

horizon

Housing Association Ltd

HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

For The Year Ended 31 March 2010

Financial Services Authority No: 1827R (S)

Scottish Housing Regulator Registration Number: HEP 128

A Registered Scottish Charity - Number: SC011534

HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

For The Year Ended 31 March 2010

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Registration Particulars:

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 1827R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number HEP 128
Scottish Charity Number	SC011534

Registered Office:

Leving House
Fairbairn Place
Livingston
EH54 6TN

HORIZON HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISORS

For The Year Ended 31 March 2010

Committee of Management

Mr W Gunn

Mr P Croft O.B.E.

Mr N Hall (resigned – May 2009)

Mr W F Rochford (Chairperson)

Mr D Buchanan (resigned – November 2009)

Mr M C Rodgers

Mrs M Prior (resigned – May 2009)

Ms A Laan-Ra

Mrs M Potter

Mrs N Asghar (resigned – July 2009)

Mr G Harper

Mr R B Hartness (elected – May 2009)

Mr D A McPhall (elected May 2009) (Vice Chairperson)

Executive Officers

Ms J Fitzpatrick – Managing Director & Secretary

Mrs E Anderton / Mrs F Taylor – Director of Housing Services (Job-Share)

Mrs M Turner – Director of Development & Property Investment

Principal Bankers

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Auditors

Baker Tilly UK Audit LLP
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2010

The Committee has pleasure in presenting its report for the year ended 31 March 2010.

Principal Activity

The principal activity of Horizon Housing Association is the provision of affordable, barrier free housing for people in need. Horizon Housing Association is registered with the Financial Services Authority as a Friendly Association, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Houses in Management

The Association fully completed 8 properties to wheelchair user standard at Elm Court, Blackburn in association with the West Lothian Strategic Alliance (WLSA – Horizon HA, Almond HA, West Lothian Housing Partnership and Weslo).

The number of rented and shared ownership properties managed by Horizon was 767 at 31st March 2010. This includes 16 units for shared accommodation for people with support needs; 26 shared ownership properties and 19 properties factored for owner occupiers. In addition, Horizon lets three properties on commercial leases for offices for support agencies.

Houses under Construction

At 31 March 2010, the Association had 54 homes under construction at Myreside Street, Carnynte, Glasgow and 9 properties at Ruchill as part of our partnership with Maryhill Housing Association and Bellway Homes.

Business Review

Our Strategic Aims

Horizon's Strategic Objectives are to:

- Aim to achieve 25% of our stock for wheelchair users
- Set rents and charges that are fair and affordable and ensure value for money
- Ensure that our houses are maintained to the highest standards
- Create opportunities for tenants to become involved at all levels
- Contribute to the social and economic regeneration of the communities in which we operate
- Seek to provide homes which are designed to the highest possible standards of energy efficiency, accessibility, adaptability and are environmentally friendly
- Provide opportunities for training and career development to all staff

Our Vision is: *"INCLUSIVE, SUSTAINABLE COMMUNITIES WHERE PEOPLE'S PARTICULAR HOUSING NEEDS ARE MET"*

The four values which underpin all of the Association's activities are:

- Everyone is equal
- People are disabled by society and their environment, not by their impairment
- Everyone is different and diverse, each with their own individual qualities
- We will aim to give choice in the housing that we provide and the services that we deliver

Operational Review

1. Corporate Governance

Horizon's Management Committee is elected annually by the members of the Association. The Management Committee is responsible for setting the strategic direction of the organisation and ensuring financial control. It delegates responsibility for the monitoring of its operational activities to its constituent sub-committees, Corporate Services, Development Services and Housing Services. The members of the Management Committee act in a voluntary capacity, for which they receive no remuneration.

The Management Team is responsible for the implementation of the Association's Business Strategy, ensuring that operational activities are undertaken in line with the policies approved by the Management Committee and the monitoring of performance against the Key Performance Indicators (KPIs) agreed by the Management Committee.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2010

The Management Committee takes its Corporate Governance role very seriously and arranges appropriate induction training for new committee members as well as including committee members' training within the Association's "Annual Learning & Development Plan".

This report highlights issues that have arisen during the year relating to the main activities of the Association.

2. Corporate Structure

Following detailed discussions, due diligence and approval of the regulatory bodies, on 6 November 2009 the Association formally became a subsidiary of the Link Group. Ultimate responsibility for the conduct and control of the Group and its subsidiaries rests with the Group Board.

There was a net loss of two committee members during the year, with the resignation of four members partly offset by the election of two new members.

3. Performance Management

There is an acknowledgement throughout the Association of the need to strive for continuous improvement across our business. We have an established system of staff development and appraisal which reviews individual performance twice yearly. All staff are involved in the establishment, monitoring and review of performance targets. This performance is monitored on a quarterly basis by committee and reported to tenants and members in our Annual Report. We increasingly benchmark our performance in a range of key areas against a number of other Registered Social Landlords (RSLs).

4. Risk Management

We have in place, a Risk Management Strategy, which is reviewed annually by the Management Committee and has proved itself to be robust and effective, vitally important in these challenging times. The "Risk Management Working Group" reviewed our Risk Map (analysis of risks facing the Association) and prioritised the risks identified for ongoing monitoring by the Management Committee or one of its constituent sub committees.

5. Housing Services

Performance on delivery of housing management services has again been very good this year. In 2009/10 our target for rent arrears was again 1.9% of rental income (excluding technical arrears such as delays in the payment of Housing Benefit). Our actual performance at 31st March 2010 was 1.45%, compared with 1.8% last year.

In 2009/10 we had a total of 53 void houses which resulted in an income loss of £8,511, representing a loss of 0.25% of rental income for the year. This is a decrease from the figure of 0.44% from the previous year. The average time taken to re-let a property was 12 days against a target of 14 days which was one day less than the average reported in the previous year. This excludes properties that required major repairs.

We also let 8 new properties in 2009/10 within a day of handover on average. This was well below our target of 10 days and is a significant achievement.

Our waiting list for housing continues to outstrip the supply of available housing. At 31st March 2010, we had 669 applicants on our housing list (2009, 775). Over the year we had 516 new applications to assess with the average time taken to process these being one day, which was below our target of three working days.

6. Tenant Involvement

The geographical spread of developments presents challenges for enabling and encouraging tenant involvement in the business of the Association. We encourage this by providing regular information through newsletters, responding positively to feedback and involving tenants in policy and service development. There are currently three tenant members on our Management Committee.

At the Tenant Conference on 4th June 2009 Link representatives were in attendance and were able to discuss with tenants their concerns and answer questions on the proposed constitutional change. The feedback from tenants who attended was very positive and it was encouraging that so many tenants were able to attend and to contribute to the lively discussion which took place.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2010

7. Property Maintenance

The Association performed well in relation to the reactive repair service once again. The performance of contractors and of Horizon's own Maintenance Staff in the delivery of the repairs service was on or above target last year.

All emergency repairs were carried out within the target timescale of 100% attendance within 7 hours. For urgent repairs 99% of jobs were completed within the 3 day timescale against a target of 95%; and for routine repairs 100% were achieved within 15 days against a target of 95%.

Almost half of these repairs were carried out by the In House Maintenance Team.

In 2009/10 we invested £0.9m (2009 - £0.5M) in the planned maintenance and improvement of our existing properties , including a programme of kitchen and boiler replacements, external door replacements and the upgrade of communal TV reception systems in preparation for the digital switchover.

8. Development Programme

During 2009/10 a total of £2.3m (2009 - £0.7m) was spent, of which £2m (2009 - £0.5m) was funded by grants received from the Scottish Government. This includes £1.2m of grant funded expenditure on projects at Myreside Street, Carnytny and McTaggart Avenue, Denny. 8 properties Elm Court, Blackburn were developed in association with the West Lothian Strategic Alliance, at a total cost of £1.1m, of which £0.7m was grant funded by the Scottish Government.

The Association achieved 99% of its Grant Planning Target (GPT), with the variance relating to the project at Denny, where the provision was variable dependent on our requirements. In addition, a total of £0.94m of HAG was spent on our Stage 3 adaptation programme, with over 60 households assisted through this service.

Horizon is working in a partnership with Maryhill Housing Association and Bellway Homes at Ruchill, Glasgow and the first of the 9 properties are expected to be completed by June 2010.

9. Other Areas

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010 £6.2 million (59%) of borrowings were subject to fixed interest rates.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Future Developments

The year ahead will become increasingly challenging due to budget constraints, tight subsidy levels and proposals to reduce the number of developing associations through the Scottish Government's leading developer proposals. A Government Discussion paper has been issued which focuses upon alternative funding models.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2010

Future Developments (continued)

Horizon will be working closely with its parent company Link Group to procure new housing with a view to increasing the supply of housing for both wheelchair users and a range of other clients. The Association continues to pursue a strategy for growth. The Association continues to look at the feasibility of developing a project in Harthill, North Lanarkshire and to work as part of the West Lothian Strategic Alliance under a renegotiated Partnership Agreement delivering new properties in West Lothian.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed it could be capitalised within the terms outlined in the SORP. (See also note 1 (i) & (j) on Page 15)

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Home Ownership

The Association completed one shared ownership staircasing sales in the year (2009 – nil).

Information Supplied to the Auditors

As far as the Committee members are aware, there is no relevant audit information of which the auditors are unaware and the Committee members have taken all of the necessary steps to make themselves aware of any relevant audit information and to ensure that the auditors are aware of such information.

Re-Appointment of Auditors

The Management Committee recommends to members, the re-appointment of Baker Tilly UK Audit LLP as Auditors.

ON BEHALF OF THE COMMITTEE OF MANAGEMENT



J FITZPATRICK

Secretary

Registered Office: Leving House, Fairbairn Place, Livingston, EH54 6TN

Date: 1 July 2010

HORIZON HOUSING ASSOCIATION LIMITED

**STATEMENT BY THE MANAGEMENT COMMITTEE REGARDING
THE ASSOCIATION'S SYSTEM OF INTERNAL FINANCIAL CONTROL**

For The Year Ended 31 March 2010

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- The safeguard of assets (against unauthorised use or disposition).

It is the Committee of Management'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 include ensuring that;


- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management.
- The Committee of Management reviews reports from senior staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management has reviewed the system of internal financial control in the Association during the year ended 31 March 2010. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

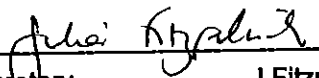
**By order of the Committee of
Management**



Committee Member



Committee Member



Secretary J Fitzpatrick

Date: 1 July 2010

HORIZON HOUSING ASSOCIATION LIMITED

STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES

For The Year Ended 31 March 2010

Statute requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Management Committee is required to fulfill the following obligations:

- Select suitable accounting policies and apply them consistently;
- Make reasonable and prudent judgements and estimates;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee confirms that the financial statements comply with the requirements.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007. It is 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.

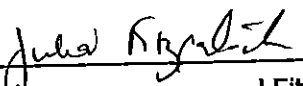
By order of the Committee of Management



Committee Member



Committee Member



Secretary J Fitzpatrick

Date : 1 July 2010

HORIZON HOUSING ASSOCIATION LIMITED

AUDITORS REPORT ON CORPORATE GOVERNANCE MATTERS

For The Year Ended 31 March 2010

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 7 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 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 7 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.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 7.7.10

HORIZON HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED

For The Year Ended 31 March 2010

We have audited the financial statements on pages 11 to 28 which have been prepared under the accounting policies set out on pages 14 to 15.

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 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 opinion we have formed.

Respective Responsibilities of Committee of Management and Auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements)(Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the Association is not disclosed.

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

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its deficit for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements)(Scotland) Order 2007.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 7.7.10

HORIZON HOUSING ASSOCIATION LIMITED**INCOME and EXPENDITURE ACCOUNT****For the year ended 31st March 2010**

	Notes	2010	2009
		£	£
Turnover	2	2,877,779	2,798,428
Less: Operating costs	2	(2,859,936)	(2,504,782)
Operating surplus		17,843	293,646
Deficit on Disposal of Fixed Assets	20	(11,946)	-
Interest receivable		4,322	64,509
Interest payable		(350,748)	(539,643)
		(346,426)	(475,134)
(Deficit)/surplus on ordinary activities before taxation		(340,529)	(181,488)
Taxation	4	-	-
(Deficit)/surplus for the year	15	(340,529)	(181,488)

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the Income and Expenditure Account. The notes on pages 14 to 28 form part of these accounts.

All results relate wholly to continuing activities.

HORIZON HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31st March 2010

	Notes	2010		2009	
		£	£	£	£
Tangible fixed assets					
Housing properties - gross cost less depreciation	6		50,955,108		48,901,779
Less: HAG and other grants	6		(40,687,523)		(38,737,586)
			<u>10,267,585</u>		<u>10,164,193</u>
Other fixed assets	6		468,035		490,098
			<u>10,735,620</u>		<u>10,654,291</u>
Current assets					
Stock		6,229		7,132	
Debtors	7	135,988		200,514	
Cash at bank and in hand		1,992,913		1,401,304	
		<u>2,135,130</u>		<u>1,608,950</u>	
Current liabilities					
Creditors: Amounts falling due within one year	8	(848,603)		(672,702)	
Net current assets			<u>1,286,527</u>		<u>936,248</u>
Total assets less current liabilities			<u>12,022,147</u>		<u>11,590,539</u>
Creditors: Amounts falling due after more than one year	9		(10,266,918)		(9,494,751)
Net assets			<u>1,755,229</u>		<u>2,095,788</u>
			=====		=====
Capital and Reserves					
Share capital	11		95		125
Designated reserves	5		1,774,913		2,291,992
Revenue reserves	15		(19,779)		(196,329)
			<u>1,755,229</u>		<u>2,095,788</u>
			=====		=====

Approved and authorised for issue by the Management Committee on 1 July 2010 and signed on its behalf by:

W. F. Rochford.

Committee Member

Philip Croft

Committee Member

Julia Fitzpatrick

Secretary

J Fitzpatrick

The notes on pages 14 to 28 form part of these accounts.

HORIZON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31st March 2010

	Notes	2010		2009	
		£	£	£	£
Net cash inflow from operating activities	16		200,078		634,302
Return on investment and servicing of finance					
Interest received		3,685		65,581	
Interest paid		(350,748)		(539,643)	
			(347,063)		(474,062)
Capital expenditure					
Payments to acquire housing stock		(2,028,945)		(1,602,096)	
Payments to acquire other fixed assets		(60,223)		(3,824)	
HAG & other capital grants received		1,981,628		1,088,080	
Receipts from sale of fixed assets		70,737		-	
Repayment of Capital Grants		(16,834)		-	
			(53,637)		(517,840)
			(200,622)		(357,600)
Management of liquid resources					
Cash withdrawn from term deposit		-		-	
Cash placed on term deposit		-		-	
			-		-
Financing					
New mortgage loans		1,000,000		-	
Mortgage repayments		(207,773)		(152,295)	
Hire purchase capital repayments		-		-	
Movement in share capital		5		4	
			792,232		(152,291)
Increase/(Decrease) in cash			591,610		(509,891)

The notes on pages 14 to 28 form part of these accounts

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS

For the year ended 31st March 2010

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by the Financial Services Authority. The accounts have been prepared in compliance with The Registered Social Landlords (Accounting Requirements)(Scotland) Order 2007, the Statement of Recommended Practice for Registered Social Landlords and applicable Accounting Standards.

1. Accounting Policies

The principal accounting policies of the Association are set out in paragraphs (a) to (q) below.

(a) Basis of Accounting

The accounts are prepared in accordance with applicable accounting standards and statements of recommended practice.

(b) Finance

The accounts have been prepared on the basis that the capital expenditure referred to in Note 6 will be grant aided, funded by loan or met out of reserves.

(c) Mortgages

Mortgage loans are advanced by the Scottish Government or private lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the grant awarding body.

HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

(e) Housing Association Grant

Notional acquisition and development allowances receivable

Notional acquisition and development allowances are advanced as HAG. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme. Development costs are added to housing properties and the related development allowances received are shown as HAG.

(f) Depreciation

Housing properties

Housing Properties are stated at historic cost, less social housing and other public grants and less accumulated depreciation. Depreciation is provided at a rate calculated on the basis of the properties expected useful life of 60 years.

Heritable office property

Depreciation is provided at a rate calculated to write off the cost of the offices evenly over their expected useful life of 60 years.

Furniture and equipment

Depreciation is provided at a rate calculated to write off the cost of furniture and equipment, after deducting related HAG, evenly over its expected useful life of 8 years. Telephone equipment depreciation is calculated over its expected useful life of 5 years.

Motor vehicles

Depreciation is provided at a rate calculated to write off the cost of the motor vehicles evenly over their expected useful life of 4 years.

Computer equipment

Depreciation is provided at a rate calculated to write off the cost of the computer equipment evenly over its expected useful life of 3 years.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (contd.)

For the year ended 31st March 2010

(g) Impairment of fixed assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the income and expenditure account.

(h) Designated reserve for future cyclical repairs and maintenance (note 5)

Accrued cyclical maintenance, being the Association's commitment to maintain its properties in accordance with a planned programme of works, is set aside in a designated reserve, to the extent that it is projected it will not be met from revenue in the year in which it is incurred.

(i) Designated reserve for major repairs (note 5)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it will not be met from HAG. When the major repairs are undertaken, the accrued expenditure is released from the reserve to match the expenditure in the income and expenditure account.

(j) Designated reserve for service replacement (note 5)

An element of the service charge income of the Association is received to fund the future replacement of service items at the end of their useful life. The equivalent of this income is transferred to the reserve, and released to the income and expenditure account when the expenditure is incurred.

(k) Shared Ownership transactions

For HAG funded shared ownership schemes the first tranche proceeds arising from the part-owner's purchase of equity are regarded as a contribution towards the cost of the assets and no revenue surplus or deficit is taken. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

(l) Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the income and expenditure on a straight line basis over the lease term.

(m) Pensions

The company makes contributions into a defined benefit pension scheme. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the company.

(n) Capitalisation of interest

Interest on amounts borrowed to finance a development to the extent that it accrues in respect of the period of development has been capitalised.

(o) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(p) Value added tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(q) Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income, or
- a material reduction in future maintenance costs, or
- a significant extension to the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover £	Operating Costs £	Operating Surplus/ (deficit) £	2009 Operating Surplus/ (deficit) £
Income and expenditure from social lettings	2,552,450	2,418,488	133,962	423,032
Income and expenditure from other activities (note 3b)	325,329	441,448	(116,119)	(129,386)
Total surplus before taxation	2,877,779 =====	2,859,936 =====	17,843 =====	293,646 =====
2009	2,798,428 =====	2,504,782 =====	293,646 =====	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

3a. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	Housing Accommodation £	Shared Ownership £	Special Needs Accommodation £	Total £	2009 £
Income from social lettings					
Rent receivable net of Identifiable					
Service Charges	2,268,164	26,602	53,498	2,348,264	2,288,986
Service Charges Receivable	203,019	9,678	-	212,697	214,241
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross income from rents and service charges	2,471,183	36,280	53,498	2,560,961	2,503,227
Less: Voids	(8,511)	-	-	(8,511)	(10,947)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income from rents and service charges	2,462,672	36,280	53,498	2,552,450	2,492,280
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue grants	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover from social letting activities	2,462,672	36,280	53,498	2,552,450	2,492,280
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on social letting activities					
Management and maintenance administration costs	722,675	3,745	5,331	731,751	757,911
Service costs	167,322	5,338	-	172,660	173,127
Planned and cyclical maintenance including major repair costs	902,394	-	-	902,394	537,706
Reactive Maintenance costs	396,210	-	7,480	403,690	402,218
Bad debts	24,753	-	-	24,753	20,684
Depreciation of social housing	180,141	3,028	71	183,240	177,602
Impairment of social housing	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs for social letting activities	2,393,495	12,111	12,882	2,418,488	2,069,248
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus on social letting activities	69,177	24,169	40,616	133,962	423,032
	=====	=====	=====	=====	=====
2009	373,483	24,632	24,917	423,032	
	=====	=====	=====	=====	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2009 - £nil).

The total amount of major repairs expenditure incurred in the year was £906,199 (2009 - £533,778). No major repairs were capitalised (2009 - £nil).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

3b. 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 £	Other operating costs £	Operating surplus or deficit £	2009 £
Care and repair	-	167,917	-	-	167,917	167,917	-	-	-
Factoring	-	-	-	8,367	8,367	3,228	-	5,139	63
Agency services for registered social landlords	-	-	-	40,000	40,000	66,547	-	(26,547)	(29,295)
Stage 3 Adaptations	94,889	-	-	-	94,889	116,834	-	(21,945)	(25,245)
Other activities - new initiatives	-	-	-	-	-	82,535	-	(82,535)	(87,914)
Other activities	-	-	-	14,156	14,156	4,387	-	9,769	13,005
Total from other activities	94,889	167,917	-	62,523	325,329	441,448	-	(116,119)	(129,386)
2009	87,372	158,348	-	60,428	306,148	435,534	-	(129,386)	-

The Association did not receive any income or incur any expenditure in respect of the following activities: Wider Role, Support, Care and Developments for Sale. (2009-Nil)

4. Taxation

The Association has been granted charitable status by the Inland Revenue and is not subject to corporation tax on its exempt activities.

	Opening Balance £	Expenditure £	Transfer to Income Expenditure Account £	Closing Balance £
5. Designated reserves				
Major repairs reserve	1,906,767	(906,199)	326,629	1,327,197
Cyclical maintenance reserve	228,668	(58,061)	77,627	248,234
Service replacement reserve	156,557	(9,668)	52,593	199,482
	2,291,992	(973,928)	456,849	1,774,913

HORIZON HOUSING ASSOCIATION LIMITED
NOTES to the ACCOUNTS (Contd.)
for the year ended 31st March 2010

6. Tangible fixed assets	Housing Properties held for Letting £	Housing properties in course of Construction £	Completed Shared Ownership Housing Property £	Shared Ownership in course of Construction £	Housing properties Total £	Heritable office property £	Furniture and equipment £	Motor vehicles £	Other Fixed Assets Total £	Grand Total £
Cost										
As at 1 st April 2009	48,423,466	610,963	1,147,173	-	50,181,602	505,707	119,527	124,255	749,489	50,931,091
Additions during year	1,050,725	1,208,061	(22,809)	-	2,258,786	-	5,835	54,389	60,224	2,319,009
Disposals/Revaluation	-	-	-	-	(22,809)	-	-	(88,110)	(88,110)	(110,919)
Transfers	-	-	-	-	-	-	-	-	-	-
At 31st March 2010	49,474,191	1,819,024	1,124,364	-	52,417,579	505,707	125,362	90,534	721,603	53,139,181
Housing Association Grant										
At 1 st April 2009	37,402,269	401,490	933,827	-	38,737,586	-	1,897	-	1,897	38,739,483
Additions during year	706,280	1,260,491	(16,834)	-	1,966,771	-	-	-	-	1,966,770
Repaid and abated during year	-	-	-	-	(16,834)	-	-	-	-	(16,834)
Transfers	-	-	-	-	-	-	-	-	-	-
At 31st March 2010	38,108,549	1,661,981	916,993	-	40,687,523	-	1,897	-	1,897	40,689,420
Depreciation										
At 1st April 2009	1,249,691	-	30,132	-	1,279,823	60,103	111,194	86,195	257,492	1,537,315
Provided during year	180,210	-	3,029	-	183,229	6,682	4,421	22,634	33,737	216,976
Disposals/Revaluation during year	-	-	(590)	-	(590)	-	-	(39,558)	(39,558)	(40,148)
At 31st March 2010	1,429,901	-	32,571	-	1,462,472	66,785	115,615	69,271	257,671	1,714,143
Net book value										
As at 31st March 2010	9,935,742	157,043	174,800	-	10,267,585	438,922	7,850	21,263	468,035	10,735,620
As at 31st March 2009	9,771,506	209,473	183,214	-	10,164,193	445,604	6,436	38,058	490,098	10,654,291

Development administration costs capitalised amounted to £39,128 (2009 - £36,781) for which Housing Association Grants amounting to £38,754 (2009 - £nil) were received in the year. Housing Association Grants above includes no grants from other sources in the year (2009-£nil). Additions to housing properties in the course of construction include £nil (2009- £nil) of interest payable on loans advanced for those properties.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

7. Debtors	2010	2009
	£	£
Rent arrears	104,836	98,597
Less: Provision for Bad Debts	(36,634)	(27,235)
	<hr/>	<hr/>
Net Rent Arrears	68,202	71,362
Grants and mortgage advances receivable	12,237	27,093
Sundry debtors and prepayments	55,549	102,059
	<hr/>	<hr/>
	135,988	200,514
	=====	=====
8. Creditors: amounts falling due within one year		
Rents in advance	99,696	99,199
Development Creditors	334,678	104,837
Sundry creditors and accruals	133,882	242,327
Other Taxes and Social Security	1,537	7,911
Amount due to Parent	28,092	0
Amount due to Group companies	5,256	0
Service equalisation account	11,004	4,030
Current instalments due on loans	234,458	214,398
	<hr/>	<hr/>
	848,603	672,702
	=====	=====
9. Creditors: amounts falling due after more than one year		
Housing loans	10,266,918	9,494,751
	=====	=====
The current instalments due on the above loans are included in note 8 above.		
Total housing loans (see note 10)	10,501,376	9,709,149
	=====	=====
Due within one year	234,458	214,398
Due within 2-5 years	1,056,537	950,249
Due after 5 years	9,210,381	8,544,502
	<hr/>	<hr/>
	10,501,376	9,709,149
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

10. Loans	2010	2009
	£	£
Loans secured by a charge on some of the Association's housing land and buildings		
i) Loans other than instalment loans, which fall to be repaid after 31st March 2015 (2009 - 31st March 2014)		
Loans advanced by the Scottish Government	2	2
These loans fall to be repaid in March 2042 and November 2049. No interest is payable.		
ii) Loans repayable by instalments where the last instalment falls to be repaid after 31st March 2015 (2009- 31st March 2014)		
Loans advanced by Private Lenders	10,501,374	9,709,147
The loans are repayable by instalments of principal and interest, and fall to be repaid within 30 years. The loans bear interest at rates between 0.81% and 5.82% (2009 1.92% and 6.05%)		
	-----	-----
	10,501,376	9,709,149
	=====	=====
11. Share capital	2010	2009
	£	£
Shares of £1 each issued and fully paid		
At 1st April 2009	125	117
Issued during the year	5	13
Disposed during the year	(35)	(5)
	-----	-----
At 31st March 2010	95	125
	=====	=====

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.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

12. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to £7m (2009 - £Nil).

13. Employees

	2010	2009
	£	£
Staff costs during year:		
Wages and salaries	847,810	831,215
Social security costs	66,222	65,743
Other pension costs	112,435	107,601
	<u>1,026,467</u>	<u>1,004,559</u>
	=====	=====
	No.	No.
Average Full Time Equivalent number of employees of the Association including staff on an agency basis during the year was	29	30
	===	===

The Directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee whose total emoluments exceed £60,000 per year.

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	80,864	80,442
	=====	=====
Emoluments payable to Highest Paid Director (excluding pension contributions)	70,558	70,314
	=====	=====

No member of the Management Committee received any emoluments in respect of their services to the Association. One (2009-One) staff member is included in the first total, with paid emoluments excluding pension contributions of over £60,000.

The Directors, excluding members of the Management Committee, are ordinary members of the Association's pension scheme described below. No enhanced or special terms apply to their memberships and they have no other pension arrangements to which the Association contributes. The Association's contributions for the Directors in the year amounted to £10,306 (2009 - £10,128).

	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	1,407	1,529
	=====	=====
Management Committee	3,118	2,015
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

Pensions

General

The Association participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme currently operates with three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1st April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 2009.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its obligations as they fall due.

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

During the accounting period, the Association paid contributions at the rate of 15.4%. Member contributions were 7.7% for the period.

As at the balance sheet date, there were 26 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of the underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

Pensions (contd.)

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

Financial assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
a. Investment return pre retirement	7.2
b. Investment return post retirement	4.9
c. Rate of salary increases	4.6
d. Rate of pension increases	
pensions accrued pre 6 April 2005	2.6
pensions accrued from 6 April 2005	2.25
(for leavers before 1/10/93 pension increases are 5.00% pa)	
e. Rate of price inflation	2.6

Valuation results

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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

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

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

Pensions (contd.)

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	23.1 comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9 comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9 comprising employer contributions of 11.9% and member contributions of 6.0%

Following a change in legislation in September 2005 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 buyout 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 contributions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the scheme as at 30 September 2009. As of this date, the estimated employer debt for the Association was £3,362,318.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

14. Auditors Remuneration	2010	2009
	£	£
The remuneration of the auditors for the year (including expenses and VAT) in respect of audit services	7,027	7,300
The remuneration of the auditors for the year (including expenses and VAT) in respect of other services	-	-
	<u>7,027</u>	<u>7,300</u>
	=====	=====
15. Revenue reserves	2010	2009
	£	£
Balance at 1st April 2009	(196,329)	(130,744)
(Deficit)/surplus for year	(340,529)	(181,488)
Net transfer from/(to) designated reserves	517,079	115,903
	<u>(19,779)</u>	<u>(196,329)</u>
	=====	=====
16. Reconciliation of operating surplus to net cash inflow from operating activities	2010	2009
	£	£
Operating Surplus	17,843	293,646
Loss on disposal of fixed assets	(11,946)	-
Depreciation	216,972	225,687
Decrease/(increase) in debtors	50,306	(11,685)
(Decrease)/increase in creditors	(74,000)	129,090
Decrease/(increase) in stock	903	(2,436)
	<u>200,078</u>	<u>634,302</u>
	=====	=====
17. Reconciliation of net cash flow to movement in debt	2010	2009
	£	£
Increase/(decrease) in cash in year	591,610	(509,891)
Cash flow from increase in liquid resources	-	-
Loan repaid	207,773	152,295
Cash received from new loans	(1,000,000)	-
	<u>(200,617)</u>	<u>(357,596)</u>
Change in net debt		
Net debt at 1 April 2009	<u>(8,307,846)</u>	<u>(7,950,250)</u>
	=====	=====
Net debt at 31 March 2010	<u>(8,508,463)</u>	<u>(8,307,846)</u>
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

18. Analysis of changes in financing during the year

	As at 1 April 2009 £	Cashflows £	At 31 March 2010 £
Cash at bank and in hand (*)	1,001,303	591,610	1,592,913
Term deposit	400,000	-	400,000
Mortgages receivable (included in debtors)	-	-	-
Debt due within one year	(214,398)	(20,060)	(234,458)
Debt due outwith one year	(9,494,751)	(772,167)	(10,266,918)
	<u>(8,307,846)</u>	<u>(200,617)</u>	<u>(8,508,463)</u>
	=====	=====	=====

(*) Cash at bank and in hand in the balance sheet includes term deposits of £400,000 (2009 - £400,000) which are not classified as cash under FRS1 (Revised 1996)

19. Housing Units

	2010		2009	
	Newbuild	Rehab	Newbuild	Rehab
General Needs	722	2	714	2
Shared Ownership	26	-	27	-
Supported bedspaces in Residential Accommodation	25	-	25	-
Total	<u>773</u>	<u>2</u>	<u>766</u>	<u>2</u>
	===	===	===	===

20. Disposal of Fixed Assets

	2010			2009		
	<u>Proceeds from Sale</u>	<u>Cost of Sales</u>	<u>Profit on Sale</u>	<u>Proceeds from Sale</u>	<u>Cost of Sales</u>	<u>Profit on Sale</u>
	£	£	£	£	£	£
Housing Accommodation	23,750	22,614	1,136	-	-	-
Other Fixed Assets	35,471	48,553	(13,082)	-	-	-
	<u>59,221</u>	<u>71,167</u>	<u>(11,946)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====

The profit on disposal of Housing Accommodation in 2010 relates to one shared ownership staircasing sale. The loss on disposal of Other Fixed Assets in 2010 relates to the sale of five motor vehicles.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2010

21. Contingent Liabilities

Pensions

Horizon Housing Association Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Horizon Housing Association Limited was £3,362,318. The Association has no current plans to withdraw from the scheme.

At 31 March 2010 the Association had no other contingent liabilities (2009 – Nil).

22. Related Parties

As a wholly owned subsidiary of Link Group Limited the Association is exempt from the requirements of FRS 8 to disclosed details of transactions with other members of the group headed by Link Group Limited.

23. Ultimate Parent Organisation

The company's parent undertaking at the balance sheet date was Link Group Limited, a charitable Industrial and Provident Society registered with the Financial Services Authority, registration no 1481(R) S. Link Group Limited exercises dominant control through its ability to control the majority of the membership of the Committee of Management.