach to Risk Management, Governance & Internal Control

We pride ourselves on our approach to Risk Management and we continue to be confident that our Committee's standards of governance and financial controls demonstrate we are a competent and viable organisation that has a strong asset base. Like many RSLs, however, who are continuing to develop and are facing up to the potential impact of Welfare Reform and pension liabilities, as of March 2013 the Scottish Housing Regulator has decided to have medium engagement with us for 2013/14 while we complete a thorough financial review. 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. Our external audit has also confirmed confidence in our control processes and no issues have been raised by way of a Management Letter from our external Auditors.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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 2010 and the Determination of Accounting Requirements 2012. 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 2013**

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 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 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 £4,300 (2012 - £6,944).

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

14th August 2013

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 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
14th August 2013

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 2013 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 state of the Association's affairs as at 31st March 2013 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 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Complaints 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:

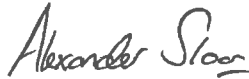
- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.

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

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

- 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.
- 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
14th August 2013

DUNBRITTON HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	2012 £
TURNOVER	2.	2,865,532	2,650,709
Operating Costs	2.	<u>(1,828,941)</u>	<u>(2,046,069)</u>
OPERATING SURPLUS	9.	1,036,591	604,640
Gain On Sale Of Housing Stock	7.	23,206	45,810
Interest Receivable and Other Income		14,789	3,462
Interest Payable and Similar Charges	8.	<u>(307,195)</u>	<u>(218,960)</u>
		<u>(269,200)</u>	<u>(169,688)</u>
SURPLUS FOR THE YEAR		<u>767,391</u>	<u>434,952</u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Surplus for the financial year	767,391	434,952
Prior year adjustment	<u>-</u>	<u>(1,118,651)</u>
Total gains and losses recognised since last annual report	<u>767,391</u>	<u>(683,699)</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		56,411,537		53,150,929
Less: Social Housing Grant	11.(a)		(42,785,770)		(40,831,008)
: Other Public Grants	11.(a)		(1,478,012)		(1,478,012)
			<u>12,147,755</u>		<u>10,841,909</u>
Other fixed assets	11.(b)		8,041		4,408
			<u>12,155,796</u>		<u>10,846,317</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>
CURRENT ASSETS					
Debtors	14.	672,122		1,789,883	
Development Cost of Housing Property	23.	872,408		43,134	
Investments	24.	500,000		-	
Cash at bank and in hand		2,631,618		1,784,169	
			<u>4,676,148</u>	<u>3,617,186</u>	
CREDITORS: Amounts falling due within one year	15.	(1,925,230)		(3,322,925)	
NET CURRENT ASSETS			<u>2,750,918</u>		<u>294,261</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,906,716</u>		<u>11,140,580</u>
CREDITORS: Amounts falling due after more than one year	16.	(12,358,935)		(9,360,189)	
NET ASSETS			<u>2,547,781</u>		<u>1,780,391</u>
CAPITAL AND RESERVES					
Share Capital	18.		83		84
Designated Reserves	19.(a)		994,038		994,038
Revenue Reserves	19.(b)		1,553,660		786,269
			<u>2,547,781</u>		<u>1,780,391</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 14th August 2013.



Chairperson



Vice-Chairperson



Secretary

DUNBRITTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2013

	Notes	£	2013 £	£	2012 £
Net Cash (Outflow) / Inflow from Operating Activities	17.		(168,781)		1,187,429
Returns on Investment and Servicing of Finance					
Interest Received		10,543		3,462	
Interest Paid		(306,213)		(242,990)	
Net Cash Outflow from Investment and Servicing of Finance			(295,670)		(239,528)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(4,528,873)		(4,332,220)	
Purchase of Other Fixed Assets		(8,746)			
Social Housing Grant Received		2,796,957		1,816,724	
Social Housing Grant Repaid		-			
Other Grants Received		-		24,177	
Proceeds on Disposal of Properties		29,273		78,201	
Net Cash Outflow from Capital Expenditure and Financial Investment			(1,711,389)		(2,413,118)
Net Cash Outflow before use of Liquid Resources and Financing			(2,175,840)		(1,465,217)
Management of Liquid Resources					
Change in short term deposits with banks			(500,000)		-
Financing					
Loan Advances Received		4,000,000			
Loan Principal Repayments		(734,588)		(634,589)	
Share Capital Issued		1		5	
Net Cash Inflow / (Outflow) from Financing			3,265,413		(634,584)
Increase / (decrease) in Cash	17.		<u>589,573</u>		<u>(2,099,801)</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Association has obtained exemption from the Financial Complaints 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, other income and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Association 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. 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	30 years
Kitchens	16 years
Bathrooms	30 years
Central Heating	36 years
Boilers	18 years
Rewiring	40 years
Internal Doors	35 years

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2013

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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,735,200	1,750,738	984,462	2,424,297	1,755,127	669,170
Other Activities	4.	130,332	78,203	52,129	226,412	290,942	(64,530)
Total		2,865,532	1,828,941	1,036,591	2,650,709	2,046,069	604,640

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General			2013 Total £	2012 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,265,978	253,534	145,598	2,665,110	2,346,671
Service Charges Receivable	46,200	24,165	-	70,365	78,054
Gross Rents Receivable	2,312,178	277,699	145,598	2,735,475	2,424,725
Less: Rent losses from voids	275	-	-	275	428
Total Income From Social Letting	2,311,903	277,699	145,598	2,735,200	2,424,297
Expenditure on Social Letting Activities					
Service Costs	64,983	17,265	-	82,248	63,185
Management and maintenance administration costs	908,568	47,379	4,475	960,422	929,496
Reactive Maintenance	199,046	19,478	-	218,524	252,050
Bad Debts - Rents and Service Charges	3,498	-	-	3,498	31,237
Planned and Cyclical Maintenance, including Major Repairs	165,072	10,305	-	175,377	150,632
Depreciation of Social Housing	272,260	30,014	8,395	310,669	328,527
Operating Costs of Social Letting	1,613,427	124,441	12,870	1,750,738	1,755,127
Operating Surplus on Social Letting Activities	698,476	153,258	132,728	984,462	669,170
2012	404,378	142,085	122,707		

Planned maintenance costs include £28,813 of major repair costs.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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	Operating Costs Other	Operating Surplus / (Deficit) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	30,200	30,200	-	27,254	2,946	(83,538)
Care and Repair of Property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	23,858	23,858	4,536	23,203	(3,881)	35,563
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	-	-	-	-	-	-	-
Agency / Management services for other RSLs	-	-	-	-	-	-	-	-	-
Shared Ownership (First Tranche Sales)	-	-	-	-	-	-	-	-	-
Other Agency or Management Services	-	-	-	-	-	-	-	-	-
Development of Property for sale to RSLs	-	-	-	-	-	-	-	-	-
Other Income and costs	-	-	-	5,494	5,494	82	1,867	3,545	-
Covenanted Income	-	-	-	70,780	70,780	-	-	70,780	-
Other Activities - Tenant participation	-	-	-	-	-	-	21,261	(21,261)	(16,555)
Total From Other Activities	-	-	-	130,332	130,332	4,618	73,585	52,129	(64,530)
2012	175,271	-	-	51,141	226,412	1,648	289,294	(64,530)	

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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.

2013	2012
£	£

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>59,597</u>	<u>58,175</u>
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6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>17</u>	<u>16</u>

Staff Costs were:

	£	£
Wages and Salaries	528,387	472,603
Social Security Costs	46,467	40,863
Other Pension Costs	66,796	66,803
Temporary, Agency and Seconded Staff	65,499	45,176
	<u>707,149</u>	<u>625,445</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	29,273	78,201
Cost of Sales	<u>6,067</u>	<u>32,391</u>
Gain On Sale Of Housing Stock	<u>23,206</u>	<u>45,810</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
Interest on Bank Loans & Overdrafts	218,224	218,960
Finance costs of loans	<u>88,971</u>	<u>-</u>
	307,195	218,960
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>307,195</u>	<u>218,960</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2012 £0).

Interest capitalised was incurred at 0%.

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	306,122	343,898
Auditors' Remuneration - Audit Services (excluding VAT)	5,760	9,582
Operating Lease Rentals - Land & Buildings	42,000	42,000
Operating Lease Rentals - Other	<u>5,366</u>	<u>3,999</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 2013

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 2012	49,482,569	3,341,453	3,863,293	56,687,315
Additions	274,930	3,431,570	-	3,706,500
Disposals	(166,262)	-	-	(166,262)
Transfers	2,022,055	(2,012,707)	(9,348)	-
As at 31st March 2013	51,613,292	4,760,316	3,853,945	60,227,553
DEPRECIATION				
As at 1st April 2012	3,418,732	-	117,654	3,536,386
Charge for Year	292,614	-	8,395	301,009
Disposals	(21,379)	-	-	(21,379)
Transfer	(8,395)	-	8,395	-
As at 31st March 2013	3,681,572	-	134,444	3,816,016
SOCIAL HOUSING GRANT				
As at 1st April 2012	34,484,252	3,082,258	3,264,498	40,831,008
Additions	13,544	2,070,374	-	2,083,918
Disposals	(129,156)	-	-	(129,156)
Transfer	937,618	(925,942)	(11,676)	-
As at 31st March 2013	35,306,258	4,226,690	3,252,822	42,785,770
OTHER CAPITAL GRANTS				
As at 1st April 2012	1,462,528	-	15,484	1,478,012
As at 31st March 2013	1,462,528	-	15,484	1,478,012
NET BOOK VALUE				
As at 31st March 2013	11,162,934	533,626	451,195	12,147,755
As at 31st March 2012	10,117,057	259,195	465,657	10,841,909

Additions to housing properties includes capitalised development administration costs of £61,308 (2012 - £34,567) and capitalised major repair costs to existing properties of £231,355 (2012 £nil)

All land and housing properties are freehold.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Changing Facilities £	Office Improvements £	Office & Equipment £	Furniture & & Equipment £	Total £
COST					
As at 1st April 2012	137,852	23,167	130,412	44,558	335,989
Additions	-	-	8,746	-	8,746
Eliminated on Disposals	-	-	(4,277)	-	(4,277)
As at 31st March 2013	<u>137,852</u>	<u>23,167</u>	<u>134,881</u>	<u>44,558</u>	<u>340,458</u>
GRANTS RECEIVED					
As at 1st April 2012	137,821	-	-	-	137,821
As at 31st March 2013	<u>137,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,821</u>
AGGREGATE DEPRECIATION					
As at 1st April 2012	31	21,805	128,947	42,977	193,760
Charge for year	-	735	3,207	1,171	5,113
Eliminated on disposal	-	-	(4,277)	-	(4,277)
As at 31st March 2013	<u>31</u>	<u>22,540</u>	<u>127,877</u>	<u>44,148</u>	<u>194,596</u>
NET BOOK VALUE					
As at 31st March 2013	<u>-</u>	<u>627</u>	<u>7,004</u>	<u>410</u>	<u>8,041</u>
As at 31st March 2012	<u>-</u>	<u>1,362</u>	<u>1,465</u>	<u>1,581</u>	<u>4,408</u>

12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>8,368,978</u>	<u>5,192,352</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:-	2013 £	2012 £
Land and Buildings		
Expiring in over five years	42,000	42,000
Other		
Expiring within one year	3,999	-
Expiring between two and five years	<u>1,460</u>	<u>3,999</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	105,114	109,803
Less: Provision for Doubtful Debts	(40,673)	(49,702)
	<u>64,441</u>	<u>60,101</u>
Social Housing Grant Receivable	468,020	1,633,411
Other Debtors	106,248	88,940
Amounts Due from Group Undertakings	33,413	7,431
	<u>672,122</u>	<u>1,789,883</u>

15. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Bank Overdrafts (secured)	257,876	-
Housing Loans	901,256	634,589
Trade Creditors	283,743	1,534,653
Rent in Advance	186,455	198,564
Social Housing Grant in Advance	-	452,352
Other Taxation and Social Security	31,297	3,939
Other Creditors	230,888	411,553
Accruals and Deferred Income	33,715	87,275
	<u>1,925,230</u>	<u>3,322,925</u>

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

	2013 £	2012 £
Housing Loans	<u>12,358,935</u>	<u>9,360,189</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	901,256	634,589
Between one and two years	901,256	634,589
Between two and five years	2,703,767	1,903,767
In five years or more	8,753,912	6,821,833
	<u>13,260,191</u>	<u>9,994,778</u>
Less: Amount shown in Current Liabilities	901,256	634,589
	<u>12,358,935</u>	<u>9,360,189</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash (outflow) / inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	1,036,591	604,640
Depreciation	315,782	353,987
Change in properties developed for resale	(829,274)	(27,450)
Change in Debtors	(43,384)	2,070
Change in Creditors	(648,494)	254,193
Share Capital Written Off	(2)	(11)
Net Cash (Outflow) / Inflow from Operating Activities	<u>(168,781)</u>	<u>1,187,429</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	2012 £
Increase / (decrease) in Cash	589,573	(2,099,801)
Cash flow from management of liquid resources	500,000	-
Cash flow from change in debt	<u>(3,265,413)</u>	<u>634,589</u>
Movement in net debt during year	(2,175,840)	(1,465,212)
Net debt at 1st April 2012	<u>(8,210,609)</u>	<u>(6,745,397)</u>
Net debt at 31st March 2013	<u>(10,386,449)</u>	<u>(8,210,609)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	1,784,169	847,449		2,631,618
Bank Overdrafts	-	(257,876)		(257,876)
	<u>1,784,169</u>	<u>589,573</u>		<u>2,373,742</u>
Liquid Resources	-	500,000		500,000
Debt: Due within one year	(634,589)	734,587	(1,001,254)	(901,256)
Due after more than one year	<u>(9,360,189)</u>	<u>(4,000,000)</u>	<u>1,001,254</u>	<u>(12,358,935)</u>
Net Debt	<u>(8,210,609)</u>	<u>(2,175,840)</u>	<u>-</u>	<u>(10,386,449)</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	84
Issued in year	1
Cancelled in year	(2)
At 31st March 2013	<u>83</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 2012	216,619	777,419	994,038
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2013	<u>216,619</u>	<u>777,419</u>	<u>994,038</u>

(b) Revenue Reserves	Total £
At 1st April 2012	786,269
Surplus for the year	767,391
Transfer (to) / from Designated Reserves	-
At 31st March 2013	<u>1,553,660</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - New Build	425	403
- Rehabilitation	227	224
Shared Ownership	67	68
Supported Housing	34	34
	<u>753</u>	<u>729</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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
- 2 members are relevant local councillors
- 1 member is an employee of a relevant local authority

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.

22. FIXED ASSET INVESTMENT

	2013 £	2012 £
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 2013 & 31st March 2012	<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.

The Association received covenanted income of £70,780 during the year from the subsidiary. In addition, the Association purchased three shops from the subsidiary at a cost of £60,000.

The aggregate amount of capital and reserves and the unaudited results of Dunbritton Commercial Limited for the year ended 31st March 2013 were as follows:

	2013 £	2012 £
Capital & Reserves	<u>2</u>	<u>47,650</u>
Loss for the year	<u>(50,188)</u>	<u>40,192</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DEVELOPMENT COST OF HOUSING PROPERTY

	2013 £	2012 £
Shared Equity Properties		
In the course of construction	1,885,935	891,661
Less: Grants Received from Scottish Ministers	(1,013,527)	(848,527)
	<u>872,408</u>	<u>43,134</u>

24. CURRENT ASSET INVESTMENTS

	2013 £	2012 £
Short Term Deposits	<u>500,000</u>	<u>-</u>

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2008.

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%.

As at the balance sheet date there were 10 active members of the Scheme employed by Dunbritton Housing Association Limited. The annual pensionable payroll in respect of these members was £316,440. 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.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The trustees have recently supplied Dunbritton Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Dunbritton Housing Association Limited will be required to pay £63,111.67 per annum as a contribution to the past service deficit. This will represent an increase of 75% in Dunbritton Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%

As a result of Pension Scheme legislation 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 buyout 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.

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 currently participating 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.