

Hillhead Housing Association 2000 Limited

Report and Financial Statements

For the year ended 31st March 2012

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 2012**

MANAGEMENT COMMITTEE

Claire Taylor	Chairperson
James Shovlin	Vice Chairperson
Margaret Morier	Secretary
Patricia Peat	Resigned 01/02/2012
Eleanor Mulvay	Treasurer
Jacqui Peltier	
Stewart MacKenzie	
Cllr John Jamieson	
Cllr Stewart MacDonald	
Gina Black	Co-opted 05/10/2011
Ceara Taylor	Resigned 20/09/11
Norman Reilly	Co-opted 07/12/2011

EXECUTIVE OFFICERS

Stephen Macintyre	Director
Elsbeth Sharkey	Housing Manager

REGISTERED OFFICE

60 Highfield Road
Hillhead
Kirkintilloch
Glasgow
G66 2PS

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
116 Cowgate
Kirkintilloch
G66 1JX

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

FINANCE AGENTS

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

**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.2562R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC029908.

Principal Activities

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

Review of Business and Future Developments

Despite the challenging economic conditions the Association has continued to make significant progress in its housing regeneration programme. We conclude our funding agreement with RBS which has enabled our Phase 3 newbuild development to get underway. This development of 71 units is being constructed on the cleared site formerly occupied by the tenements at Ivanhoe Drive, Abbotsford Drive and Border Way. We are also developing a further 16 units for East Dunbartonshire Council at the same site.

As the Association moves into a period of "managed debt", maximising our income from rents is vital. Acknowledging the difficult economic circumstances faced by a majority of our tenants we were able to hold rent increases this year to 3%. We have managed to do this by successfully reducing further the level of current tenant rent arrears from £43,698 in March 2011 to £30,254 by the end of March 2012 representing only 1.36% of our annual rent receivable. Former Tenant Arrears remain difficult to collect however, reduced from £35,308 at March 2011 to £32,008 by the end of March 2012. During the same period the proportion of rent collected totalled 99.5% up from 98.2% in the previous year.

The Association's welfare rights service continues to demonstrate its worth and by the end of the year had secured over £242,065 of additional annual benefits income for our tenants. During the year intervention from the Welfare Rights Officer has secured £7,748 in additional housing benefit payments towards current tenant arrears. As we move into a period of unprecedented welfare reform the challenges faced by the Association and our tenants are formidable and will place some new pressures on the Association's finances.

Sustaining people in their tenancies is a key element of ensuring the well being of our community and over the year our service supported over 70 tenants with their tenancy. The Tenancy Support Service has been supported by funding from the Scottish Government which ended in March 2012. We are hopeful that new funding will be obtained to enable the Association to continue to provide this service which is provided by the Mungo Foundation with an Officer based in the Association's Office. The Association continues to make significant headway to ensure all our stock meets the requirements of the Scottish Housing Quality Standard (SHQS) by 2015. During the year a further 103 homes were improved and now exceed the standard. The proportion of our housing stock that fails the standard now stands at only 13.07%. Completion of Planned Renewal Works to another 97 homes in 12/13 will result in all stock being compliant by March 2013.

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

Review of Business and Future Developments (Contd.)

In July 2011 works started on our seventh phase of planned renewal works to 103 properties. As with the preceding phase this work includes both internal and external improvements. During the year we spent £2.784M in planned renewal works and a further £0.108M on cyclical works. Preparatory work on our eighth phase began in early 2012 with works programmed to start in August 2012.

Our reactive repairs service continues to perform very well and during the year over 2861 repairs were carried out. Of these 99.85% were completed within the target time for completion, up from 92.08% in the previous year.

On average the time taken to respond to all non emergency repairs is 6 days. 99.9% of Emergency Repairs were dealt with within the 2 hour call out period. As well as offering tenants an excellent service the Association is satisfied that the service represents value for money.

Overall the Association is pleased that it has managed to maintain the momentum of developments despite operating in a challenging environment and continues to seek out efficiency savings wherever possible.

**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 or Loss. Key elements of the Association's systems include ensuring that:

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

Donations

During the year the Association made charitable donations amounting to £100 (2011 £Nil).

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
05 September 2012

**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
05 September 2012

**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 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 work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

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

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

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
HILLHEAD HOUSING ASSOCIATION 2000 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
05 September 2012

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

	Notes	2012 £	Restated 2011 £
TURNOVER	2.	2,583,669	2,671,146
Operating Costs	2.	(3,939,846)	(2,691,585)
OPERATING DEFICIT	9.	(1,356,177)	(20,439)
Gain On Sale Of Housing Stock	7.	30,105	88,514
Interest Receivable and Other Income		966	3,126
Interest Payable and Similar Charges	8.	(405,041)	(25,931)
Other Finance Costs	23.	(1,000)	(4,000)
		(374,970)	61,709
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES		(1,731,147)	41,270

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
(Deficit)/Surplus for the financial year	(1,731,147)	41,270
Actuarial Gains on Defined Benefit Pension Scheme	9,000	48,000
Prior year adjustment (as explained in Note 24)	1,737,920	-
Total gains recognised since last annual report	15,773	89,270


HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

	Notes	£	2012 £	£	Restated 2011 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		18,661,789		16,389,189
Less: Social Housing Grant	11.(a)		(11,142,705)		(9,856,115)
: Other Public Grants	11.(a)		(896,542)		(452,743)
			<u>6,622,542</u>		<u>6,080,331</u>
Other fixed assets	11.(b)		22,742		33,637
			<u>6,645,284</u>		<u>6,113,968</u>
CURRENT ASSETS					
Debtors	14.	496,983		514,655	
Cash at bank and in hand		<u>1,417,164</u>		<u>502,878</u>	
			1,914,147		1,017,533
CREDITORS: Amounts falling due within one year	15.	<u>(1,488,396)</u>		<u>(1,603,326)</u>	
NET CURRENT ASSETS			<u>425,751</u>		<u>(585,793)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,071,035</u>		<u>5,528,175</u>
CREDITORS: Amounts falling due after more than one year	16.		(4,699,000)		(1,430,000)
Pension Liability	23.		<u>(92,000)</u>		<u>(96,000)</u>
NET ASSETS			<u>2,280,035</u>		<u>4,002,175</u>
CAPITAL AND RESERVES					
Share Capital	18.		83		76
Designated Reserves	19.(a)		-		2,233,291
Revenue Reserves	19.(b)		2,371,952		1,864,808
Pension Reserve	19.(c)		<u>(92,000)</u>		<u>(96,000)</u>
			<u>2,280,035</u>		<u>4,002,175</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 05 September 2012.


Chairperson


Vice-Chairperson


Secretary

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	2012 £	2011 £
Net Cash Outflow from Operating Activities	17.	(1,759,271)	(98,139)
Returns on Investment and Servicing of Finance			
Interest Received		279	3,126
Interest Paid		(405,658)	(25,931)
Net Cash Outflow from Investment and Servicing of Finance		(405,379)	(22,805)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(2,436,222)	(2,328,293)
Purchase of Other Fixed Assets		(13,070)	(10,863)
Social Housing Grant Received		1,784,917	1,027,163
Social Housing Grant Repaid		(26,962)	(149,146)
Other Grants Received		443,799	51,993
Proceeds on Disposal of Properties		57,067	237,660
Proceeds on Disposal of Other Fixed Assets		396	-
Net Cash Outflow from Capital Expenditure and Financial Investment		(190,075)	(1,171,486)
Net Cash Outflow before use of Liquid Resources and Financing		(2,354,725)	(1,292,430)
Financing			
Loan Advances Received		3,269,000	750,000
Share Capital Issued		11	3
Net Cash Inflow from Financing		3,269,011	750,003
Increase / (decrease) in Cash	17.	914,286	(542,427)

HILLHEAD HOUSING ASSOCIATION 2000 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 receivable.

Retirement Benefits

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

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Central heating	15 years
Windows	25 years
Kitchen	15 years
Bathroom	20 years
External doors	25 years
Rewiring	20 years

HILLHEAD HOUSING ASSOCIATION 2000 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	-10%
Furniture and Fittings	-33%
Computer & 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.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

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

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

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

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

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

HILLHEAD HOUSING ASSOCIATION 2000 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 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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012			2011 - Restated		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,464,946	3,746,653	(1,281,707)	2,524,356	2,517,710	6,646
Other Activities	4.	118,723	193,193	(74,470)	146,790	173,875	(27,085)
Total		2,583,669	3,939,846	(1,356,177)	2,671,146	2,691,585	(20,439)

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	2012			Restated 2011	
	General Needs Housing £	Supported Housing £	Shared ownership £	2012 Total £	2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,603,965	-	-	2,603,965	2,649,393
Service Charges Receivable	16,915	-	-	16,915	12,918
Gross Rents Receivable	2,620,880	-	-	2,620,880	2,662,311
Less: Rent losses from voids	182,354	-	-	182,354	413,388
Net Rents Receivable	2,438,526	-	-	2,438,526	2,248,923
Revenue Grants from Scottish Ministers	26,420	-	-	26,420	269,033
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	6,400
Total Income From Social Letting	2,464,946	-	-	2,464,946	2,524,356
Expenditure on Social Letting Activities					
Service Costs	16,915	-	-	16,915	12,918
Management and maintenance administration costs	890,933	-	-	890,933	759,058
Reactive Maintenance	322,722	-	-	322,722	416,246
Bad Debts - Rents and Service Charges	152	-	-	152	12,176
Planned and Cyclical Maintenance, including Major Repairs	2,313,613	-	-	2,313,613	1,166,555
Depreciation of Social Housing	202,318	-	-	202,318	150,757
Operating Costs of Social Letting	3,746,653	-	-	3,746,653	2,517,710
Operating (Deficit)/Surplus on Social Letting Activities	(1,281,707)	-	-	(1,281,707)	6,646
2011 - Restated	6,646	-	-	6,646	6,646

HILLHEAD HOUSING ASSOCIATION 2000 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	67,190	-	-	28,943	96,133	-	130,351	(34,218)	(23,328)
Other Agency or Management Services	-	-	-	2,240	2,240	-	2,240	-	-
Welfare Rights	12,979	-	-	6,730	19,709	-	49,212	(29,503)	(2,541)
Rechargeable Repairs	-	-	-	641	641	11,390	-	(10,749)	(1,216)
Total From Other Activities	80,169	-	-	38,554	118,723	11,390	181,803	(74,470)	(27,085)
2011	95,970	46,658	-	4,162	146,790	1,835	172,040	(27,085)	

HILLHEAD HOUSING ASSOCIATION 2000 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>53,824</u>	<u>52,951</u>

6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>18</u>	<u>17</u>
Staff Costs were:	£	£
Wages and Salaries	498,901	455,693
Social Security Costs	37,995	33,821
Other Pension Costs	84,679	74,772
	<u>621,575</u>	<u>564,286</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	57,067	237,660
Cost of Sales	<u>26,962</u>	<u>149,146</u>
Gain On Sale Of Housing Stock	<u>30,105</u>	<u>88,514</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>405,041</u>	<u>25,931</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2011 £nil)

9. (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

	2012	2011
	£	£
(Deficit) / Surplus on Ordinary Activities before Taxation is stated after charge		
Depreciation - Tangible Owned Fixed Assets	224,800	171,263
Auditors' Remuneration - Audit Services	8,340	6,228
Operating Lease Rentals - Other	2,641	2,838
Loss on sale of fixed assets	<u>1,087</u>	<u> </u>

10. TAX ON (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2011- restated	15,600,167	1,071,684	16,671,851
Additions	744,523	1,730,395	2,474,918
As at 31st March 2012	<u>16,344,690</u>	<u>2,802,079</u>	<u>19,146,769</u>
DEPRECIATION			
As at 1st April 2011- restated	282,662	-	282,662
Charge for Year	202,318	-	202,318
As at 31st March 2012	<u>484,980</u>	<u>-</u>	<u>484,980</u>
SOCIAL HOUSING GRANT			
As at 1st April 2011- restated	8,784,431	1,071,684	9,856,115
Additions	-	1,286,590	1,286,590
As at 31st March 2012	<u>8,784,431</u>	<u>2,358,274</u>	<u>11,142,705</u>
OTHER CAPITAL GRANTS			
As at 1st April 2011- restated	452,743	-	452,743
Additions	-	443,799	443,799
As at 31st March 2012	<u>452,743</u>	<u>443,799</u>	<u>896,542</u>
NET BOOK VALUE			
As at 31st March 2012	<u>6,622,536</u>	<u>6</u>	<u>6,622,542</u>
As at 31st March 2011	<u>6,080,331</u>	<u>-</u>	<u>6,080,331</u>

Additions to housing properties includes capitalised development administration costs of £nil (2011 - £47,465) and capitalised major repair costs to existing properties of £706,113 (2011 £1,021,006).

All land and housing properties are freehold.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Van £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2011	35,809	262,123	145,193	443,125
Additions	-	-	13,070	13,070
Eliminated on Disposals	-	-	(7,398)	(7,398)
As at 31st March 2012	<u>35,809</u>	<u>262,123</u>	<u>150,865</u>	<u>448,797</u>
GRANTS RECEIVED				
As at 1st April 2011	35,809	215,794	20,919	272,522
As at 31st March 2012	<u>35,809</u>	<u>215,794</u>	<u>20,919</u>	<u>272,522</u>
AGGREGATE DEPRECIATION				
As at 1st April 2011	-	26,332	110,634	136,966
Charge for year	-	4,632	17,850	22,482
Eliminated on disposal	-	-	(5,915)	(5,915)
As at 31st March 2012	<u>-</u>	<u>30,964</u>	<u>122,569</u>	<u>153,533</u>
NET BOOK VALUE				
As at 31st March 2012	<u>-</u>	<u>15,365</u>	<u>7,377</u>	<u>22,742</u>
As at 31st March 2011	<u>-</u>	<u>19,997</u>	<u>13,640</u>	<u>33,637</u>

12. CAPITAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>7,612,184</u>	<u>7,084,488</u>

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

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012 £	2011 £
Other		
Expiring within one year	374	374
Expiring between two and five years	<u>2,267</u>	<u>2,464</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	62,262	79,007
Less: Provision for Doubtful Debts	(43,928)	(50,490)
	<u>18,334</u>	<u>28,517</u>
Social Housing Grant Receivable	392,396	391,528
Other Debtors	86,253	94,610
	<u>496,983</u>	<u>514,655</u>

15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Trade Creditors	674,875	1,397,014
Rent in Advance	65,909	64,094
Social Housing Grant in Advance	499,195	-
Other Taxation and Social Security	-	2,140
Other Creditors	248,417	140,078
	<u>1,488,396</u>	<u>1,603,326</u>

At the balance sheet date there were pension contributions outstanding of £2,140 (2011 £2,140)

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

	2012	2011
	£	£
Housing Loans	<u>4,699,000</u>	<u>1,430,000</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:-		
In five years or more	<u>4,699,000</u>	<u>1,430,000</u>
	4,699,000	1,430,000
Less: Amount shown in Current Liabilities	-	-
	<u>4,699,000</u>	<u>1,430,000</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 CASH FLOW STATEMENT

<i>Reconciliation of operating deficit to net cash outflow from operating activities</i>	2012 £	2011 £
Operating Deficit	(1,356,177)	(20,439)
Depreciation	224,800	171,263
Change in Debtors	19,227	(46,803)
Change in Creditors	(652,204)	(173,150)
Loss on sale of fixed assets	1,087	-
Share Capital Written Off	(4)	(10)
Defined Benefit Pension Contributions Paid (Strathclyde Pension Fund)	(12,000)	(11,000)
Service cost on defined benefit scheme (Strathclyde Pension Fund)	16,000	(18,000)
Net Cash Outflow from Operating Activities	<u>(1,759,271)</u>	<u>(98,139)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase / (decrease) in Cash	914,286		(542,427)	
Cash flow from change in debt	<u>(3,269,000)</u>		<u>(750,000)</u>	
Movement in net debt during year		(2,354,714)		(1,292,427)
Net debt at 1st April 2011		<u>(927,122)</u>		<u>1,614,878</u>
Net debt at 31st March 2012		<u>(3,281,836)</u>		<u>322,451</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	At 31.03.12 £
Cash at bank and in hand	502,878	914,286	1,417,164
Debt: Due within one year	502,878	914,286	1,417,164
Due after more than one year	-	-	-
	<u>(1,430,000)</u>	<u>(3,269,000)</u>	<u>(4,699,000)</u>
Net Debt	<u>(927,122)</u>	<u>(2,354,714)</u>	<u>(3,281,836)</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	76
Issued in year	11
Cancelled in year	<u>(4)</u>
At 31st March 2012	<u>83</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Designated Reserves	Major	Total
	Repairs	£
	£	£
At 1st April 2011	2,233,291	2,233,291
Transfer (to) Revenue Reserves	<u>(2,233,291)</u>	<u>(2,233,291)</u>
At 31st March 2012	<u>-</u>	<u>-</u>
 (b) Revenue Reserves		Total
		£
At 1st April 2011 (as restated)		1,864,808
(Deficit) for the year		<u>(1,731,147)</u>
Transfer from Pension Reserves		5,000
Transfer (to) / from Designated Reserves		<u>2,233,291</u>
At 31st March 2012		<u>2,371,952</u>
 (c) Pension Reserves		Total
		£
At 1st April 2011 (as restated)		(96,000)
Actuarial Gain in the Year		9,000
Transfer from Revenue Reserve		<u>(5,000)</u>
At 31st March 2012		<u>(92,000)</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012	2011
	No.	No.
General Needs - New Build	105	105
- Rehabilitation	<u>637</u>	<u>790</u>
	<u>742</u>	<u>895</u>

21. RELATED PARTY TRANSACTIONS

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

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

5 members are tenants of the Association

1 member is a factored owner

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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 RETIREMENT BENEFIT OBLIGATIONS

General

Hillhead Housing Association 2000 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.

Hillhead Housing Association 2000 Limited has elected to operate the career average revalued earnings with a 1/70th accrual rate benefit structure for active members as at 31st March 2011 and the career average revalued earnings with a 1/70th accrual benefit structure for new entrants from 1st April 2012

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

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

During the accounting period Hillhead Housing Association 2000 Limited paid contributions at the rate of 7.4% of pensionable salaries. Member contributions were 7.5%

As at the balance sheet date there were 13 active members of the Scheme employed by Hillhead Housing Association 2000 Limited. The annual pensionable payroll in respect of these members was £391,365. 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 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.

HILLHEAD HOUSING ASSOCIATION 2000 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.

HILLHEAD HOUSING ASSOCIATION 2000 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.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

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 was 2 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £12,000. This includes £nil of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £59,824.

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.

Principal Actuarial Assumptions

Assumptions as at	2012 %p.a.	2011 %p.a.	2010 %p.a.
Price increases	2.5	2.8	3.8
Salary increases	4.8	5.1	5.3
Pension increases	5.8	6.9	7.2
Discount rate	4.8	5.5	5.5

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

	2012 £'000	2011 £'000
Employee members	-	364
Deferred pensioners	-	-
Pensioners	-	-
	<u>-</u>	<u>364</u>

Net Pension Liability	2012 £'000	2011 £'000
Fair value of employer's assets	271	264
Present value of scheme liabilities	(363)	(360)
Present value of unfunded liabilities	-	-
	<u>(92)</u>	<u>(96)</u>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2012 £'000	2011 £'000
Charged to operating costs:		
Service cost	16	17
Past service cost	-	(35)
	<u>16</u>	<u>(18)</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(19)	(17)
Interest on pension scheme liabilities	20	21
	<u>1</u>	<u>4</u>
Net Charge to the Income and Expenditure Account	<u>17</u>	<u>(14)</u>
Actual Return on Plan Assets	<u>3</u>	<u>19</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	2012 % p.a.	2011 % p.a.
Equities	6.3	7.5
Bonds	3.9	4.9
Property	4.4	5.5
Cash	3.5	4.6

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	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2012 (Number)	2011 (Number)
Actives	2	2
Deferreds	-	-
Pensioners	-	-
Fair Value of employer assets		
	2012 £'000	2011 £'000
Opening fair value of employer assets	264	231
Expected Return on Assets	19	17
Contributions by Members	4	4
Contributions by the Employer	12	11
Actuarial Gains / (Losses)	(26)	1
Closing fair value of employer assets	271	264
Fair value of scheme assets by category		
	2012 £'000	2011 £'000
Equities	208	203
Bonds	30	34
Property	19	16
Cash	14	11
	271	264
Reconciliation of defined benefit obligations		
	2012 £'000	2011 £'000
Opening defined benefit obligation	360	400
Current Service Cost	16	17
Interest Cost	20	21
Contributions by members	4	4
Actuarial Gains	(35)	(47)
Past service costs	-	(35)
Estimated Benefits Paid	(2)	-
	363	360

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of projected amount to be charged to the Income & Expenditure Account for the year

	£'000	% of pay
Projected current service cost	15	0
Interest on obligation	17	0.3
Expected return on plan assets	(15)	(0)
Past service costs	-	-
Losses / (Gain) on curtailments and settlements	-	-
	<u>17</u>	<u>0</u>

Contributions made by the Association for the year ended 31 March 2013 are estimated to be approximately £12,000.

Amounts for the current and previous accounting periods:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of employer assets	271	264	231	157	184
Present value of defined benefit obligations	(363)	(360)	(400)	(233)	(225)
Deficit	(92)	(96)	(169)	(76)	(41)
Experience (losses) on assets	(26)	1	50	(55)	(30)
Experience (losses) on Liabilities	34	-	-	-	(16)

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

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Actuarial (losses) recognised in year	9	48	(84)	(32)	-
Cumulative actuarial (losses)	(50)	(59)	(107)	(23)	9

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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	1,737,920

The effect of adopting component accounting has been to increase reserves as at 1 April 2010 by £548,535.

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

	Reported in 2011 Accounts £	Restated 2011 figures £
Housing Property	4,342,411	6,080,331
Office Premises	19,997	19,997
Revenue Reserves	<u>126,888</u>	<u>1,864,808</u>
Housing Depreciation Charge	90,569	150,757
Other Depreciation Charge	4,632	4,632
Major Repairs Charge	<u>2,147,095</u>	<u>897,522</u>

The reported surplus in 2011 has been restated by £1,189,385 and now stands at £41,270.