

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HCB237

FSA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	8
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

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

MANAGEMENT COMMITTEE

Megan Harrison	Chairperson
Jacqueline Lorimer	Vice-Chairperson
Agnes McIlwham	Secretary
Robert King	Treasurer
Dorothy Drennan	
Rosemary McMillan	
Alan Tomkinson	
Jim Finn	
Margaret Prowse	
Marion Benson	Appointed September 2011
Paula Cardno	Appointed September 2011
Elaine McCabe	Appointed September 2011
Rose McGachy	Appointed September 2011
William McPike	Appointed October 2011 (Co-opted)
Bernadette Bonner	Appointed November 2011 (Co-opted)

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 2012**

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

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.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 activities of the Association are the provision and management of affordable good quality affordable rented accommodation in Faifley.

Review of Business and Future Developments

The Association made a surplus of £191,936 during the year compared to surplus of £181,592 in the year to 31 March 2011 and had capital and reserves of £2,150,688 at the year end. The total expenditure on cyclical and major repairs work amounted to £460,738 of which £292,509 was capitalised in line with component accounting requirements. The Association also spent £91,024 in reactive and void repairs throughout the year.

The Association remains in a strong financial position with just over £1.5m cash in the bank.

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

The Association in partnership with other local housing associations continue to provide a welfare rights service to our residents through our partnership with Clydebank Independent Resource Centre.

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

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

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

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

In so far as the Management Committee are aware:

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

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

Statement on Internal Financial Control

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

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

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

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

Donations

During the year the Association made charitable donations amounting to £1112 (2011 £360).

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
28 August 2012



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
28 August 2012

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 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Management Committee and Auditors

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

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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
28 August 2012

FAIFLEY HOUSING ASSOCIATION LIMITED

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

	Notes	2012 £	Restated 2011 £
TURNOVER	2.	1,204,941	1,169,815
Operating Costs	2.	(870,873)	(848,379)
OPERATING SURPLUS	8	334,068	321,436
Interest Receivable and Other Income		9,419	16,146
Interest Payable and Similar Charges	7	(151,384)	(155,990)
		(141,965)	(139,844)
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		192,103	181,592

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	192,103	181,592
Prior year adjustment (as explained in Note 27)	174,164	-
Total gains recognised since last annual report	366,267	181,592

Total gains and losses recognised since last annual report

FAIFLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	9(a)		27,186,272		27,314,552
Less: Social Housing Grant	9(a)		(22,895,498)		(23,169,326)
: Other Public Grants	9(a)		(99,500)		(99,500)
			<hr/>		<hr/>
			4,191,274		4,045,726
Other fixed assets	9(b)		9,469		12,743
			<hr/>		<hr/>
			4,200,743		4,058,469
CURRENT ASSETS					
Debtors	13	94,342		65,450	
Investments	28.	507,659		500,000	
Cash at bank and in hand		1,022,152		983,311	
			<hr/>	<hr/>	
			1,624,153	1,548,761	
CREDITORS: Amounts falling due within one year	14	(424,657)		(257,497)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			1,199,496		1,291,264
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,400,239		5,349,733
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year	15	(3,265,791)		(3,407,382)	
			<hr/>	<hr/>	
NET ASSETS			2,134,448		1,942,351
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Share Capital	16		62		68
Designated Reserves	17(a)		1,184,192		1,184,192
Revenue Reserves	17(b)		950,194		758,091
			<hr/>		<hr/>
			2,134,448		1,942,351
			<hr/>		<hr/>

The Financial Statements were approved by the Management Committee and signed on their behalf on 28 August 2012.

Chairperson

M. Harrison.

Vice-Chairperson

J. Porter

Secretary

Aqees M. El-Ham.

FAIFLEY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	£	2012 £	£	2011 £
Net Cash Inflow from Operating Activities	19		620,124		446,277
Returns on Investment and Servicing of Finance					
Interest Received		7,119		19,186	
Interest Paid		(154,848)		(148,761)	
Net Cash Outflow from Investment and Servicing of Finance			(147,729)		(129,575)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(287,831)		(69,032)	
Purchase of Other Fixed Assets		(5,808)		(4,944)	
Social Housing Grant Received		-		9,935	
Net Cash Outflow from Capital Expenditure and Financial Investment			(293,639)		(64,041)
Net Cash Inflow before use of Liquid Resources and Financing			178,756		252,661
Management of Liquid Resources					
Change in short term deposits with banks			(7,659)		500,000
Financing					
Loan Principal Repayments		(141,240)		(140,846)	
Share Capital Issued		5		17	
Net Cash Outflow from Financing			(141,235)		(140,829)
Increase in Cash	19		29,862		611,832

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement Benefits

employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note9 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>
Kitchen Units	15 years
Central Heating Boilers	15 years
Door Entry Systems	20 years
Floor Coverings	20 years
Timber Crib Walls	20 years
Gutters and Downpipes	30/40 years
External Lovres	25 years
Timber Fencing	25/30 years
Central Heating Radiators	30 years
Deck Access Coverings	30 years
Rewiring	30 years
Bathroom Fittings	30 years
Shelving Ducts and Panels	30 years
Tiling	40 years
Window Replacement	40 years
Handrails	40 years
Roughcast and Render	40 years
Roof Coverings	40 years
Structure	50 years

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises	- 25%
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

Taxation (Non-Charities)

The Association pays Corporation Tax on all its taxable surpluses. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Designated Reserves

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

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

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

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

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

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012			2011		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,201,735	865,521	336,214	1,153,498	800,700	352,798
Other Activities	4.	3,206	5,352	(2,146)	16,317	47,679	(31,362)
Total		1,204,941	870,873	334,068	1,169,815	848,379	321,436

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2012 Total £	Restated 2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,126,035	39,455	-	1,165,490	1,108,187
Service Charges Receivable	24,492	3,775	-	28,267	37,125
Gross Rents Receivable	1,150,527	43,230	-	1,193,757	1,145,312
Less: Rent losses from voids	2,031	-	-	2,031	1,749
Net Rents Receivable	1,148,496	43,230	-	1,191,726	1,143,563
Revenue Grants from Scottish Ministers	10,009	-	-	10,009	9,935
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	1,158,505	43,230	-	1,201,735	1,153,498
Expenditure on Social Letting Activities					
Service Costs	55,256	3,904	-	59,160	47,536
Management and maintenance administration costs	411,161	-	-	411,161	383,002
Reactive Maintenance	85,340	5,684	-	91,024	104,545
Bad Debts - Rents and Service Charges	(2,035)	-	-	(2,035)	(8,317)
Planned and Cyclical Maintenance, including Major Repairs	166,915	1,314	-	168,229	150,654
Depreciation of Social Housing	134,563	3,419	-	137,982	123,280
Operating Costs of Social Letting	851,200	14,321	-	865,521	800,700
Operating Surplus on Social Letting Activities	307,305	28,909	-	336,214	352,798
2011 (As restated)	305,061	8,849	-		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2012 £	Operating Surplus /(Deficit) 2011 £
Wider Role Activities	-	-	-	-	-	-	1,455	(1,455)	(18,898)
Factoring	-	-	-	1,620	1,620	616	1,004	-	-
Agency / Management services for other RSLs	-	-	-	1,586	1,586	-	1,586	-	-
Development of Property for sale to RSLs	-	-	-	-	-	-	-	-	(459)
Other Income	-	-	-	-	-	-	-	-	(12,005)
Tenant participation	-	-	-	-	-	-	192	(192)	-
Other activities	-	-	-	-	-	-	499	(499)	-
Total From Other Activities	-	-	-	3,206	3,206	616	4,736	(2,146)	(31,362)
2011	13,088	-	-	3,229	16,317	-	47,679	(31,362)	-

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

2012	2011
£	£

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

Emoluments payable to Chief Executive (excluding pension contributions)

<u>49,199</u>	<u>48,514</u>
---------------	---------------

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

2012	2011
No.	No.
<u>7</u>	<u>8</u>

The average total number of Employees employed during the year was

<u>7</u>	<u>8</u>
----------	----------

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs
Temporary, Agency and Seconded Staff

£	£
236,891	239,537
19,687	19,250
43,497	33,200
15,878	8,555
<u>315,953</u>	<u>300,542</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>151,384</u>	<u>155,990</u>

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	147,064	132,786
Auditors' Remuneration - Audit Services	7,380	6,540
- Other Services	522	-
Operating Lease Rentals - Land & Buildings	<u>9,588</u>	<u>9,500</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 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 2011- restated	28,392,633	-	-	-	28,392,633
Additions	292,509	-	-	-	292,509
Disposals	(288,776)	-	-	-	(288,776)
Schemes Completed	-	-	-	-	-
As at 31st March 2012	28,396,366	-	-	-	28,396,366
DEPRECIATION					
As at 1st April 2011- restated	1,078,081	-	-	-	1,078,081
Charge for Year	137,982	-	-	-	137,982
Disposals	(5,969)	-	-	-	(5,969)
As at 31st March 2012	1,210,094	-	-	-	1,210,094
SOCIAL HOUSING GRANT					
As at 1st April 2011- restated	23,169,326	-	-	-	23,169,326
Additions	-	-	-	-	-
Disposals	(273,828)	-	-	-	(273,828)
Schemes Completed	-	-	-	-	-
As at 31st March 2012	22,895,498	-	-	-	22,895,498
OTHER CAPITAL GRANTS					
As at 1st April 2011- restated	99,500	-	-	-	99,500
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2012	99,500	-	-	-	99,500
NET BOOK VALUE					
As at 31st March 2012	4,191,274	-	-	-	4,191,274
As at 31st March 2011	4,045,726	-	-	-	4,045,726

Additions to housing properties includes capitalised development administration costs of £0 (2011 - £903) and capitalised major repair costs to existing properties of £287831 (2011 £Nil)

All land and housing properties are freehold.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

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 2011- restated	4,754	103,865	108,619
Additions	-	5,808	5,808
Eliminated on Disposals	-	(1,991)	(1,991)
As at 31st March 2012	4,754	107,682	112,436
AGGREGATE DEPRECIATION			
As at 1st April 2011- restated	4,754	91,122	95,876
Charge for year	-	9,082	9,082
Eliminated on disposal	-	(1,991)	(1,991)
As at 31st March 2012	4,754	98,213	102,967
NET BOOK VALUE			
As at 31st March 2012	-	9,469	9,469
As at 31st March 2011	-	12,743	12,743

11. CAPITAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	297,055	57,780

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

12 COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012 £	2011 £
Land and Buildings		
Expiring within one year	21,500	9,500

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 DEBTORS

	2012 £	2011 £
Arrears of Rent & Service Charges	43,134	43,447
Less: Provision for Doubtful Debts	(16,485)	(21,152)
	<u>26,649</u>	<u>22,295</u>
Other Debtors	67,693	43,155
	<u>94,342</u>	<u>65,450</u>

14 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Bank Overdrafts (secured)	-	-
Housing Loans	141,834	141,483
Trade Creditors	198,170	-
Rent in Advance	35,767	30,438
Other Taxation and Social Security	5,933	6,095
Other Creditors	24,571	17,316
Accruals and Deferred Income	18,382	62,165
	<u>424,657</u>	<u>257,497</u>

The bank overdraft is secured by specific charges on the Association's housing properties.

At the balance sheet date there were pension contributions outstanding of £0 (2011 £3,651)

15 CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Housing Loans	<u>3,265,791</u>	<u>3,407,382</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	141,834	141,483
Between one and two years	141,501	139,675
Between two and five years	446,054	438,198
In five years or more	<u>2,678,236</u>	<u>2,829,509</u>
	3,407,625	3,548,865
Less: Amount shown in Current Liabilities	<u>141,834</u>	<u>141,483</u>
	<u>3,265,791</u>	<u>3,407,382</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 CASH FLOW STATEMENT

Reconciliation of operating surplus to net cash inflow from operating activities

	2012 £	2011 £
Operating Surplus	334,068	321,436
Depreciation	147,064	132,786
Change in Debtors	(26,592)	1,681
Change in Creditors	165,595	(9,626)
Share Capital Written Off	(11)	-
Net Cash Inflow from Operating Activities	<u>620,124</u>	<u>446,277</u>

Reconciliation of net cash flow to movement in net debt

	2012 £	£	2011 £	£
Increase in Cash	38,841		611,832	
Cash flow from management of liquid resources	7,659		(500,000)	
Cash flow from change in debt	<u>141,240</u>		<u>140,846</u>	
Movement in net debt during year		187,740		252,678
Net debt at 1st April 2011		(2,065,554)		(2,318,232)
Net debt at 31st March 2012		<u>(1,877,814)</u>		<u>(2,065,554)</u>

Analysis of changes in net debt

	At 01.04.10 £	Cash Flows £	Other Changes £	At 31.03.11 £
Cash at bank and in hand	<u>983,311</u>	<u>38,841</u>		<u>1,022,152</u>
Liquid Resources	983,311	38,841		1,022,152
Debt: Due within one year	500,000	(7,659)		507,659
Due after more than one year	(141,483)	141,240	(141,591)	(141,834)
	<u>(3,407,382)</u>	<u>-</u>	<u>141,591</u>	<u>(3,265,791)</u>
Net Debt	<u>(2,065,554)</u>	<u>172,422</u>	<u>-</u>	<u>(1,877,814)</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	68
Issued in year	5
Cancelled in year	(11)
At 31st March 2012	<u>62</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 2011	101,593	1,082,599	1,184,192
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2012	<u>101,593</u>	<u>1,082,599</u>	<u>1,184,192</u>

(b) Revenue Reserves	Total £
At 1st April 2011 as previous stated	583,927
Prior Year Adjustment	174,164
At 1st April 2011 (as restated)	<u>758,091</u>
Surplus for the year	192,103
Transfer (to) / from Designated Reserves	-
At 31st March 2012	<u>950,194</u>

18 HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012 No.	2011 No.
General Needs - New Build	223	231
- Rehabilitation	106	106
Supported Housing	11	3
	<u>340</u>	<u>340</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 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:

12 members are tenants of the Association

1 member is a factored owner

1 member is a relevant local councillor

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.

21. CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
Short Term Deposits	<u>507,659</u>	<u>500,000</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 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.

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 9.6 of pensionable salaries. Member contributions were 9.6%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £193851. 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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 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 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies, as follows:

	£
Increase in Net Book Value of Housing Properties	174,164

The effect of adopting component accounting has been to increase reserves as at 1 April 2010 by £213,052

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Change £
Housing Property	3,871,562	4,045,726	174,164
Revenue Reserves	<u>583,927</u>	<u>758,091</u>	174,164
Housing Depreciation Charge	84,392	123,280	38,888
Grants for Major Repairs	-	10,009	10,009
Major Repairs Charge	<u>150,654</u>	<u>140,645</u>	(10,009)

The reported surplus in 2011 has been restated by £38888 and now stands at £181592