

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2011

Registered Housing Association No.HCB237

FSA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2011

MANAGEMENT COMMITTEE

Jacqueline Lorimer	(Chairperson)
Megan Harrison	(Vice-Chairperson)
Agnes McIlwham	(Secretary)
Dorothy Drennan	(Treasurer)
Rosemary McMillan	
Alan Tomkinson	
Jim Finn	
Robert McCormack	Appointed September 2010/Resigned February 2010
Margaret Prowse	Appointed September
Robert King	Appointed September
Marion Benson	Co-opted - Appointed October 2010

EXECUTIVE OFFICERS

Phillip Burbidge	Director
Hazel Nelson	Finance Manager

REGISTERED OFFICE

Skypoint
Lennox Drive
Faifley
Clydebank
G81 5JY

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
13 Rockbank Place
Hardgate
Clydebank

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2011**

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

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2384R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037273.

Principal Activities

The principal activity of the Association is the management and maintenance of good quality affordable rented accommodation in Faifley.

Review of Business and Future Developments

During the year to 31 March 2011 the Association made a surplus of £220,480 (2010: £150,820) and had capital and reserves of £1,768,187 at the year end. The Association understands the importance of maintaining our stock not just in the short term but over the life of the buildings and during the year carried out cyclical and major repairs work in accordance with our life cycle maintenance programme at a cost of £140,719 and £104,545 was spent on reactive and void repairs.

The Association purchased one property and now owns and manages 340 rented units and provides factoring service to a further 16 owners.

We continue to provide Maintenance Officer services to Kingsridge Cleddans Housing Association.

The Association in partnership with Knowes Housing Association provided a welfare rights service to our residents and will continue to pursue further projects which will benefit the community through our partnership with Community Links Scotland.

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

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2011

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 2011

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.

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



AGNES MCILWHAM

Secretary

23 August 2011

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
FAIFLEY HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 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 4 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
23 August 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIFLEY HOUSING ASSOCIATION LIMITED

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

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

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

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

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FAIFLEY 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
23 August 2011

FAIFLEY HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TURNOVER	2.		1,159,880		1,236,234
Operating Costs	2.		(799,556)		(933,805)
OPERATING SURPLUS	8.		360,324		302,429
Interest Receivable and Other Income		16,146		10,690	
Interest Payable and Similar Charges	7.	(155,990)		(162,299)	
			(139,844)		(151,609)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			220,480		150,820
Tax on surplus on ordinary activities	9.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			220,480		150,820

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

FAIFLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		28,127,623		28,142,983
Less: Social Housing Grant	10.(a)		(24,156,561)		(24,146,626)
: Other Public Grants	10.(a)		(99,500)		(99,500)
			<u>3,871,562</u>		<u>3,896,857</u>
Other fixed assets	10.(b)		12,743		17,305
			<u>3,884,305</u>		<u>3,914,162</u>
CURRENT ASSETS					
Debtors	12.	65,450		70,171	
Cash at bank and in hand		1,483,311		1,371,479	
		<u>1,548,761</u>		<u>1,441,650</u>	
CREDITORS: Amounts falling due within one year	13.	(257,497)		(256,628)	
NET CURRENT ASSETS			<u>1,291,264</u>		<u>1,185,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,175,569</u>		<u>5,099,184</u>
CREDITORS: Amounts falling due after more than one year	14.		(3,407,382)		(3,551,494)
NET ASSETS			<u><u>1,768,187</u></u>		<u><u>1,547,690</u></u>
CAPITAL AND RESERVES					
Share Capital	16.		68		51
Designated Reserves	17.(a)		1,184,192		1,054,011
Revenue Reserves	17.(b)		583,927		493,628
			<u>1,768,187</u>		<u>1,547,690</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 23 August 2011.

Chairperson

J. Loomer

Vice-Chairperson

M. Harrison

Secretary

Agnes M. Shaw

FAIFLEY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

	Notes	£	2011 £	£	2010 £
Net Cash Inflow from Operating Activities	15.		446,277		424,183
Returns on Investment and Servicing of Finance					
Interest Received		19,186		7,913	
Interest Paid		(148,761)		(162,665)	
Net Cash Outflow from Investment and Servicing of Finance			(129,575)		(154,752)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(69,032)		(11,965)	
Purchase of Other Fixed Assets		(4,944)		(12,999)	
Social Housing Grant Received		9,935		24,925	
Net Cash Outflow from Capital Expenditure and Financial Investment			(64,041)		(39)
Net Cash Inflow before use of Liquid Resources and Financing			252,661		269,392
Loan Principal Repayments		(140,846)		(133,421)	
Share Capital Issued		17		4	
Net Cash Outflow from Financing			(140,829)		(133,417)
Increase in Cash	15.		111,832		135,975

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement Benefits

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

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

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

Office Improvements	- 10% to 20%
Furniture and 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 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

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

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

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

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Designated Reserves

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

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

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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2011			2010		
		Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	1,143,563	751,877	391,686	1,083,928	899,238	184,690
Other Activities	4.	16,317	47,679	(31,362)	152,306	34,567	117,739
Total		1,159,880	799,556	360,324	1,236,234	933,805	302,429

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2011 Total	2010 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,098,494	9,693	-	1,108,187	1,057,601
Service Charges Receivable	36,556	569	-	37,125	34,845
Gross Rents Receivable	1,135,050	10,262	-	1,145,312	1,092,446
Less: Rent losses from voids	1,749	-	-	1,749	8,518
Net Rents Receivable	1,133,301	10,262	-	1,143,563	1,083,928
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	1,133,301	10,262	-	1,143,563	1,083,928
Expenditure on Social Letting Activities					
Service Costs	47,442	94	-	47,536	50,024
Management and maintenance administration costs	383,002	-	-	383,002	381,400
Reactive Maintenance	103,561	984	-	104,545	103,677
Bad Debts - Rents and Service Charges	(8,317)	-	-	(8,317)	6,310
Planned and Cyclical Maintenance, including Major Repairs	140,384	335	-	140,719	274,750
Depreciation of Social Housing	84,392	-	-	84,392	83,077
Operating Costs of Social Letting	750,464	1,413	-	751,877	899,238
Operating Surplus on Social Letting Activities	382,837	8,849	-	391,686	184,690
2010	180,561	4,129	-		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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) 2011 £	Operating Surplus /(Deficit) 2010 £
Wider Role Activities	13,088	-	-	-	13,088	-	31,986	(18,898)	(14,067)
Factoring	-	-	-	1,731	1,731	-	1,731	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	134,532
Agency / Management services for other RSLs	-	-	-	1,498	1,498	-	1,498	-	-
Right to Buy	-	-	-	-	-	-	459	(459)	(421)
Tenant Participation	-	-	-	-	-	-	12,005	(12,005)	(2,305)
Total From Other Activities	13,088	-	-	3,229	16,317	-	47,679	(31,362)	117,739
2010	142,886	-	-	9,420	152,306	-	34,567	117,739	

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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.

2011	2010
£	£

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)	48,514	46,500
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6. EMPLOYEE INFORMATION

	2011	2010
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	8	8

Staff Costs were:	£	£
Wages and Salaries	239,537	232,119
Social Security Costs	19,250	18,817
Other Pension Costs	33,200	29,942
Temporary, Agency and Seconded Staff	8,555	3,583
	300,542	284,461

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2011	2010
	£	£
On Bank Loans & Overdrafts	155,990	162,299
Less: Interest Capitalised	-	-
	<u>155,990</u>	<u>162,299</u>

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011	2010
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	93,898	94,934
Auditors' Remuneration - Audit Services	6,540	6,110
- Other Services	-	518
Operating Lease Rentals - Land & Buildings	<u>9,500</u>	<u>9,500</u>

9. 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2010	28,853,635	-	-	-	28,853,635
Additions	69,032	-	-	-	69,032
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2011	28,922,667	-	-	-	28,922,667
DEPRECIATION					
As at 1st April 2010	710,652	-	-	-	710,652
Charge for Year	84,392	-	-	-	84,392
Disposals	-	-	-	-	-
As at 31st March 2011	795,044	-	-	-	795,044
SOCIAL HOUSING GRANT					
As at 1st April 2010	24,146,626	-	-	-	24,146,626
Additions	9,935	-	-	-	9,935
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2011	24,156,561	-	-	-	24,156,561
OTHER CAPITAL GRANTS					
As at 1st April 2010	99,500	-	-	-	99,500
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2011	99,500	-	-	-	99,500
NET BOOK VALUE					
As at 31st March 2011	3,871,562	-	-	-	3,871,562
As at 31st March 2010	3,896,857	-	-	-	3,896,857

Additions to housing properties includes capitalised development administration costs of £903 (2010 - £1,197) and capitalised major repair costs to existing properties of £Nil (2010 £Nil)

All land and housing properties are freehold.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Improvements £	Furniture & Equipment £	Total £
COST			
As at 1st April 2010	4,754	105,747	110,501
Additions	-	4,944	4,944
Eliminated on Disposals	-	(6,826)	(6,826)
As at 31st March 2011	4,754	103,865	108,619
GRANTS RECEIVED			
As at 1st April 2010	-	-	-
Received in year	-	-	-
Repaid on Disposal	-	-	-
As at 31st March 2011	-	-	-
AGGREGATE DEPRECIATION			
As at 1st April 2010	4,754	88,442	93,196
Charge for year	-	9,506	9,506
Eliminated on disposal	-	(6,826)	(6,826)
As at 31st March 2011	4,754	91,122	95,876
NET BOOK VALUE			
As at 31st March 2011	-	12,743	12,743
As at 31st March 2010	-	17,305	17,305

11. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2011 £	2010 £
Land and Buildings		
Expiring within one year	9,500	9,500

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. DEBTORS

	2011 £	2010 £
Arrears of Rent & Service Charges	43,447	57,008
Less: Provision for Doubtful Debts	<u>(21,152)</u>	<u>(31,671)</u>
	22,295	25,337
Other Debtors	<u>43,155</u>	<u>44,834</u>
	<u>65,450</u>	<u>70,171</u>

13. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Housing Loans	141,483	138,217
Rent in Advance	30,438	36,536
Other Taxation and Social Security	6,095	5,810
Other Creditors	17,316	13,911
Accruals and Deferred Income	<u>62,165</u>	<u>62,154</u>
	<u>257,497</u>	<u>256,628</u>

At the balance sheet date there were pension contributions outstanding of £3,651 (2010 £3,532)

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

	2011 £	2010 £
Housing Loans	<u>3,407,382</u>	<u>3,551,494</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	141,483	138,217
Between one and two years	139,675	136,385
Between two and five years	438,198	429,111
In five years or more	<u>2,829,509</u>	<u>2,985,998</u>
	3,548,865	3,689,711
Less: Amount shown in Current Liabilities	<u>141,483</u>	<u>138,217</u>
	<u>3,407,382</u>	<u>3,551,494</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2011 £	2010 £
Operating Surplus	360,324	302,429
Depreciation	93,898	94,934
Change in Debtors	1,681	14,236
Change in Creditors	(9,626)	12,596
Share Capital Written Off	-	(12)
Net Cash Inflow from Operating Activities	<u>446,277</u>	<u>424,183</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2011 £	£	2010 £	£
Increase in Cash	111,832		135,975	
Cash flow from change in debt	<u>140,846</u>		<u>133,421</u>	
Movement in net debt during year		252,678		269,396
Net debt at 1st April 2010		<u>(2,318,232)</u>		<u>(2,587,628)</u>
Net debt at 31st March 2011		<u>(2,065,554)</u>		<u>(2,318,232)</u>

<i>Analysis of changes in net debt</i>	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	1,371,479	111,832		1,483,311
Debt: Due within one year	(138,217)	(3,266)		(141,483)
Due after more than one year	<u>(3,551,494)</u>	<u>144,112</u>		<u>(3,407,382)</u>
Net Debt	<u>(2,318,232)</u>	<u>252,678</u>	<u>-</u>	<u>(2,065,554)</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2010	51
Issued in year	17
Cancelled in year	-
At 31st March 2011	<u>68</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.

17. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2010	94,217	959,794	1,054,011
Transfer to / (from) Revenue Reserves	7,376	122,805	130,181
At 31st March 2011	<u>101,593</u>	<u>1,082,599</u>	<u>1,184,192</u>

(b) Revenue Reserves	Total £
At 1st April 2010	493,628
Surplus for the year	220,480
Transfer (to) / from Designated Reserves	(130,181)
At 31st March 2011	<u>583,927</u>

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2011 No.	2010 No.
General Needs - New Build	231	231
- Rehabilitation	106	105
Supported Housing	3	3
	<u>340</u>	<u>339</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. 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:

9 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.

20. OTHER FINANCIAL COMMITMENTS

The Association is committed to spend £57,780 of major repair works during the contract period. At the Balance Sheet date the remaining commitment under the contract was £57,780

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS

General

Faifley 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.

Faifley 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 Faifley Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 6 active members of the Scheme employed by Faifley Housing Association Limited. The annual pensionable payroll in respect of these members was £189,648. Faifley 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

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

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

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. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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.