

HOMES FOR LIFE HOUSING PARTNERSHIP LIMITED

(A Charitable Company Limited by Guarantee)

Registered number SC188299

Registered Charity number SC028542

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2011

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

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MEMBERS, EXECUTIVE AND ADVISERS**Directors**

Kevin Blackie
Victor Cummings
Iain Finlayson
Jamila Greig
Anthony James
Gordon Leitch
D Graeme MacGregor (appointed 24 November 2010)
James McLeish (Chair)
Thomas Mitchell
David Rose (Vice Chair)
Brenda Tonner

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 3NS

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
SC028542

Registered Social Landlord Number
311

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The Directors present their report and the audited financial statements for the year ended 31 March 2011.

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 surplus or deficit 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.

Structure and governance

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 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 2011 (CONTINUED)****Principal activities and review of business**

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.

During the year, the Company implemented a contract for repairs and improvements to ensure that 27 properties could achieve compliance with the Scottish Housing Quality Standard. These were all older properties acquired under trickle transfer from East Lothian Council in 1999 and 2002, and were the only properties not meeting the required standard. Works included replacement and upgrading of kitchens, bathrooms and heating, as well as rewiring and sundry repairs. For properties with no access to mains gas, sustainable air source heat pumps were installed to achieve the necessary standards. At the end of March, only a small balance of work remained outstanding, for completion during the first quarter of the next financial year. The Company also sought competitive tenders for its Internal Audit Service, ultimately opting for a new supplier.

During the next financial year, the Company will continue to consolidate and develop governance and services, including seeking to further develop tenant participation. Since the year end, the Company has sought competitive tenders for its Finance Agency Services; ultimately opting to continue with the same supplier, and later in the year will also review and seek competitive tenders for its Repairs Services. The Company will also implement the final phase in its current cycle of planned maintenance, as well as preparation for the next cycle.

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.

The following directors who held office at 31 March 2010 resigned during the year:

- Louise Munro (resigned 23 June 2010)
- Jacqueline Sinclair (resigned 26 March 2011)
- Ian Wauchope (resigned 29 September 2010)

Donations

The Company's donations paid during the year, did not exceed £2,000.

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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

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 corporate governance, risk management and IT systems 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.

Auditor

Chiene + Tait, served as auditor for the year to 31 March 2011 having been reappointed at the AGM in September 2010.

By order of the board

Secretary: 
George Russell

Date: 



**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 2011 set out on pages 7 to 23. 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 company's 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 (as amended). Our audit work has been undertaken so that we might state to the company's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors (who are also the trustees of the charitable company for the purposes of charities legislation) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as 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 regulations made under those Acts. 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 Ethical Standards for Auditors.

Scope of the audit of 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and The Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Matters

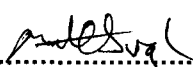
In addition to our audit of the financial statements, we have reviewed the Board's statement concerning internal financial control made under "The Code of External Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the Board's statements on internal financial control, in our opinion the Board has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on 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 2011

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	31 March 2011 £	31 March 2010 £
Turnover	2	1,088,352	1,064,634
Less: Operating costs	2	(757,940)	(657,205)
Operating surplus	2	330,412	407,429
Interest receivable and other income		21,667	18,814
Interest payable and similar charges	7	(199,895)	(210,391)
Surplus on ordinary activities before tax	8	152,184	215,852
Tax on surplus on ordinary activities	9	-	-
Retained surplus for the year	17	152,184	215,852

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.

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2011

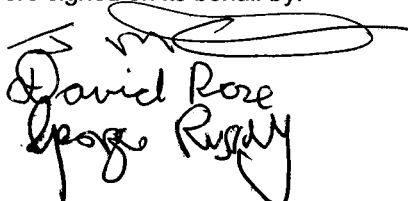
	Notes	31 March 2011	31 March 2010
		£	£
Net surplus for the year		152,184	215,852
Actuarial gain/(loss) recognised in the defined benefit pension scheme	22	29,000	(120,000)
Total recognised gains and losses		<u>181,184</u>	<u>95,852</u>

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

**BALANCE SHEET
AS AT 31 MARCH 2011**

	Notes	31 March 2011 £	31 March 2010 £
Tangible fixed assets			
Housing properties – cost less depreciation	10	17,061,799	16,928,934
Less HAG and other grants	11	(12,604,611)	(12,592,482)
		4,457,188	4,336,452
Other fixed assets	12	82,339	88,353
Investments	13	2	2
		4,539,529	4,424,807
Current assets			
Debtors	14	69,375	58,695
Cash at bank and in hand		962,098	1,205,837
		1,031,473	1,264,532
Creditors: amounts falling due within one year	15	(477,420)	(468,783)
Net current assets		554,053	795,749
Total assets less current liabilities		5,093,582	5,220,556
Creditors: amounts falling due after more than one year	16	(3,062,363)	(3,263,521)
Pension liability	22	-	(107,000)
Net assets		2,031,219	1,850,035
Capital and reserves			
Designated reserves	17	430,959	557,782
General reserves:			
- General reserve	17	1,600,260	1,399,253
- Pension reserve	17	-	(107,000)
		2,031,219	1,850,035

The financial statements on pages 7 to 23 were approved by the Board of Directors on 29 JUNE 2011 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 2011

	Notes	31 March 2011 £	31 March 2010 £
Net cash inflow from operating activities	24	368,303	503,748
Returns on investments and servicing of finance			
Interest received		15,073	24,197
Interest paid		(199,895)	(210,391)
		<u>(184,822)</u>	<u>(186,194)</u>
Capital expenditure and financial investment			
Purchase of tangible non-housing assets		-	-
Payments to acquire, develop and improve housing property		(232,512)	(15,205)
		<u>(232,512)</u>	<u>(15,205)</u>
Cash (outflow)/inflow before use of liquid resources and Financing		(49,031)	302,349
Management of liquid resources			
Outflows to fixed term deposits		(510,849)	(400,000)
Inflows from fixed term deposits		400,000	300,000
		<u>(110,849)</u>	<u>(100,000)</u>
Financing			
Capital grants received		6,450	15,233
Housing loans repaid		(201,158)	(190,662)
		<u>(194,708)</u>	<u>(175,429)</u>
(Decrease)/increase in cash	25	<u>(354,588)</u>	<u>26,920</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 2011

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.

The company has: a healthy bank balance, budgeted to make a surplus for the year ended 31 March 2012, a strong asset base and no liquidity issues. As a result the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**1. Accounting policies (Continued)****(d) Grants (continued)****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.

(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 2011**

2. Particulars of turnover, operating costs and operating surplus

	Turnover £	2011 Operating Costs £	Operating Surplus £	2010 Operating Surplus £
Social lettings (note 3)	1,080,608	756,234	324,374	405,304
Other activities (note 4)	7,744	1,706	6,038	2,125
Total	1,088,352	757,940	330,412	407,429
 Total for the year ended 31 March 2010	 1,064,634	 657,205	 407,429	

3. Particulars of turnover, operating costs and operating surplus from social letting activities	General Needs Housing £	Supported Housing £	Other (Respite Unit) £	2011 Total £	2010 Total £
Gross income	1,048,429	23,542	16,379	1,088,350	1,065,862
Less voids	(8,918)	-	-	(8,918)	(9,495)
Net income from rents	1,039,511	23,542	16,379	1,079,432	1,056,367
Grants from the Scottish Ministers	1,176	-	-	1,176	767
Total turnover from social letting activities	1,040,687	23,542	16,379	1,080,608	1,057,134
 Management and maintenance administration costs	 259,840	 7,822	 869	 268,531	 315,423
Planned and cyclical maintenance including major repairs	289,810	8,723	969	299,502	153,163
Reactive maintenance costs	73,190	2,203	245	75,638	79,356
Bad debts – rents	1,104	-	-	1,104	3,584
Depreciation of social housing	108,720	1,454	1,285	111,459	100,304
Operating costs for social letting activities	732,664	20,202	3,368	756,234	651,830
 Operating surplus for social lettings	 308,023	 3,340	 13,011	 324,374	 405,304
 Operating surplus for social lettings for year ended 31 March 2010	 391,078	 2,687	 11,539	 405,304	

The company has no shared ownership housing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

4. Particulars of turnover, operating costs and operating surplus from other activities	Other income £	Other operating costs £	Operating Surplus 2011 £	Operating Surplus 2010 £
Low cost housing	-	-	-	100
Commercial properties	7,669	1,706	5,963	1,925
Other activities	75	-	75	100
Total from other activities	7,744	1,706	6,038	2,125
Total from other activities for the year ended 31 March 2010	7,500	5,375	2,125	

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.

	2011 £	2010 £
The remuneration of the business manager (and company secretary) was:		
Total emoluments (excluding pension contributions)	55,611	54,277
Pension contributions	10,873	10,634
	66,484	64,911

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

	2011	2010
The number of full time equivalents employed during the year was:		
Office staff	5	5
	£	£
Staff costs:		
Wages and salaries	172,726	168,122
Social security costs	14,502	13,989
Pension costs	25,330	24,772
	212,558	206,883
FRS 17 pension adjustment	(73,000)	(11,000)
	139,558	195,883
Temporary staff costs	2,094	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

7. Interest payable and similar charges

	2011 £	2010 £
Loan interest payable	199,895	210,391

8. Surplus on ordinary activities before taxation

	2011 £	2010 £
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation – housing	111,459	103,700
Deprecation – other assets	6,014	6,419
Auditor's remuneration		
- in their capacity as auditor	4,392	3,261
- other fees paid to auditor	-	-

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

	Owned Property held for letting £
Cost	
At 1 April 2010	17,542,372
Additions during year	244,324
At 31 March 2011	17,786,696
Depreciation	
At 1 April 2010	613,438
Charge for year	111,459
At 31 March 2011	724,897
Depreciated gross costs	
At 31 March 2011	17,061,799
At 1 April 2010	16,928,934

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

11. Tangible Fixed Assets – Grants

	Owned Property held for letting £
Cost	
At 1 April 2010	12,592,482
Received in year	12,129
	<hr/>
At 31 March 2011	12,604,611
	<hr/>

12. Tangible fixed assets – other fixed assets

	Heritable office premises £	Office furniture and equipment £	Total £
Cost			
At 1 April 2010 and 31 March 2011	168,999	44,790	213,789
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2010	51,191	44,245	95,436
Charge for the year	5,628	386	6,014
	<hr/>	<hr/>	<hr/>
At 31 March 2011	56,819	44,631	101,450
	<hr/>	<hr/>	<hr/>
Gross cost less depreciation			
At 31 March 2011	112,180	159	112,239
	<hr/>	<hr/>	<hr/>
At 1 April 2010	117,808	545	118,353
	<hr/>	<hr/>	<hr/>
Less grants			
At 31 March 2010 and 31 March 2011	(30,000)	-	(30,000)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2011	82,180	159	82,339
	<hr/>	<hr/>	<hr/>
At 1 April 2010	87,808	545	88,353
	<hr/>	<hr/>	<hr/>

13. Investments

	Unlisted Investments £
Cost	
At 31 March 2010 and 31 March 2011	2
	<hr/>

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 2011 for Homes for Life Developments Limited was as follows:

	2011 £	2010 £
Aggregate capital and reserves	2	2
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

14. Debtors	2011 £	2010 £
Amounts falling due within one year:		
Rental debtors	17,814	16,157
Less provision for bad and doubtful debts	(3,169)	(2,612)
	<u>14,645</u>	<u>13,545</u>
Other debtors	13,902	7,617
Prepayments and accrued income	40,828	37,533
	<u>69,375</u>	<u>58,695</u>

15. Creditors – Amounts falling due within one year	2011 £	2010 £
Rent in advance	15,633	19,252
Other creditors	6,461	4,381
Accruals and deferred income	54,273	44,097
Loans: Housing	401,053	401,053
	<u>477,420</u>	<u>468,783</u>

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

16. Creditors – Amounts falling due after more than one year	2011 £	2010 £
Loans:		
Housing	3,062,363	3,263,521

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:

	£	£
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	1,458,152	1,659,310
	<u>3,062,363</u>	<u>3,263,521</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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 2010 £	Surplus £	Other recognised gains and losses (note 22) £	Net Transfers During Year £	31 March 2011 £
a. Designated Reserves					
Planned Maintenance Reserve	557,782	-	-	(126,823)	430,959
b. General Reserves					
General Reserve	1,399,253	152,184	-	48,823	1,600,260
Pension Reserve	(107,000)	-	29,000	78,000	-
	<u>1,292,253</u>	<u>152,184</u>	<u>29,000</u>	<u>126,823</u>	<u>1,600,260</u>
Total Reserves	<u>1,850,035</u>	<u>152,184</u>	<u>29,000</u>	<u>-</u>	<u>2,031,219</u>

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

	2011 £	2010 £
Housing Developments		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>14,588</u>	<u>256,489</u>
Capital expenditure that has been authorised by the Board of Directors but has not yet been contracted for	<u>-</u>	<u>19,366</u>

Contracted expenditure will be financed from existing funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

21. Planned maintenance commitments

	2011 £	2010 £
Housing Developments		
Expenditure that has been contracted for but has not been provided for in the financial statements:		
Trickle transfers	15,397	270,710
Contracted planned maintenance commitments	15,397	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 as at 31 March 2011 is due for completion in March 2012.

Liabilities are valued on an actuarial basis using the projected unit credit 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 2011 % pa	31 March 2010 % pa
Pension Increase Rate	2.8%	3.8%
Salary Increase Rate	5.1%	5.3%
Expected Return on Assets	7.0%	7.3%
Discount Rate	5.5%	5.5%
Inflation Assumption	2.8%	3.8%

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 2011	31 March 2010
Equities	79%	79%
Bonds	8%	8%
Property	10%	9%
Cash	3%	4%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

22. Pension scheme (continued)

The amounts recognised in the balance sheet are as follows:

	31 March 2011 £'000	31 March 2010 £'000
Fair value of employer assets	539	478
Present value of funded liabilities	(519)	(585)
Net over/(under)funding in funded plans	20	(107)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Amount not recognised as an asset	(20)	-
Net Liabilities	-	(107)
Amount in the Balance Sheet		
Liabilities	-	(107)
Assets	-	-
Net Liabilities	-	(107)

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Current service cost	26	12
Interest on obligation	31	21
Expected return on employer assets	(36)	(23)
Past service cost / (gain)	(74)	2
Losses / (gains) on curtailments and settlements	-	-
Total	(53)	12
Actual Return on Scheme Assets	27	119

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Opening fair value of scheme assets	478	327
Expected return on assets	36	23
Contribution by members	9	9
Contributions by the employer	25	25
Contributions in respect of unfunded benefits	-	-
Actuarial gains / (losses)	(9)	94
Assets distributed on settlements	-	-
Exchange differences	-	-
Unfunded benefits paid	-	-
Benefits paid	-	-
Closing fair value of scheme assets	539	478

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

22. Pension scheme (continued)

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

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Opening Defined Benefit Obligation	585	292
Current service cost	26	12
Interest cost	31	21
Contributions by members	9	9
Actuarial losses / (gains)	(58)	249
Past service costs / (gains)	(74)	2
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Exchange differences	-	-
Estimated unfunded benefits paid	-	-
Estimated benefits paid	-	-
Closing Defined Benefit Obligation	<u>519</u>	<u>585</u>

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

	31 March 2011 £'000	31 March 2010 £'000
Actual return less expected return on pension scheme assets	(9)	94
Changes in financial assumptions underlying the present value of the scheme liabilities	58	(249)
Actuarial gains/(losses) in pension plan	49	(155)
Pension scheme asset not recognised	(20)	-
Recognition of previous year asset	-	35
Actuarial gains/(losses) recognised in STRGL	<u>29</u>	<u>(120)</u>
Cumulative actuarial gains and losses	<u>(75)</u>	<u>(124)</u>

Amounts for the current and four previous periods:

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Fair value of employer's assets	539	478	327	367	344
Present value of defined benefit obligation	(519)	(585)	(292)	(291)	(331)
Surplus/(deficit)	20	(107)	35	76	13
Experience gains/(losses) on assets	(9)	94	(96)	(36)	2
Experience gains/(losses) on liabilities	-	-	(1)	1	-

The estimated employer's contribution for the year to 31 March 2012 to its defined benefit pension plan is £30,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

23. Accommodation in management

	At 31 March 2011 £	At 31 March 2010 £
Housing property held for letting:		
- General needs housing (individual tenancies)	299	299
- Supported housing (shared occupancies)	9	9
- 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>
Total	<u>310</u>	<u>310</u>

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

	At 31 March 2011 £	At 31 March 2010 £
General needs housing:		
- East Lothian Council	33	33
	<u>33</u>	<u>33</u>

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

	2011 £	2010 £
Operating surplus	330,412	407,429
Depreciation	117,473	110,119
FRS17 adjustment to pension costs	(73,000)	(11,000)
Movement in debtors	(3,407)	47
Movement in creditors	(3,175)	(2,847)
	<u>368,303</u>	<u>503,748</u>
Net cash inflow from operating activities	<u>368,303</u>	<u>503,748</u>

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

	2011 £	2010 £
(Decrease)/increase in cash in the year	(354,588)	26,920
Housing and non-housing loans drawn down	201,158	190,662
Management of liquid resources	110,849	100,000
	<u>(42,581)</u>	<u>317,582</u>
Change in net debt	<u>(42,581)</u>	<u>317,582</u>
Net debt at 31 March 2010	(2,458,737)	(2,776,319)
Net debt at 31 March 2011	<u>(2,501,318)</u>	<u>(2,458,737)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**

26. Analysis of changes in net debt

	2010	Cashflows	Non-	2011
	£	£	Cashflows	£
			£	
Cash at bank and in hand	805,837	(354,588)	-	451,249
Liquid resources	400,000	110,849	-	510,849
	<u>1,205,837</u>	<u>(243,739)</u>	<u>-</u>	<u>962,098</u>
Debt due within one year	(401,053)	201,158	(201,158)	(401,053)
Debt due after one year	(3,263,521)	-	201,158	(3,062,363)
	<u>(2,458,737)</u>	<u>(42,581)</u>	<u>-</u>	<u>(2,501,318)</u>

27. Establishment of Company

The company is established under the Companies Act.

