



Hillhead Housing Association 2000 Limited

Report and Financial Statements

For the year ended 31st March 2010

Registered Housing Association No.HCB 326

FSA Reference No. 2562R(S)

Scottish Charity No. SC029908

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

**MANAGEMENT COMMITTEE , EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2010**

MANAGEMENT COMMITTEE

Claire Taylor	Chairperson
Michael McFarlane	Deceased July 2010
Margaret Morier	Secretary
Jacqui Peltier	Treasurer
Patricia Peat	
Stewart Mackenzie	
Councillor Stewart MacDonald	
Councillor John Jamieson	
Robert McSorland	resigned 12 November 2009
Gina Black	co-opted 12 November 2009
Eleanor Mulvay	co-opted 9 June 2010

EXECUTIVE OFFICERS

Stephen Macintyre	Director
Elspeth Sharkey	Housing Manager

REGISTERED OFFICE

60 Highfield Road
Hillhead
Kirkintilloch
G66 2PS

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
116 Cowgate
Kirkintilloch
G66 1JX

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29
KCEDG Commercial Centre
Ladyloan Place
Drumchapel
G15 8LB

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2562R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC029908.

Principal Activity

The principal activity of the Association is the provision of affordable rented accommodation.

Review of Business and Future Developments

There were a number of significant developments during the year ended 31 March 2010.

In March 2009 we celebrated our fifth year with our site start to our second new build development of 26 houses and flats. Planning consent was received also for our newbuild development at Highfield Road which when finished will add a further 34 houses to the Association's stock and also see the regeneration of the central area of Hillhead. This scheme went on site in November 2009 and is progressing well. In the year to 31 March 2010 £5.148m was invested in our development programme.

Preparations for our Phase 3 newbuild development of 87 new homes have continued to progress and planning approval has also been received. However, whilst we continue to rehouse the last remaining tenants, current funding restrictions has meant we are unable to proceed to tender stage other than for the demolition works planned for March 2011. We will however continue to press on the Scottish Government to make funding available so we can ensure we complete our planned programme of 142 new homes.

During the year we have been in constructive dialogue with our funder Royal Bank of Scotland, as we update and revise our 30 year business plan. We now have the bank's approval for a loan facility of £14m that will fund the business plan over a 30 year period. However, we have had to exclude our last new build scheme as the Scottish Government is presently unable to confirm the availability of a sufficient level of additional grant that is necessary to make the scheme viable.

Following completion of our organisational review in June 2009 we now have a more efficient and effective staffing structure which is focused on providing excellent customer service and ensuring our management costs remain affordable.

As a consequence of a sustained effort we have continued to see further improvements in our level of both current and former tenant rent arrears which at the end of March 2010 had fallen to £83,832 from £92,995 in March 2009. The Association's welfare rights service continues to be a great success and by the end of the year had secured over £1.1m of additional benefits income for our tenants since the service began in 2009. During the year, intervention from the Welfare Rights Officer has secured £9,789 in additional housing benefit payments towards current tenant arrears.

As we focus on providing services that our tenants need we successfully secured funding from the Scottish Government to start up a Tenancy Support Service. The support services are provided by the Mungo Foundation with an officer based in the Association's office.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2010**

Review of Business and Future Developments (Contd.)

During the year a further 265 units were improved as part of our planned maintenance investment programme. We spent £1.304m on planned renewal works and a further £0.113m on cyclical works. Preparatory work on our fifth phase began in 2010 and a major repairs contract combining both internal and external improvements is now on site with a value of £0.3m.

Close monitoring of our reactive maintenance contracts has been necessary in order to ensure value for money to ensure that the repairs service meets the expectations of our tenants. Unfortunately our main contractor decided that it could not deliver the service we desired and so terminated the contract in February 2010. A substitute contractor has been appointed as a temporary measure pending a full review of our reactive maintenance services. Fortunately the change over ran exceptionally well and tenants are being provided with a much improved repairs service.

Overall the Association is pleased that it has managed to maintain the momentum of developments despite operating in a challenging environment.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2010

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.

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

MARGARET MORIER
Secretary
01 September 2010



HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

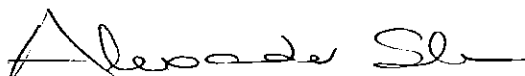
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on Page 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
01 September 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

We have audited the financial statements of Hillhead Housing Association 2000 Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance 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. We also report to you if, in our opinion, the Management Committee's Report is consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Management Committee's remuneration and transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

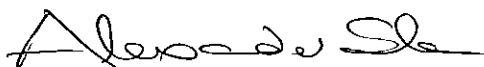
Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
01 September 2010

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	2010 £	2009 £
TURNOVER	2.	2,330,941	3,294,702
Operating Costs	2.	<u>(2,767,595)</u>	<u>(2,892,397)</u>
OPERATING (DEFICIT) / SURPLUS	8.	(436,654)	402,305
Profit on Sale of Housing Stock	7.	22,265	44,536
Interest Receivable and Other Income		36,679	228,939
Other Finance Costs	21.	<u>(6,000)</u>	<u>(2,000)</u>
		52,944	271,475
(DEFICIT) / SURPLUS FOR YEAR ON ORDINARY ACTIVITIES		<u>(383,710)</u>	<u>673,780</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES	2010 £	2009 £
(Deficit) / Surplus for year	(383,710)	673,780
Actuarial Losses on Defined Benefit pension scheme	<u>(84,000)</u>	<u>(32,000)</u>
Total (Losses) / Gains relating to the current financial year	(467,710)	641,780
Prior Period Adjustment	-	(41,000)
Total (Losses) / Gains Recognised since last financial statements	<u>(467,710)</u>	<u>600,780</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

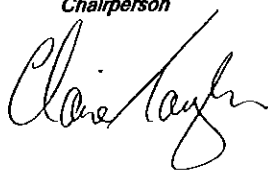
BALANCE SHEET AS AT 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		12,375,624		6,860,233
Less: Social Housing Grant	10.(a)		(8,669,509)		(6,133,101)
: Other Public Grants	10.(a)		(400,750)		(359,527)
			<u>3,305,365</u>		<u>367,605</u>
Other fixed assets	10.(b)		43,281		30,621
			<u>3,348,646</u>		<u>398,226</u>
CURRENT ASSETS					
Debtors	13.	346,329		783,519	
Cash at bank and in hand		2,294,878		4,618,291	
		<u>2,641,207</u>		<u>5,401,810</u>	
CREDITORS: Amounts falling due within one year	14.	(1,776,476)		(1,211,947)	
NET CURRENT ASSETS			<u>864,731</u>		<u>4,189,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,213,377</u>		<u>4,588,089</u>
CREDITORS: Amounts falling due after more than one year					
Pension Liability	15.		(680,000)		(680,000)
	21.		(169,000)		(76,000)
NET ASSETS			<u><u>3,364,377</u></u>		<u><u>3,832,089</u></u>
CAPITAL AND RESERVES					
Share Capital	17.		83		85
Designated Reserves	18.(a)		3,433,294		3,585,833
Revenue Reserves	18.(b)		100,000		322,171
Pension Reserve	18.(c)		(169,000)		(76,000)
			<u>3,364,377</u>		<u>3,832,089</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on

01 September 2010

Chairperson



Treasurer



Secretary



HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2010

	Notes	2010 £	2009 £
Net Cash Inflow from Operating Activities	16.	290,952	831,159
Returns on Investment and Servicing of Finance			
Interest Received		36,679	228,939
Net Cash Inflow from Investment and Servicing of Finance		36,679	228,939
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(5,578,862)	(1,161,715)
Purchase of Other Fixed Assets		(48,408)	(13,745)
Social Housing Grant Received		2,897,658	552,257
Social Housing Grant Repaid		(50,275)	-
Other Grants Received		56,293	-
Proceeds on Disposal of Properties		72,540	44,536
Net Cash (Outflow) from Capital Expenditure and Financial Investment		(2,651,054)	(578,667)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(2,323,423)	481,431
Management of Liquid Resources			
Change in short term deposits with banks		-	-
Financing			
Share Capital Issued		10	15
Net Cash Inflow from Financing		10	15
(Decrease) / Increase in Cash	16.	(2,323,413)	481,446

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

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

Strathclyde Pension Fund

The Association participates in the Strathclyde Pension Fund 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 organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method as recognised in the Association's balance sheet as a pension scheme liability as appropriate.

S.F.H.A Pension Fund

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

Valuation Of Housing Properties

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

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises	- 10%
Furniture and Fittings	- 33%
Computer and Office Equipment	- 33%

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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

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 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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COSTS, SALES, OPERATING COSTS AND OPERATING SURPLUSES

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,237,665	2,645,409	(407,744)	3,122,556	2,684,405	438,151
Other Activities	4.	93,276	122,186	(28,910)	172,146	207,992	(35,846)
Total		2,330,941	2,767,595	(436,654)	3,294,702	2,892,397	402,305

3. ANALYSIS OF INCOME AND EXPENSES BY TYPE OF HOUSING PROVIDED

	General Needs Housing £	Supported Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,486,752	-	-	2,486,752	2,511,562
Service Charges Receivable	6,724	-	-	6,724	5,951
Gross Rents Receivable	2,493,476	-	-	2,493,476	2,517,513
Less: Rent losses from voids	295,171	-	-	295,171	310,549
Net Rents Receivable	2,198,305	-	-	2,198,305	2,206,964
Revenue Grants from Scottish Ministers	39,360	-	-	39,360	915,592
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	2,237,665	-	-	2,237,665	3,122,556
Expenditure on Social Letting Activities					
Service Costs	6,724	-	-	6,724	5,951
Management and maintenance administration costs	789,182	-	-	789,182	829,929
Reactive Maintenance	363,342	-	-	363,342	349,035
Bad Debts - Rents and Service Charges	4,510	-	-	4,510	13,482
Planned and Cyclical Maintenance, Including Major Repairs	1,418,180	-	-	1,418,180	1,486,008
Depreciation of Social Housing	63,471	-	-	63,471	-
Operating Costs of Social Letting	2,645,409	-	-	2,645,409	2,684,405
Operating Surplus on Social Letting Activities	(407,744)	-	-	(407,744)	438,151
2009	438,151	-	-	438,151	

Rent losses from voids includes an amount of £259,222 in respect of properties not re-let prior to demolition.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2010	Operating Surplus / (Deficit) 2009
	£	£	£	£	£	£	£	£	£
Wider Role Activities	22,861	22,771	-	-	45,632	-	73,778	(28,146)	(28,327)
Welfare Rights	10,652	32,132	-	4,000	46,784	-	43,072	3,712	(310)
Rechargeable Repairs	-	-	-	860	860	5,336	-	(4,476)	(7,209)
Total From Other Activities	33,513	54,903	-	4,860	93,276	5,336	116,850	(28,910)	(35,846)
2009	125,047	45,669	-	1,430	172,146	8,639	199,353	(35,846)	

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS AND EMPLOYEES		
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.	2010 £	2009 £
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Chief Executive (excluding pension contributions)	<u>52,567</u>	<u>51,867</u>

6. EMPLOYMENT AND EMPLOYEES		
	2010	2009
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>17</u>	<u>19</u>
The average total number of Employees employed during the year was	<u>19</u>	<u>19</u>
Staff Costs were:	£	£
Wages and Salaries	472,391	482,938
Social Security Costs	33,596	34,894
Other Pension Costs	69,545	72,130
	<u>575,532</u>	<u>589,962</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	72,540	176,000
Cost of Sales	50,275	131,464
Gain On Sale Of Housing Stock	<u>22,265</u>	<u>44,536</u>

8. (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
(Deficit) / Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	84,149	12,407
Auditors' Remuneration - Audit Services	5,816	5,434
Operating Lease Rentals - Other	<u>2,646</u>	<u>2,676</u>

9. NOTES ON THE FINANCIAL STATEMENTS

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

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NON-FINANCIAL INFORMATION

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2009	4,632,824	2,227,409	6,860,233
Additions	430,732	5,148,130	5,578,862
Disposals	-	-	-
Schemes Completed	4,573,140	(4,573,140)	-
As at 31st March 2010	<u>9,636,696</u>	<u>2,802,399</u>	<u>12,439,095</u>
DEPRECIATION			
As at 1st April 2009	-	-	-
Charge for Year	63,471	-	63,471
Disposals	-	-	-
As at 31st March 2010	<u>63,471</u>	<u>-</u>	<u>63,471</u>
SOCIAL HOUSING GRANT			
As at 1st April 2009	4,632,824	1,500,277	6,133,101
Additions	160,517	2,375,891	2,536,408
Disposals	-	-	-
Schemes Completed	1,310,277	(1,310,277)	-
As at 31st March 2010	<u>6,103,618</u>	<u>2,565,891</u>	<u>8,669,509</u>
OTHER CAPITAL GRANTS			
As at 1st April 2009	-	359,527	359,527
Additions	41,223	-	41,223
Disposals	-	-	-
Schemes Completed	359,527	(359,527)	-
As at 31st March 2010	<u>400,750</u>	<u>-</u>	<u>400,750</u>
NET BOOK VALUE			
As at 31st March 2010	<u>3,068,857</u>	<u>236,508</u>	<u>3,305,365</u>
As at 31st March 2009	<u>-</u>	<u>367,605</u>	<u>367,605</u>

Additions to housing properties includes capitalised development administration costs of £38,866 (2009 - £37,090) and capitalised major repair costs to existing properties of £nil (2009 £nil)

All land and housing properties are freehold.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Van £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2009	22,275	253,479	161,273	437,027
Additions	13,534	3,150	31,724	48,408
Eliminated on Disposals	-	-	-	-
As at 31st March 2010	<u>35,809</u>	<u>256,629</u>	<u>192,997</u>	<u>485,435</u>
GRANTS RECEIVED				
As at 1st April 2009	22,275	215,794	53,260	291,329
Received in year	13,534	-	1,536	15,070
Repaid on Disposal	-	-	-	-
As at 31st March 2010	<u>35,809</u>	<u>215,794</u>	<u>54,796</u>	<u>306,399</u>
AGGREGATE DEPRECIATION				
As at 1st April 2009	-	17,617	97,460	115,077
Charge for year	-	4,083	16,595	20,678
Eliminated on disposal	-	-	-	-
As at 31st March 2010	<u>-</u>	<u>21,700</u>	<u>114,055</u>	<u>135,755</u>
NET BOOK VALUE				
As at 31st March 2010	<u>-</u>	<u>19,135</u>	<u>24,146</u>	<u>43,281</u>
As at 31st March 2009	<u>-</u>	<u>20,068</u>	<u>10,553</u>	<u>30,621</u>

11. COMMITMENTS TO CONTRACTED ASSETS

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>2,011,600</u>	<u>3,323,345</u>

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

	2010 £	2009 £
At the year end, the annual commitments under operating leases were as follows		
Other		
Expiring within one year	2,693	1,733
Expiring between two and five years	-	942

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2010	2009
	£	£
Arrears of Rent & Service Charges	83,832	92,994
Less: Provision for Doubtful Debts	<u>(48,126)</u>	<u>(58,220)</u>
	35,706	34,774
Social Housing Grant Receivable	270,006	631,256
Other Debtors	40,617	117,489
	<u>346,329</u>	<u>783,519</u>

14. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Trade Creditors	1,572,133	1,022,236
Rent in Advance	73,274	75,021
Other Taxation and Social Security	2,140	2,140
Other Creditors	128,929	112,550
	<u>1,776,476</u>	<u>1,211,947</u>

The bank overdraft facility is secured over 843 houses and flats within the district of Hillhead, Kirkintilloch.

At the balance sheet date there were pension contributions outstanding of £2,140 (2009 £2,140)

15. DEBTORS: Amounts falling due after one year

	2010	2009
	£	£
Housing Loans	<u>680,000</u>	<u>680,000</u>
<p>The Housing Loan of £680,000 represents an amount due to the Scottish Government which is repayable in two equal tranches in 2024 and 2034. There is no interest payable on this sum.</p>		
In five years or more	680,000	680,000
	<u>680,000</u>	<u>680,000</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating (Deficit)/Surplus	(436,654)	402,305
Depreciation	84,149	12,407
Defined Benefit Pension Contributions Paid (Strathclyde Pension Fund)	(10,000)	(10,000)
Service cost on defined benefit scheme (Strathclyde Pension Fund)	13,000	11,000
Change in Debtors	75,940	11,279
Change in Creditors	564,529	404,176
Share Capital Written Off	(12)	(8)
Net Cash Inflow from Operating Activities	290,952	831,159

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £	£	2009 £	£
(Decrease) / Increase in Cash	(2,323,413)		481,446	
Movement in net debt during year		(2,323,413)		481,446
Net debt at 1st April 2009		3,938,291		3,456,845
Net debt at 31st March 2010		<u>1,614,878</u>		<u>3,938,291</u>

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	At 31.03.10 £
Cash at bank and in hand	4,618,291	(2,323,413)	2,294,878
	4,618,291	(2,323,413)	2,294,878
Debt: Due within one year	-	-	-
Due after more than one year	(680,000)	-	(680,000)
Net Debt	3,938,291	(2,323,413)	1,614,878

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	85
Issued in year	10
Cancelled in year	<u>(12)</u>
At 31st March 2010	<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.

18. RESERVES

(a) Designated Reserves	Major Repairs	Total
	£	£
At 1st April 2009	3,585,833	3,585,833
Transfer to Revenue Reserves	<u>(152,539)</u>	<u>(152,539)</u>
At 31st March 2010	<u>3,433,294</u>	<u>3,433,294</u>
 (b) Revenue Reserves		Total
		£
At 1st April 2009		322,171
Deficit for the Year		(383,710)
Transfer to Pension Reserves		9,000
Transfer from Designated Reserves		<u>152,539</u>
At 31st March 2010		<u>100,000</u>
 (c) Pension Reserves		Total
		£
At 1st April 2009		(76,000)
Actuarial Loss in the year		(84,000)
Transfer from Revenue Reserve		<u>(9,000)</u>
At 31st March 2010		<u>(169,000)</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2010	2009
	No.	No.
General Needs - New Build	71	45
- Rehabilitation	<u>794</u>	<u>794</u>
	<u>865</u>	<u>839</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

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:

- 3 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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. PENSION BENEFIT CONTRIBUTIONS

General

Hillhead Housing Association 2000 Limited participates in the SFHA Pension Scheme.

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

The Scheme offers three 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

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.

Hillhead Housing Association 2000 Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 levels. 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 Hillhead Housing Association 2000 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 active members of the Scheme employed by Hillhead Housing Association 2000 Limited. The annual pensionable payroll in respect of these members was £394,919. Hillhead Housing Association 2000 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. SFHA is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. PENSION SCHEMES (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for 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	21.6	24.4
Pensioners	20.7	23.6

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. PENSIONEREMENT 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 salaries)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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 £54m would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. PENSION BENEFIT OBLIGATIONS (Continued)

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATION (Continued)

Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there were 2 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £10,000. This includes £nil of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £56,012.

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 17 - 'Retirement Benefits' (FRS 17) and Guidance Note 36: Accounting for Retirement Benefits under Financial Reporting Standard 17 issued by the Institute and Faculty of Actuaries.

Following an amendment to FRS 17 during the year, the basis of measurement of quoted securities changed from mid-market value to current price. Accordingly, the fair value of assets at 31 March 2009 has been measured at current bid price.

Principal Actuarial Assumptions

Assumptions as at	2010	2009	2008
	%p.a.	%p.a.	%p.a.
Price increases	3.8	3.1	3.6
Salary increases	5.3	4.6	5.1
Expected return on assets	7.2	6.5	7.1
Discount rate	5.5	6.9	6.9

The defined benefit obligation is estimated to comprise of the following:

	2010	2009
	£'000	£'000
Employee members	400	233
Deferred pensioners	-	-
Pensioners	-	-
	<u>400</u>	<u>233</u>
Net Pension Liability	2010	2009
	£'000	£'000
Fair value of employer's assets	231	157
Present value of scheme liabilities	(400)	(233)
	<u>(169)</u>	<u>(76)</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. PENSIONED EMPLOYEES' BENEFITS (Continued)

Analysis of amount charged to the Income and Expenditure Account

	2010 £'000	2009 £'000
Charged to operating costs:		
Service cost	10	11
Past service cost	3	-
	<u>13</u>	<u>11</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(11)	(14)
Interest on pension scheme liabilities	17	16
	<u>6</u>	<u>2</u>
Net Charge to the Income and Expenditure Account	<u>19</u>	<u>13</u>
Actual Return on Plan Assets	<u>61</u>	<u>(40)</u>

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2010 % p.a.	2009 % p.a.
Equities	7.8	7.0
Bonds	5.0	5.4
Property	5.8	4.9
Cash	4.8	4.0

Other Assumptions

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	20.6	23.9
Future Pensioners	22.6	25.0

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Employer membership statistics	2010 (Number)	2009 (Number)
Actives	2	2
Deferreds	-	-
Pensioners	-	-

Fair Value of employer assets	2010 £'000	2009 £'000
Opening fair value of employer assets	157	184
Expected Return on Assets	11	14
Contributions by Members	3	4
Contributions by the Employer	10	10
Actuarial Gains / (Losses)	50	(55)
Closing fair value of employer assets	231	157

Fair value of scheme assets by category	2010 £'000	2009 £'000
Equities	178	114
Bonds	30	25
Property	16	13
Cash	7	5
	231	157

Reconciliation of defined benefit obligations	2010 £'000	2009 £'000
Opening defined benefit obligation	233	225
Current Service Cost	10	11
Interest Cost	17	16
Contributions by members	3	4
Actuarial Losses/(Gains)	134	(23)
Past service costs	3	-
Estimated Benefits Paid	-	-
	400	233

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. PENSION BENEFIT OBLIGATIONS (Continued)

Analysis of projected amount to be charged to the Income & Expenditure Account for the year ended 31 March 2010

	£'000	% of pay
Projected current service cost	18	31.3
Interest on obligation	23	39.7
Expected return on plan assets	(17)	(29.3)
Past service costs	-	-
Losses / (Gain) on curtailments and settlements	-	-
	<u>24</u>	<u>42</u>

Contributions made by the Association for the year ended 31 March 2011 are estimated to be approximately £11,000.

Amounts for the current and previous accounting periods:

	2010	2009	2008	2007
	£'000	£'000	£'000	£'000
Fair value of employer assets	231	157	184	188
Present value of defined benefit obligations	(400)	(233)	(225)	(235)
(Deficit) / Surplus	(169)	(76)	(41)	(47)
Experience (losses) / Gains on assets	50	(55)	(30)	-
Experience gains / (losses) on liabilities	-	-	(16)	-

Actuarial (Loss) / Gain recognised in the Statement of Recognised Gains and Losses

	2010	2009	2008
	£'000	£'000	£'000
Actuarial (loss) / gain recognised in year	(84)	(32)	9
Cumulative actuarial (losses) / gains	(107)	(23)	9