

**Hillhead Housing Association 2000 Limited**

**Report and Financial Statements**

**For the year ended 31st March 2013**

**Registered Housing Association No.HCB 326**

**FCA Reference No. 2562R(S)**

**Scottish Charity No. SC029908**

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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**HILLHEAD HOUSING ASSOCIATION 2000 LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2013**

**MANAGEMENT COMMITTEE**

James Shovlin	Chairperson
Clare Taylor	Vice Chairperson/Treasurer
Margaret Morier	Resigned 06/03/13
Eleanor Mulvay	Resigned 29/05/13
Jacqui Peltier	Secretary
Stewart MacKenzie	Resigned 19/09/12
CLlr John Jamieson	
CLlr Stewart MacDonald	
Gina Black	
Karen Finlayson	
Andrew McKinstry	
Norman Reilly	Resigned 01/08/12

**EXECUTIVE OFFICERS**

Stephen Macintyre	Director
Elspeth 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**

Brenchin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

**FINANCE AGENTS**

FMD Financial Service Ltd  
Unit 29  
KCEDG Commerical Centre  
Ladyloan Place  
Drumchapel

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

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

#### **Legal Status**

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

The Association continues to press on with its estate wide regeneration plans. During the year to 31 March 2013, 42 new homes were handed over at our final new build phase at Ivanhoe Drive with the remaining 29 completed by June 2013.

As the Association moves into its tenth year of operation we believe that we have made a real and effective contribution to the regeneration of the estate and have sufficiently robust plans in place to protect this investment and to ensure these improvements are sustainable. We continue to review our long term projections annually and we are pleased to report that the financial outlook from this year's update remains positive over the short/medium and longer term.

Against an on-going difficult economic environment and with major welfare reform planned to take effect in the following financial year we have successfully maintained our rental income to very high levels with 97.82% of rent due being collected. The level of rent arrears excluding historic EDC arrears fell from 1.36% at the end of March 2012 to 1.21% at the end of March 2013.

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 82 tenants with their tenancy. The Tenancy Support Service continues to be supported by funding from the Scottish Government until March 2015 and we provide this service in partnership with the Mungo Foundation with an Officer based in the Association's Office.

Whilst our new build plans have come to an end, we continue to make significant progress to ensure all our stock meets the requirements of the Scottish Housing Quality Standard (SHQS) by 2015. Indeed we met this target at the end of March this year. During the year a further 97 homes were improved with the result that all our homes have now been internally upgraded with new kitchens, bathrooms and heating systems.

In June 2012 work started on our eighth phase of planned renewal works to 97 properties. During the year we spent £1.33M in planned renewal works and a further £0.113M on cyclical works. Preparatory work on our ninth phase began in early 2013 with a tendering exercise for external planned works to 100 homes. The contract started in June 2013.

Our reactive repairs service continues to perform very well and during the year 2405 repairs were carried out which represents a significant reduction of 16% from the previous year. Of these 99.62% were completed within the target time for completion. We are now seeing the benefit of the investment in planned works with a drop in the cost of day-to-day reactive maintenance.

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

**Review of Business and Future Developments (Contd.)**

On average the time taken to respond to all non emergency repairs is 5 days, an improvement from an average of 6 days in the previous year. 100% of our Emergency Repairs were dealt within the 2 hour call out period. As well as offering tenants an excellent service the Association is satisfied that the service continues to represent value for money.

Looking ahead and our major challenge is preparing for further welfare reform which has been a major centre of activity and we are actively taking steps to mitigate the impact of the so called "Bedroom Tax". With almost 1 in 5 tenants affected, we are actively doing what we can to assist those tenants with rehousing into smaller accommodation as well as ensuring that the tenants have resources available to enable them to pay this contribution towards the rent. Further funding opportunities are being actively sought to enable us to provide our tenants with additional money advice and budgeting services in advance of the introduction of Universal Credit which is planned for October 2013. The Association's welfare rights service continues to demonstrate its worth and despite receiving no external subsidy the cost of providing this service has been mainstreamed into our management costs.

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

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#### Management Committee and Executive Officers

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

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

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

#### Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

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#### 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 £150 (2012: £100).

#### 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



JACQUI PELTIER  
Secretary

04 September 2013

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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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  
04 September 2013



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

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We have audited the financial statements of Hillhead Housing Association 2000 Limited for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective Responsibilities of Management Committee and Auditors**

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

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

### **Scope of the audit on the Financial Statements**

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

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2013 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

### **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**

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**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  
04 September 2013

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

	Notes	2013 £	2012 £
TURNOVER	2.	2,668,117	2,583,669
Operating Costs	2.	(3,066,308)	(3,939,846)
<b>OPERATING DEFICIT</b>	9.	<b>(398,191)</b>	<b>(1,356,177)</b>
Gain On Sale Of Housing Stock	7.	49,874	30,105
Interest Receivable and Other Income		21,797	966
Interest Payable and Similar Charges	8.	(414,687)	(405,041)
Other Finance Costs	23.	(2,000)	(1,000)
		<u>(345,016)</u>	<u>(374,970)</u>
<b>DEFICIT FOR THE YEAR</b>		<b><u>(743,207)</u></b>	<b><u>(1,731,147)</u></b>

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

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2013 £	2012 £
Surplus for the financial year		(743,207)	(1,731,147)
Actuarial Gains on Defined Benefit Pension Scheme	23.	(17,000)	9,000
Prior year adjustment		-	<u>1,737,920</u>
<b>Total losses and gains recognised since last annual report</b>		<b><u>(760,207)</u></b>	<b><u>15,773</u></b>

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		24,398,158		18,661,789
Less: Social Housing Grant	11.(a)		(11,922,578)		(11,142,705)
: Other Public Grants	11.(a)		(2,052,575)		(896,542)
			<u>10,423,005</u>		<u>6,622,542</u>
Other fixed assets	11.(b)		42,651		22,742
			<u>10,465,656</u>		<u>6,645,284</u>
<b>CURRENT ASSETS</b>					
Debtors	14.	86,261		496,983	
Cash at bank and in hand		1,738,305		1,417,164	
			<u>1,824,566</u>	<u>1,914,147</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15.	(1,157,398)		(1,488,396)	
			<u>667,168</u>		<u>425,751</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>11,132,824</u>		<u>7,071,035</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16.		(9,499,000)		(4,699,000)
<b>PENSION LIABILITY</b>	23.	(114,000)		(92,000)	
			<u>(114,000)</u>	<u>(92,000)</u>	
<b>NET ASSETS</b>			<u>1,519,824</u>		<u>2,280,035</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	18.		79		83
Revenue Reserves	19.(a)		1,633,745		2,371,952
Pension Reserve	19.(b)		(114,000)		(92,000)
			<u>1,519,824</u>		<u>2,280,035</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 04 September 2013.

  
Chairperson

  
Treasurer

  
Secretary

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2013

	Notes	£	2013 £	£	2012 £
<b>Net Cash Outflow from Operating Activities</b>	17.		(109,633)		(1,759,271)
<b>Returns on Investment and Servicing of Finance</b>					
Interest Received		21,110		279	
Interest Paid		(414,687)		(405,658)	
<b>Net Cash Outflow from Investment and Servicing of Finance</b>			(393,577)		(405,379)
<b>Capital Expenditure and Financial Investment</b>					
Acquisition and Construction of Properties		(5,823,414)		(2,436,222)	
Purchase of Other Fixed Assets		(38,402)		(13,070)	
Social Housing Grant Received		675,452		1,784,917	
Social Housing Grant Repaid		-		(26,962)	
Other Grants Received		1,156,033		443,799	
Proceeds on Disposal of Properties		52,571		57,067	
Proceeds on Disposal of Other Fixed Assets		2,100		396	
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>			(3,975,660)		(190,075)
<b>Net Cash Outflow before use of Liquid Resources and Financing</b>			(4,478,870)		(2,354,725)
<b>Financing</b>					
Loan Advances Received		4,800,000		3,269,000	
Share Capital Issued		11		11	
<b>Net Cash Inflow from Financing</b>			4,800,011		3,269,011
<b>Increase in Cash</b>	17.		321,141		914,286

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

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

##### **Retirement Benefits**

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

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. 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

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Depreciation And Impairment Of Other Fixed Assets**

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

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

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Leases/Leased Assets**

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

##### **Works to Existing Properties**

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

##### **Capitalisation Of Development Overheads**

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

##### **Development Interest**

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



# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,614,046	2,923,927	(309,881)	2,464,946	3,746,653	(1,281,707)
Other Activities	4.	54,071	142,381	(88,310)	118,723	193,193	(74,470)
<b>Total</b>		<b>2,668,117</b>	<b>3,066,308</b>	<b>(398,191)</b>	<b>2,583,669</b>	<b>3,939,846</b>	<b>(1,356,177)</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2013 Total £	2012 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,599,001	-	-	2,599,001	2,603,965
Service Charges Receivable	20,252	-	-	20,252	16,915
<b>Gross Rents Receivable</b>	<b>2,619,253</b>	<b>-</b>	<b>-</b>	<b>2,619,253</b>	<b>2,620,880</b>
Less: Rent losses from voids	28,007	-	-	28,007	182,354
<b>Net Rents Receivable</b>	<b>2,591,246</b>	<b>-</b>	<b>-</b>	<b>2,591,246</b>	<b>2,438,526</b>
Revenue Grants from Scottish Ministers	22,800	-	-	22,800	26,420
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
<b>Total Income From Social Letting</b>	<b>2,614,046</b>	<b>-</b>	<b>-</b>	<b>2,614,046</b>	<b>2,464,946</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	20,252	-	-	20,252	16,915
Management and maintenance administration costs	840,541	-	-	840,541	890,933
Reactive Maintenance	270,324	-	-	270,324	322,722
Bad Debts - Rents and Service Charges	10,013	-	-	10,013	152
Planned and Cyclical Maintenance, including Major Repairs*	1,515,841	-	-	1,515,841	2,313,613
Depreciation of Social Housing	266,956	-	-	266,956	202,318
Impairment of Housing	-	-	-	-	-
<b>Operating Costs of Social Letting</b>	<b>2,923,927</b>	<b>-</b>	<b>-</b>	<b>2,923,927</b>	<b>3,746,653</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>(309,881)</b>	<b>-</b>	<b>-</b>	<b>(309,881)</b>	<b>(1,281,707)</b>
<b>2012</b>	<b>(1,281,707)</b>	<b>-</b>	<b>-</b>		

\*The total includes £1,272,864 of major repair revenue items.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Wider Role Activities	12,150	20,000	-	3,500	35,650	-	82,440	(46,790)	(34,218)
Other Agency or Management Services	-	-	-	9,826	9,826	-	9,826	-	-
Welfare Rights	-	-	-	8,400	8,400	-	45,580	(37,180)	(29,503)
Rechargeable Repairs	-	-	-	195	195	4,535	-	(4,340)	(10,749)
<b>Total From Other Activities</b>	<b>12,150</b>	<b>20,000</b>	<b>-</b>	<b>21,921</b>	<b>54,071</b>	<b>4,535</b>	<b>137,846</b>	<b>(88,310)</b>	<b>(74,470)</b>
<b>2012</b>	<b>80,169</b>	<b>-</b>	<b>-</b>	<b>38,554</b>	<b>118,723</b>	<b>11,390</b>	<b>181,803</b>	<b>(74,470)</b>	<b>(74,470)</b>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

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

2013	2012
£	£

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

Emoluments payable to Chief Executive (excluding pension contributions)	<u>55,021</u>	<u>53,824</u>
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#### 6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>18</u>	<u>18</u>
Staff Costs were:	£	£
Wages and Salaries	494,757	498,901
Social Security Costs	39,116	37,995
Other Pension Costs	87,605	84,679
	<u>621,478</u>	<u>621,575</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	52,571	57,067
Cost of Sales	<u>2,697</u>	<u>26,962</u>
Gain On Sale Of Housing Stock	<u>49,874</u>	<u>30,105</u>

#### 8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>414,687</u>	<u>405,041</u>

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

#### 9. DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Deficit on Ordinary Activities before Taxation is stated after charging:		
Depreciation - Tangible Owned Fixed Assets	285,449	224,800
Auditors' Remuneration - Audit Services (incl. VAT)	8,000	8,340
Operating Lease Rentals - Other	2,747	2,641
Gain on sale of fixed assets	<u>(2,100)</u>	<u>1,087</u>

#### 10. TAX ON DEFICIT 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 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
<b>COST</b>			
As at 1st April 2012	16,344,690	2,802,079	19,146,769
Additions	1,629,390	4,379,010	6,008,400
Disposals	(5,666)	-	(5,666)
Schemes Completed	-	-	-
As at 31st March 2013	<u>17,968,414</u>	<u>7,181,089</u>	<u>25,149,503</u>
<b>DEPRECIATION</b>			
As at 1st April 2012	484,980	-	484,980
Charge for Year	266,956	-	266,956
Disposals	(591)	-	(591)
As at 31st March 2013	<u>751,345</u>	<u>-</u>	<u>751,345</u>
<b>SOCIAL HOUSING GRANT</b>			
As at 1st April 2012	8,784,431	2,358,274	11,142,705
Additions	-	782,251	782,251
Disposals	(2,378)	-	(2,378)
Schemes Completed	-	-	-
As at 31st March 2013	<u>8,782,053</u>	<u>3,140,525</u>	<u>11,922,578</u>
<b>OTHER CAPITAL GRANTS</b>			
As at 1st April 2012	452,743	443,799	896,542
Additions	-	1,156,033	1,156,033
Disposals	-	-	-
Schemes Completed	-	-	-
As at 31st March 2013	<u>452,743</u>	<u>1,599,832</u>	<u>2,052,575</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2013	<u>7,982,273</u>	<u>2,440,732</u>	<u>10,423,005</u>
As at 31st March 2012	<u>6,622,536</u>	<u>6</u>	<u>6,622,542</u>

Additions to housing properties includes capitalised development administration costs of £ (2012 - £nil) and capitalised major repair costs to existing properties of £1,629,390 (2012 £706,113)

All land and housing properties are freehold.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

##### b) Other Tangible Assets

	Van £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2012	35,809	262,123	150,865	448,797
Additions	13,860	8,400	16,142	38,402
Eliminated on Disposals	(22,275)	-	(1,527)	(23,802)
As at 31st March 2013	<u>27,394</u>	<u>270,523</u>	<u>165,480</u>	<u>463,397</u>
<b>GRANTS RECEIVED</b>				
As at 1st April 2012	35,809	215,794	20,919	272,522
Received in year	-	-	-	-
Repaid on Disposal	(22,275)	-	-	(22,275)
As at 31st March 2013	<u>13,534</u>	<u>215,794</u>	<u>20,919</u>	<u>250,247</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2012	-	30,964	122,569	153,533
Charge for year	4,620	5,472	8,401	18,493
Eliminated on disposal	-	-	(1,527)	(1,527)
As at 31st March 2013	<u>4,620</u>	<u>36,436</u>	<u>129,443</u>	<u>170,499</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2013	<u>9,240</u>	<u>18,293</u>	<u>15,118</u>	<u>42,651</u>
As at 31st March 2012	<u>-</u>	<u>15,365</u>	<u>7,377</u>	<u>22,742</u>

#### 12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>2,614,913</u>	<u>7,612,184</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

	2013 £	2012 £
At the year end, the annual commitments under operating leases were as follows:-		
<b>Other</b>		
Expiring within one year	1,003	374
Expiring between two and five years	<u>1,138</u>	<u>2,267</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 14. DEBTORS

	2013	2012
	£	£
Arrears of Rent & Service Charges	90,684	62,262
Less: Provision for Doubtful Debts	<u>(52,309)</u>	<u>(43,928)</u>
	38,375	18,334
Social Housing Grant Receivable	-	392,396
Other Debtors	<u>47,886</u>	<u>86,253</u>
	<u>86,261</u>	<u>496,983</u>

#### 15. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Trade Creditors	547,383	674,875
Rent in Advance	68,129	65,909
Social Housing Grant in Advance	-	499,195
Other Creditors	<u>541,886</u>	<u>248,417</u>
	<u>1,157,398</u>	<u>1,488,396</u>

At the balance sheet date there were pension contributions outstanding of £29,068 (2012 £2,140)

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

	2013	2012
	£	£
Housing Loans	8,819,000	4,019,000
Loan payable to Scottish Government *	<u>680,000</u>	<u>680,000</u>
	<u>9,499,000</u>	<u>4,699,000</u>

\* This 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.

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>8,819,000</u>	<u>4,019,000</u>
	8,819,000	4,019,000
Less: Amount shown in Current Liabilities	-	-
	<u>8,819,000</u>	<u>4,019,000</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 17. CASH FLOW STATEMENT

<i>Reconciliation of operating deficit to net cash outflow from operating activities</i>	2013 £	2012 £
Operating Deficit	(398,191)	(1,356,177)
Depreciation	285,449	224,800
Change in Debtors	19,013	19,227
Change in Creditors	(16,789)	(652,204)
Gain on sale of fixed assets	(2,100)	1,087
Share Capital Written Off	(15)	(4)
Defined Benefit Pension Contributions Paid (Strathclyde Pension Fund)	(11,000)	(12,000)
Service cost on defined benefit scheme (Strathclyde Pension Fund)	14,000	16,000
Net Cash Outflow from Operating Activities	<u>(109,633)</u>	<u>(1,759,271)</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase in Cash	321,141		914,286	
Cash flow from change in debt	<u>(4,800,000)</u>		<u>(3,269,000)</u>	
Movement in net debt during year		(4,478,859)		(2,354,714)
Net debt at 1st April 2012		<u>(2,601,836)</u>		<u>(927,122)</u>
Net debt at 31st March 2013		<u>(7,080,695)</u>		<u>(3,281,836)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	1,417,164	321,141		1,738,305
	<u>1,417,164</u>	<u>321,141</u>		<u>1,738,305</u>
Debt: Due within one year	-	-	-	-
Due after more than one year	<u>(4,019,000)</u>	<u>(4,800,000)</u>	<u>-</u>	<u>(8,819,000)</u>
Net Debt	<u>(2,601,836)</u>	<u>(4,478,859)</u>	<u>-</u>	<u>(7,080,695)</u>



## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2012	83
Issued in year	11
Cancelled in year	(15)
At 31st March 2013	<u>79</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

<b>(a) Revenue Reserves</b>	<b>Total</b>
	<b>£</b>
At 1st April 2012	2,371,952
Deficit for the year	(743,207)
Transfer (to) / from Pension Reserve	5,000
At 31st March 2013	<u>1,633,745</u>
<b>(b) Pension Reserves</b>	<b>Total</b>
	<b>£</b>
At 1st April 2012	(92,000)
Actuarial Gain in the Year	(17,000)
Transfer (to) / from Revenue Reserve	(5,000)
At 31st March 2013	<u>(114,000)</u>

### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2013</b>	<b>2012</b>
General Needs - New Build	<b>No.</b>	<b>No.</b>
- Rehabilitation	147	105
	634	637
	<u>781</u>	<u>742</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RELATED PARTY TRANSACTIONS

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

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

- 4 members are tenants of the Association
- 1 member is an owner occupier
- 2 members are relevant local councillors
- 2 members are employees of a relevant local authority

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

#### 22. PENSION SCHEME

In July 2013, Hillhead Housing Association 2000 Limited gave the Pensions Trust notice of its intention to close the Scottish Housing Associations' Pension Scheme final salary benefit option to new members and existing members from 30 September 2013.

The Association remains a participant of the Scheme but will switch from a defined benefit option to a defined contribution (DC) benefit option for all future pension accrual.

The past service deficit contribution in respect of the defined benefit option remains payable on a monthly basis through the existing recovery plan. From 1 April 2014 Hillhead Housing Association 2000 Limited will be required to pay £39,145 per annum as a contribution to the past service deficit. The deficit contribution will increase each April by 3%.

In respect of the defined contribution benefit option from 1 April 2013 member and employer rates are at the percentages below:

Contribution rates (future service)

Employer 6%

Member 3%

## HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS

##### General

As detailed in note 22, as of 1 April 2013 Hillhead Housing Association 2000 Limited has switched from a defined benefit option to a defined contribution benefit option for all future pension accrual.

However in the reporting year ended 31 March 2013 the Association was a participant of the Scottish Housing Associations' Pension Scheme's defined benefit option and the information given below is in respect of that defined benefit 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 final salary 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 rate 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.

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 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

#### Financial Assumptions

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

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

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

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

##### Valuation Results

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

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

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

The trustees have recently supplied Hillhead Housing Association 2000 Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Hillhead Housing Association 2000 Limited will be required to pay £39,145 per annum as a contribution to the past service deficit. This represents a decrease of 19%. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### 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 £11,000. This includes £1,070 of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £56,301.

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	2013 %p.a.	2012 %p.a.	2011 %p.a.
Price increases	2.8	2.5	2.8
Salary increases	5.1	4.8	5.1
Pension increases	5.2	5.8	6.9
Discount rate	4.5	4.8	5.5

##### Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for

Asset Class	2013 % p.a.	2012 % p.a.
Equities	5.7	6.3
Bonds	3.4	3.9
Property	3.9	4.4
Cash	3.0	3.5

##### Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements

	Males (Years)	Females (Years)
Current Pensioners	21.0	23.4
Future Pensioners	23.3	25.3

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS

##### Fair value of scheme assets by category

	2013	2012
	£'000	£'000
Equities	247	208
Bonds	45	30
Property	23	19
Cash	10	14
	<u>325</u>	<u>271</u>

##### Net Pension Liability

	2013	2012
	£'000	£'000
Fair value of employer's assets	325	271
Present value of scheme liabilities	(439)	(363)
Present value of unfunded liabilities	-	-
	<u>(114)</u>	<u>(92)</u>

##### Reconciliation of fair value of employer assets

	2013	2012
	£'000	£'000
Opening fair value of employer assets	271	264
Expected Return on Assets	16	19
Contributions by Members	4	4
Contributions by the Employer	11	12
Actuarial Gains / (Losses)	25	(26)
Estimated Benefits Paid	(2)	(2)
	<u>325</u>	<u>271</u>
Closing fair value of employer assets		

##### Reconciliation of defined benefit obligation

	2013	2012
	£'000	£'000
Opening defined benefit obligation	363	360
Current Service Cost	14	16
Interest Cost	18	20
Contributions by members	4	4
Actuarial Gains	42	(35)
Estimated Benefits Paid	(2)	(2)
	<u>439</u>	<u>363</u>
Closing defined benefit obligation		

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 23. RETIREMENT BENEFIT OBLIGATIONS

##### Analysis of amount charged to the Income and Expenditure Account

	2013 £'000	2012 £'000
Charged to operating costs:		
Service cost	14	16
	<u>          </u>	<u>          </u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(16)	(19)
Interest on pension scheme liabilities	18	20
	<u>          </u>	<u>          </u>
	2	1
	<u>          </u>	<u>          </u>
<b>Net Charge to the Income and Expenditure Account</b>	16	17
<b>Actual Return on Plan Assets</b>	<u>41</u>	<u>3</u>

##### Amounts for the current and previous accounting periods:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of employer assets	325	271	264	231	157
Present value of defined benefit obligations	(439)	(363)	(360)	(400)	(233)
Deficit	(114)	(92)	(96)	(169)	(76)
Experience (losses) on assets	25	(26)	1	50	(55)
Experience gains on liabilities	-	34	-	-	-

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Actuarial gain/(loss) recognised in year	(17)	9	48	(84)	(32)
Cumulative actuarial gains	(76)	(59)	(68)	(116)	(32)



# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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	16	0
Interest on obligation	20	0
Expected return on plan assets	(17)	(0)
	<u>19</u>	<u>0</u>

Contributions made by the Association for the year ended 31 March 2014 are estimated to be approximately £10,000.