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**HOMES FOR LIFE HOUSING PARTNERSHIP LIMITED**

*(A Charitable Company Limited by Guarantee)*

*Registered number SC188299*

*Registered Charity number 028542*

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**

# **HOMES FOR LIFE HOUSING PARTNERSHIP LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010**

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**MEMBERS, EXECUTIVE AND ADVISERS****Directors**

Kevin Blackie (Appointed 24 February 2010)  
Victor Cummings  
Iain Finlayson  
Jamila Greig  
Anthony James  
Gordon Leitch  
James McLeish (Chair)  
Thomas Mitchell  
Louise Munro  
David Rose (Vice Chair)  
Jacqueline Sinclair  
Brenda Tonner  
Ian Wauchope

**Executive Officers**

George Russell                      Business Manager and Company Secretary

**Registered Office**

Tolbooth Gate  
57 Market Street  
Haddington  
East Lothian  
EH41 3JG

**Bankers**

The Royal Bank of Scotland plc  
32 Court Street  
Haddington  
EH41 3NP

**Solicitors**

HBJ Gateley Wareing (Corporate matters)  
Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

TC Young (Tenancy matters)  
69a George Street  
Edinburgh  
EH2 2JG

**External Auditor**

Chiene + Tait  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Internal Auditor**

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

**Company Number**  
SC188299

**Charity Number**  
028542

**Registered Social Landlord Number**  
311

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2010**

The Directors present their report and the audited financial statements for the year ended 31 March 2010.

**Statement of Board of Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Board of Directors to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Board of Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

The Board of Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- as far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Principal activities and review of business**

The Company is a housing partnership created in July 1998 under the Scottish Government's New Housing Partnerships initiative by founding members East Lothian Council and East Lothian Housing Association Limited. Under the initiative, the Company secured revenue support funding and capital funding for development projects, in the form of grants from East Lothian Council. Membership also includes tenants and other interested parties. Following a review of the Articles of Association, approved by the members at the AGM in September 2008, founding members no longer have any special rights or obligations.

The Company is limited by guarantee and is recognised as a charity. It does not trade for profit and is prohibited from making distributions to its members.

The Company's principal activity during the year was the provision, improvement and management of housing for persons in necessitous circumstances in East Lothian. The Company does not currently have access to development funding on any proposed development programme.

The Company is registered as a Registered Social Landlord with the Scottish Housing Regulator, and is required to prepare financial statements in accordance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007, in addition to the Companies Act 2006.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)****Changes in fixed assets**

During the year, the Housing Partnership's housing properties have changed as detailed in note 10.

**The Board of Directors and Executive Officers**

The Board of Directors and Executive Officers are listed on page 1.

**Donations**

The Company made no donations during the year.

**Statement on internal financial control**

1. The Board of Directors acknowledges its ultimate responsibility for ensuring that the Company has in place a system of financial controls that is appropriate for the business environment in which it operates. These financial controls are designed to give reasonable assurance with respect to:
  - (1) the reliability of financial information used within the Company, or for publication;
  - (2) the maintenance of proper accounting records;
  - (3) the safeguarding of assets against unauthorised use or disposal.
2. It is the Board of Directors' responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements of the Company's systems include ensuring that:
  - (1) formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of financial controls and restrict the unauthorised use of the Company's assets;
  - (2) experienced and suitably qualified staff take responsibility for important business functions, and annual appraisal procedures have been established to maintain standards of performance;
  - (3) forecasts and budgets are prepared which allow the Board of Directors and Executive Officer to monitor the key business risks, financial objectives and the progress being made towards achieving plans set for the year and for the medium term;
  - (4) management accounts are prepared regularly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
  - (5) all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors;
  - (6) the Board of Directors receives an annual report from the external auditor who review and test the system of internal financial control only to the extent necessary to express their audit opinion;
  - (7) the Board of Directors receives an Annual Report from the internal auditor as part of an agreed audit plan. This year's report looked at tenant participation, void management, ICT security and data protection, and planned and cyclical maintenance as well as a follow up from earlier reports.
  - (8) formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external reports, including for delegation of preliminary consideration of reports and action by an Audit and Risk Committee.
3. The Board have reviewed the Company's systems of internal financial controls and found no weaknesses resulting in material losses, contingencies or uncertainties or which require disclosure in the financial statements or in the independent auditor's report on the financial statements.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

**Auditor**

Chiene + Tait, served as auditor for the year to 31 March 2010 having been reappointed at the AGM in September 2009.

**By order of the board**

Secretary: .....

  
George Russell

Date: .....

30/6/2010

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS  
AND MEMBERS OF HOMES FOR LIFE HOUSING PARTNERSHIP LIMITED**

We have audited the financial statements of Homes for Life Housing Partnership Limited for the year ended 31 March 2010 set out on pages 7 to 23. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's 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 charity, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of directors and auditor***

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Directors' Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

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

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS  
AND MEMBERS OF HOMES FOR LIFE HOUSING PARTNERSHIP LIMITED (CONTINUED)*****Basis of audit opinion***

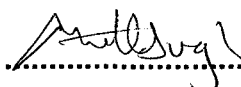
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

***Opinion***

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Directors' Report is consistent with the financial statements.



..... (Senior Statutory Auditor)

**Jeremy Chittleburgh BSc CA**

**For and on behalf of**

**CHIENE + TAIT**

**Chartered Accountants and Statutory Auditor**

**61 Dublin Street**

**Edinburgh, EH3 6NL**

20 July 2010

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

	Notes	31 March 2010 £	31 March 2009 £
<b>Turnover</b>	2	1,064,634	1,023,418
Less: Operating costs	2	(657,205)	(579,948)
<b>Operating surplus/(deficit)</b>	2	407,429	443,470
Interest receivable and other income		18,814	47,046
Interest payable and similar charges	7	(210,391)	(219,885)
<b>Surplus on ordinary activities</b>	8	215,852	270,631
Tax on surplus on ordinary activities	9	-	-
<b>Retained surplus for the year</b>	17	215,852	270,631

There is no difference between the surplus on ordinary activities for the year and the retained surplus for the year stated above and their historical equivalents.

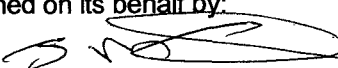


**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2010**

	<b>Notes</b>	<b>31 March 2010</b>	<b>31 March 2009</b>
		<b>£</b>	<b>£</b>
Net surplus for the year		215,852	270,631
Actuarial gain/(loss) recognised in the defined benefit pension scheme	22	(120,000)	(15,000)
<b>Total recognised gains and losses</b>		<u>95,852</u>	<u>255,631</u>

**BALANCE SHEET  
AS AT 31 MARCH 2010**

	Notes	31 March 2010 £	31 March 2009 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	10	16,928,934	17,024,940
Less HAG and other grants	11	(12,592,482)	(12,586,032)
		4,336,452	4,438,908
Other fixed assets	12	88,353	94,772
Investments	13	2	2
		4,424,807	4,533,682
<b>Current assets</b>			
Debtors	14	58,695	74,908
Cash at bank and in hand		1,205,837	1,078,917
		1,264,532	1,153,825
<b>Creditors: amounts falling due within one year</b>	15	(468,783)	(479,141)
<b>Net current assets</b>		795,749	674,684
<b>Total assets less current liabilities</b>		5,220,556	5,208,366
<b>Creditors: amounts falling due after more than one year</b>	16	(3,263,521)	(3,454,183)
<b>Pension liability</b>	22	(107,000)	-
<b>Net assets</b>		1,850,035	1,754,183
<b>Capital and reserves</b>			
Designated reserves	17	557,782	542,644
General reserves:			
- General reserve	17	1,399,253	1,211,539
- Pension reserve	17	(107,000)	-
		1,850,035	1,754,183

The financial statements on pages 7 to 23 were approved by the Board of Directors on 30 June 2010 and were signed on its behalf by:

 Chair (James McLeish)  
 Vice Chair (David Rose)  
 Secretary (George Russell)

Company Registration No. SC188299

The notes on pages 11 to 23 form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	31 March 2010 £	31 March 2009 £
<b>Net cash inflow from operating activities</b>	24	503,748	610,727
<b>Returns on investments and servicing of finance</b>			
Interest received		24,197	30,420
Interest paid		(210,391)	(219,885)
		<u>(186,194)</u>	<u>(189,465)</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible assets		-	(1,081)
Payments to acquire, develop and improve housing property		(15,205)	(12,442)
		<u>(15,205)</u>	<u>(13,523)</u>
<b>Cash inflow before use of liquid resources and Financing</b>		302,349	407,739
<b>Management of liquid resources</b>			
Outflows to fixed term deposits		(400,000)	(550,000)
Inflows from fixed term deposits		300,000	250,000
		<u>(100,000)</u>	<u>(300,000)</u>
<b>Financing</b>			
Capital grants received		15,233	-
Housing loans repaid		(190,662)	(169,023)
		<u>(175,429)</u>	<u>(169,023)</u>
<b>Increase/(decrease) in cash</b>	25	<u>26,920</u>	<u>(61,284)</u>

The notes on pages 11 to 23 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

### 1. Accounting policies

#### (a) Introduction and accounting basis

The principal accounting policies of the Company are set out in paragraphs (b) to (j) below.

These financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and Statements Of Recommended Practice (SORP) (2008), "Accounting by Registered Social Landlords" and comply with the requirements of The Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

#### (b) Tangible fixed assets – housing properties (note 10)

Housing properties are stated at cost including:

- cost of acquiring land and buildings;
- development expenditure on the project;
- internal administration costs relating to the acquisition and development of housing schemes.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Expenditure to enhance properties is capitalised, all other repair and maintenance costs are expensed as incurred.

#### (c) Depreciation

Depreciation is charged on tangible fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life at the following rates:

Housing properties - trickle transfer	straight line	3.33%
Housing properties - other	straight line	2%
Office premises	straight line	3.33%
Office furniture and equipment	straight line	33%

Trickle transfer properties are properties purchased individually from East Lothian Council.

Depreciation is charged for each month the asset is used. No depreciation is charged in the month of disposal.

#### (d) Grants

##### Capital

New Housing Partnership Grants (NHP) were made by East Lothian Council and were utilised to reduce the amount of loans required in respect of an approved scheme.

For schemes developed with NHP the grant was paid directly to the Company as required to meet its liabilities during the development process.

Capital grants reduce the net book value of housing properties.

##### Revenue (excluding Revenue Support Grant)

Revenue grants are credited to income in the appropriate period to match related expenditure, except that initial funding of the Company was transferred to a restricted revenue reserve to the extent that it was unutilised at the year end.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010****1. Accounting policies (Continued)****(e) Designated reserves – planned maintenance reserves (note 17)**

The Company maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at either the time of acquisition or construction. Provision is made for such future major repair expenditure based on 0.8% on total costs to date on completed developments.

**(f) Pension scheme (note 22)**

The Company participates in a defined benefit scheme in respect of its employees. The assets of the scheme are held by the Lothian Pension Fund.

In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the income and expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The differences between actual and expected returns on assets during the year, including changes in the actuarial assumptions, are recognised in the statement of total recognised gains and losses.

**(g) Turnover**

Turnover represents rental income and fees from tenants and revenue based grants receivable from The Scottish Government. The company has no shared-ownership properties and consequently all income relates to properties wholly-owned by the company.

**(h) VAT**

The Company is not registered for VAT purposes and all expenses are shown VAT inclusive.

**(i) Apportionment of management expenses**

Management and administration expenses are apportioned between housing and commercial activities based on the income generated for these activities. The costs thus allocated to housing are further apportioned based on the units held within each sub-type.

**(j) Consolidation**

The company has taken advantage of the exemption provided in section 402 of the Companies Act 2006 not to prepare group financial statements and accordingly these financial statements present information about the company as a single undertaking.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**2. Particulars of turnover, operating costs and operating surplus**

	Turnover £	2010 Operating Costs £	Operating Surplus £	2009 Operating Surplus £
Social lettings (note 3)	1,057,134	651,830	405,304	440,990
Other activities (note 4)	7,500	5,375	2,125	2,480
<b>Total</b>	<b>1,064,634</b>	<b>657,205</b>	<b>407,429</b>	<b>443,470</b>
 Total for the year ended 31 March 2009	 1,023,418	 579,948	 443,470	

<b>3. Particulars of turnover, operating costs and operating surplus from social letting activities</b>	<b>General Needs Housing £</b>	<b>Supported Housing £</b>	<b>Other (Respite Unit) £</b>	<b>2010 Total £</b>	<b>2009 Total £</b>
Gross income	1,031,310	19,954	14,598	1,065,862	1,030,148
Less voids	(9,495)	-	-	(9,495)	(9,085)
Net income from rents	1,021,815	19,954	14,598	1,056,367	1,021,063
Grants from the Scottish Ministers	767	-	-	767	(1,068)
<b>Total turnover from social letting activities</b>	<b>1,022,582</b>	<b>19,954</b>	<b>14,598</b>	<b>1,057,134</b>	<b>1,019,995</b>
 Management and maintenance administration costs	305,215	9,187	1,021	315,423	323,465
Planned and cyclical maintenance including major repairs	148,206	4,461	496	153,163	80,837
Reactive maintenance costs	76,787	2,312	257	79,356	70,077
Bad debts – rents	3,584	-	-	3,584	2,982
Depreciation of social housing	97,712	1,307	1,285	100,304	101,644
<b>Operating costs for social letting activities</b>	<b>631,504</b>	<b>17,267</b>	<b>3,059</b>	<b>651,830</b>	<b>579,005</b>
 <b>Operating surplus for social lettings</b>	<b>391,078</b>	<b>2,687</b>	<b>11,539</b>	<b>405,304</b>	<b>440,990</b>
 Operating surplus for social lettings for year ended 31 March 2009	421,351	8,286	11,353	440,990	

The company has no shared ownership housing.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

<b>4. Particulars of turnover, operating costs and operating surplus from other activities</b>	<b>Other income £</b>	<b>Other operating costs £</b>	<b>Operating Surplus 2010 £</b>	<b>Operating Surplus 2009 £</b>
Low cost housing	100	-	100	-
Commercial properties	7,300	5,375	1,925	2,330
Other activities	100	-	100	150
<b>Total from other activities</b>	<b>7,500</b>	<b>5,375</b>	<b>2,125</b>	<b>2,480</b>
Total from other activities for the year ended 31 March 2009	3,423	943	2,480	

**5. Directors' emoluments**

The directors are defined as Board members, and did not receive any remuneration during the year. Board members include tenant directors who must comply with the same regulations as non-director tenants.

	<b>2010 £</b>	<b>2009 £</b>
The remuneration of the chief executive was:		
Total emoluments (excluding pension contributions)	54,277	52,972
Pension contributions	4,918	4,776
	<b>59,195</b>	<b>57,748</b>

Other staff members reporting directly to the Board did not receive emoluments (excluding employer's pension contributions) exceeding £60,000 per annum.

**6. Employee information**

	<b>2010</b>	<b>2009</b>
The average monthly number of persons employed during the year was:		
Office staff	7	7
The average monthly number of persons employed during the year in terms of full time equivalents was:		
Office staff	5	5
Staff costs:	<b>£</b>	<b>£</b>
Wages and salaries	168,122	164,426
Social security costs	13,989	14,293
Pension costs	24,772	22,161
FRS 17 pension adjustment	(11,000)	(9,000)
	<b>195,883</b>	<b>191,880</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**7. Interest payable and similar charges**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Loan interest payable	210,391	219,885
	<u>210,391</u>	<u>219,885</u>

**8. Surplus on ordinary activities before taxation**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation – housing	103,700	101,644
Depreciation – other assets	6,419	9,174
Auditor's remuneration		
- in their capacity as auditor	3,261	4,544
- other fees paid to auditor	-	-
	<u>113,380</u>	<u>115,362</u>

**9. Taxation**

The Company is recognised by HM Revenue & Customs as a charity and no charge for taxation arises on the results for the year.

**10. Tangible Fixed Assets - Housing properties gross cost less depreciation**

	<b>Owned Property held for letting £</b>
<b>Cost</b>	
At 1 April 2009	17,534,678
Additions during year	7,694
	<u>17,542,372</u>
At 31 March 2010	<u>17,542,372</u>
<b>Depreciation</b>	
At 1 April 2009	509,738
Charge for year	103,700
	<u>613,438</u>
At 31 March 2010	<u>613,438</u>
<b>Depreciated gross costs</b>	
At 31 March 2010	<u>16,928,934</u>
At 1 April 2009	<u>17,024,940</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**11. Tangible Fixed Assets – Grants**

	<b>Owned Property held for letting £</b>
<b>Cost</b>	
At 1 April 2009	12,586,032
Received in year	6,450
	<u>12,592,482</u>
At 31 March 2010	<u>12,592,482</u>

**12. Tangible fixed assets – other fixed assets**

	<b>Heritable office premises £</b>	<b>Office furniture and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2009 and 31 March 2010	168,999	44,790	213,789
<b>Depreciation</b>			
At 1 April 2009	45,564	43,453	89,017
Charge for the year	5,627	792	6,419
	<u>51,191</u>	<u>44,245</u>	<u>95,436</u>
At 31 March 2010			
<b>Gross cost less depreciation</b>			
At 31 March 2010	117,808	545	118,353
At 1 April 2009	123,435	1,337	124,772
<b>Less grants</b>			
At 31 March 2009 and 31 March 2010	(30,000)	-	(30,000)
<b>Net book value</b>			
At 31 March 2010	87,808	545	88,353
At 1 April 2009	93,435	1,337	94,772

**13. Investments**

	<b>Unlisted Investments £</b>
<b>Cost</b>	
At 31 March 2009 and 31 March 2010	2

The investment represents 100% of the ordinary share capital of Homes for Life Developments Limited. The Company was dormant throughout the year. The directors consider that the value of the unlisted investments is not materially different from cost.

The aggregate share capital and reserves as at 31 March for Homes for Life Developments Limited was as follows:

	<b>2010 £</b>	<b>2009 £</b>
Aggregate capital and reserves	2	2

**NOTES TO THE FINANCIAL STATEMENTS  
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<b>14. Debtors</b>	<b>2010 £</b>	<b>2009 £</b>
Amounts falling due within one year:		
Rental debtors	16,157	12,983
Less provision for bad and doubtful debts	(2,612)	(2,120)
	<u>13,545</u>	<u>10,863</u>
Other debtors	7,617	19,041
Prepayments and accrued income	37,533	45,004
	<u>58,695</u>	<u>74,908</u>

<b>15. Creditors – Amounts falling due within one year</b>	<b>2010 £</b>	<b>2009 £</b>
Rent in advance	19,252	21,610
Other creditors	4,381	4,248
Accruals and deferred income	44,097	52,230
Loans: Housing	401,053	401,053
	<u>468,783</u>	<u>479,141</u>

Details of security in respect of loans are included in note 16.

<b>16. Creditors – Amounts falling due after more than one year</b>	<b>2010 £</b>	<b>2009 £</b>
Loans:		
Housing	3,263,521	3,454,183
	<u>3,263,521</u>	<u>3,454,183</u>

The Company has a term loan facility with the Dunfermline Building Society. The loan is repayable in equal instalments and is due to be fully repaid in April 2023. Interest is charged on the loan at a fixed rate of 5.505%. Loans are secured by a standard security over certain properties and a bond and floating charge over the assets of the company.

Amounts are due within the following periods:

	<b>£</b>	<b>£</b>
Between one and two years	401,053	401,053
Between two and five years	1,203,158	1,203,158
In five years or more	1,659,310	1,849,972
	<u>3,263,521</u>	<u>3,454,183</u>

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Reserves**

The Company is limited by guarantee and has no share capital. However, in the event of winding up, each member undertakes to contribute a sum not exceeding £1.

	31 March 2009 £	Surplus £	Other recognised gains and losses (note 22) £	Net Transfers During Year £	31 March 2010 £
<b>a. Designated Reserves</b>					
Planned Maintenance Reserve	542,644	-	-	15,138	557,782
<b>b. General Reserves</b>					
General Reserve	1,211,539	215,852	-	(28,138)	1,399,253
Pension Reserve	-	-	(120,000)	13,000	(107,000)
	1,211,539	215,852	(120,000)	(15,138)	1,292,253
<b>Total Reserves</b>	<b>1,754,183</b>	<b>215,852</b>	<b>(120,000)</b>	<b>-</b>	<b>1,850,035</b>

**18. Controlling party**

The company is controlled by its board. There is no ultimate controlling party.

**19. Related party transactions**

Tenant directors must comply with the same regulations as non-director tenants and do not receive favourable terms or discounted rents.

**20. Capital commitments**

	2010 £	2009 £
<b>Housing Developments</b>		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	256,489	-
Capital expenditure that has been authorised by the Board of Directors but has not yet been contracted for	19,366	-

Contracted expenditure will be financed from existing funds.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

## 21. Planned maintenance commitments

	2010 £	2009 £
<b>Housing Developments</b>		
Expenditure that has been contracted for but has not been provided for in the financial statements:		
Trickle transfers	270,710	-
Contracted planned maintenance commitments	270,710	-
Expenditure that has been authorised by the Board of Directors but has not yet been contracted for	19,366	-

Contracted expenditure will be financed from existing funds.

## 22. Pension scheme

### Defined benefit scheme – Lothian Pension Fund

The company operates a defined benefit scheme in the UK that provides pensions linked to final salaries. A valuation of the pension fund is carried out triennially. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2008, with the next formal valuation due as at 31 March 2011.

Liabilities are valued on an actuarial basis using the projected unit method, which assess the future liabilities of the fund discounted to their present value. 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.

The principal actuarial assumptions used by the actuary for the purposes of the FRS17 valuation at each year end are as follows:

	31 March 2010 % pa	31 March 2009 % pa
Pension Increase Rate	3.8%	3.1%
Salary Increase Rate	5.3%	4.6%
Expected Return on Assets	7.3%	6.6%
Discount Rate	5.5%	6.9%
Inflation Assumption	3.8%	3.1%

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

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

The major categories of plan assets as a % of total plan assets:

	31 March 2010	31 March 2009
Equities	79%	79%
Bonds	8%	11%
Property	9%	10%
Cash	4%	0%

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**22. Pension scheme (continued)**

The amounts recognised in the balance sheet are as follows:

	<b>31 March 2010 £'000</b>	<b>31 March 2009 £'000</b>
Fair value of employer assets	478	327
Present value of funded liabilities	(585)	(292)
Net (under)/overfunding in funded plans	(107)	35
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	-	(35)
Net Liabilities	(107)	-
<b>Amount in the Balance Sheet</b>		
Liabilities	(107)	-
Assets	-	-
Net Liabilities	(107)	-

The amounts recognised in the income and expenditure account are as follows:

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Current service cost	12	13
Interest on obligation	21	21
Expected return on employer assets	(23)	(27)
Past service cost / (gain)	2	-
Losses / (gains) on curtailments and settlements	-	-
Total	12	7
Actual Return on Scheme Assets	119	(66)

Changes in the fair value of scheme assets are as follows:

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Opening fair value of scheme assets	327	367
Expected return on assets	23	27
Contribution by members	9	7
Contributions by the employer	25	22
Contributions in respect of unfunded benefits	-	-
Actuarial gains / (losses)	94	(96)
Assets distributed on settlements	-	-
Exchange differences	-	-
Unfunded benefits paid	-	-
Benefits paid	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

Closing fair value of scheme assets	478	327
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**22. Pension scheme (continued)**

Changes in the present value of the defined benefit obligation are as follows:

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Opening Defined Benefit Obligation	292	291
Current service cost	12	13
Interest cost	21	21
Contributions by members	9	7
Actuarial losses / (gains)	249	(40)
Past service costs / (gains)	2	-
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Exchange differences	-	-
Estimated unfunded benefits paid	-	-
Estimated benefits paid	-	-
Closing Defined Benefit Obligation	585	292

Analysis of amounts recognised in the Statement of Total Recognised gains & losses (STRGL):

	31 March 2010 £'000	31 March 2009 £'000
Actual return less expected return on pension scheme assets	94	(96)
Changes in financial assumptions underlying the present value of the scheme liabilities	(249)	40
Actuarial gains/(losses) in pension plan	(155)	(56)
Pension scheme asset not recognised	-	41
Recognition of previous year asset	35	-
Actuarial gains/(losses) recognised in STRGL	(120)	(15)
Cumulative actuarial gains and losses	(124)	31

Amounts for the current and four previous periods:

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Fair value of employer's assets	478	327	367	344	284
Present value of defined benefit obligation	(585)	(292)	(291)	(331)	(314)
Surplus/(deficit)	(107)	35	76	13	(30)
Experience gains/(losses) on assets	94	(96)	(36)	2	43
Experience gains/(losses) on liabilities	-	(1)	1	-	-

The estimated employer's contribution for the year to 31 March 2011 to its defined benefit pension plan is £27,000.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**23. Accommodation in management**

	<b>At 31 March 2010 £</b>	<b>At 31 March 2009 £</b>
Housing property held for letting:		
- General needs housing (individual tenancies)	299	297
- Supported housing (shared occupancies)	9	11
- Other (respite unit)	1	1
	<u>309</u>	<u>309</u>
Housing held for shared equity	-	-
Commercial property held for letting	1	1
	<u>1</u>	<u>1</u>
<b>Total</b>	<b><u>310</u></b>	<b><u>310</u></b>

Included in the above are the following number of units managed by other organisations:

	<b>At 31 March 2010 £</b>	<b>At 31 March 2009 £</b>
General needs housing	<u>33</u>	<u>33</u>

**24. Reconciliation of surplus for the year to net cash flow from operating activities**

	<b>2010 £</b>	<b>2009 £</b>
Operating surplus	407,429	443,470
Depreciation	110,119	110,818
FRS17 adjustment to pension costs	(11,000)	(9,000)
Movement in debtors	47	88,033
Movement in creditors	(2,847)	(22,594)
	<u>503,748</u>	<u>610,727</u>
<b>Net cash inflow from operating activities</b>	<b><u>503,748</u></b>	<b><u>610,727</u></b>

**25. Reconciliation of net cash flow to movement in net debt**

	<b>2010 £</b>	<b>2009 £</b>
Increase/(decrease) in cash in the year	26,920	(61,284)
Housing and non-housing loans drawn down	190,662	169,023
Management of liquid resources	100,000	300,000
	<u>317,582</u>	<u>407,739</u>
<b>Change in net debt</b>	<b>317,582</b>	<b>407,739</b>
<b>Net debt at 31 March 2009</b>	<b>(2,776,319)</b>	<b>(3,184,058)</b>
<b>Net debt at 31 March 2010</b>	<b><u>(2,458,737)</u></b>	<b><u>(2,776,319)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**26. Analysis of changes in net debt**

	<b>2009</b>	<b>Cashflows</b>	<b>Non- Cashflows</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	778,917	26,920	-	805,837
Liquid resources	300,000	100,000	-	400,000
Debt due within one year	(401,053)	190,662	(190,662)	(401,053)
Debt due after one year	(3,454,183)	-	190,662	(3,263,521)
<b>Total</b>	<b>(2,776,319)</b>	<b>317,582</b>	<b>-</b>	<b>(2,458,737)</b>

