



HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

For The Year Ended 31 March 2011

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 2011

Contents	Page Number
Committee Members and Advisors	2
Report of the Management Committee	3 - 8
Report of the Auditors on Corporate Governance Matters	9
Report of the Auditors to the Members	10
Income and Expenditure Account	11
Balance Sheet	12
Cash Flow Statement	13
Accounting Policies and Notes to the Accounts	14 - 27

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 2011

Committee of Management

Mr D A McPhail (Chairperson)

Mr G Harper (Vice Chairperson)

Mr W Gunn

Mr P Croft O.B.E.

Mr W F Rochford

Mr M C Rodgers

Ms A Laan-Ra

Mrs M Potter

Mr R B Hartness

Ms J Pritchard (elected October 2010)

Executive Officers

Mr J Watt – Chief Executive & Secretary (until 31 May 2010)

Ms J Fitzpatrick – Managing Director & Secretary (from 1 June 2010)

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

Scott-Moncrieff Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

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 2011

The Committee has pleasure in presenting its report for the year ended 31 March 2011.

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 had a very productive year, completing a total of 67 properties for rent and 10 for Shared Equity sale in the year. There were 10 properties for rent at Malloy Court, Denny, with 2 of those being suitable for wheelchair users. Horizon also delivered 44 properties for rent, of which 14 are suitable for wheelchair users and 10 for Shared Equity sale at Myreside Street, Carnynte in Glasgow.

In addition, 4 properties were completed to wheelchair user standard at Almondbank Drive, Livingston in association with the West Lothian Strategic Alliance (WLSA – Horizon HA, Almond HA, West Lothian Housing Partnership and Weslo). A further 9 properties were completed at Ruchill, Glasgow in partnership with Maryhill Housing Association and Bellway Homes, of which 5 are suitable for wheelchair users.

The number of properties managed by Horizon was 834 at 31st March 2011. This includes 15 units for shared accommodation for people with support needs; 24 shared ownership properties and 21 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 2011, the Association had 3 detached bungalows, designed to wheelchair user standard, at Ettive Walk, Livingston under construction in association with the West Lothian Strategic Alliance, which were handed over in April 2011.

Business Review

Our Vision and Strategic Aims

Horizon's vision is to promote and provide affordable housing and services that enable people, irrespective of impairment, to live full independent lives in the community of their choice.

What we do, and how we do it, is driven by our underpinning values. We believe that:

- We are all different, equal and valuable
- Access to housing and services in the community of your choice should not be determined by impairment.
- Disabled people have a right to participate fully in society – to be in the mainstream.
- Disabled people should have the right to housing, services and facilities to enable independent living.

Horizon's aims mirror those of the Link Group:

- To provide excellent **CUSTOMER SERVICE** coupled with monitoring and improving performance.
- To support **GROWTH** across the Group in service provision, housing supply and services for disabled people, and activities and products that add value.
- To improve our operational **EFFICIENCY** to increase and strengthen our financial capacity to grow our extended services and activities in support of our objectives.
- To adopt a strategic **MARKETING** approach, engaging with relevant stakeholders to assist in development of Horizon, and the Group, and positively **INFLUENCING** housing, care and regeneration decisions.
- To develop our **PEOPLE** to improve capacity to support and deliver business aims.

Revised strategic objectives have been developed from: Committee discussions and decisions regarding business development strategy; the Committee annual strategic planning day, held in December; a senior staff focus session in July; and views on the vision, objectives and priorities developed at Horizon's staff conference in October.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2011

Horizon's strategic objectives are:

- Continue to improve the range, quality and accessibility of services and products for people who use, or may use, Horizon services.
- Increase the supply and availability of accessible, integrated, housing for disabled people, especially wheelchair users.
- Widen housing and tenure choice for disabled people, for example ensuring inclusion in alternative tenure products, developing new models or mainstreaming pilot projects.
- Further develop recognition and respect for Horizon's expertise in enabling independent living for disabled and older people.
- Continue to develop our asset management strategy, seek efficiencies and additional income streams to underpin financial strength, sustainability and business growth.
- Develop the capacity and potential of staff, Committee members and tenants to contribute to organisational and service development
- Explore the growth potential of Horizon's in-house maintenance team and Care and Repair service.

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.

During the year, the sub-committee structure was reviewed and, with effect from 1 April 2011, the Corporate Services, Development and Housing Services sub-committees have been disbanded with their responsibilities assumed by the Management Committee and a new Finance, Audit and Risk sub-committee has been created.

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.

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

Horizon is a subsidiary of the Link Group Limited (a Registered Social Landlord). Ultimate responsibility for the conduct and control of the Group and its subsidiaries rests with the Group Board, while an Independence and Responsibilities Agreement sets out conditions for the autonomous operation of the Association within the Group.

There was one new committee member elected during the year.

3. Performance Management

The Association strives for continuous improvement across its business activities. As part of the Business Planning process, performance targets and Key Performance Indicators (KPIs) are established in consultation with staff. Performance against KPI targets is monitored on a quarterly basis by Committee and reported to tenants and members in our Annual Report. We benchmark our performance in a number of key areas against the performance of the other Link Group subsidiaries and with other Registered Social Landlords (RSLs). Performance against Business Plan objectives is also monitored quarterly by the Senior Team and twice yearly by the Committee. Performance is managed at a team level through regular team meetings, and individual staff performance is developed and appraised at twice yearly reviews. The appraisal system is being reviewed and improved by a staff working and a new system will be introduced from September 2011.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2011

4. Risk Management

The Management Committee, through a Risk Management Working Group has conducted a thorough risk mapping exercise, (analysis of risks facing the Association) identified the risks and prioritised the medium and high level risks which require regular monitoring by the Management Committee. The new Finance, Audit and Risk Committee has responsibility for monitoring and review of risks during the year, with the outcome of this reported to the Management Committee.

The Association has benefited from the input of Link Group's Risk and Compliance Officer who during the year conducted an audit of Corporate Governance. This was satisfactory, with recommendations taken into account in developing the Business Plan for 2011/12 – 14/15.

5. Housing Services

Performance on delivery of housing management services has again been very good this year. In 2010/11 our target for rent arrears was again 1.9% (2010 1.9%) of rental income (excluding technical arrears such as delays in the payment of Housing Benefit). Our actual performance at 31st March 2011 was 1.59%, compared with 1.45% last year.

In 2010/11 we had a total of 56 void houses (2010 – 53) which resulted in an income loss of £12,896 (2010 - £8,511), representing a loss of 0.5% (2010 - 0.25%) of rental income for the year. The average time taken to re-let a property was 14 days (2010 – 12 days) which met our target of 14 days. This excludes properties that required major repairs.

We also let 63 new properties in the year (2010 – 8) within 3 to 4 days of handover on average, which was in line with our target of 4 days.

Our waiting list for housing continues to outstrip the supply of available housing. At 31 March 2011, we had 778 applicants on our housing list (2010 - 669). Over the year we had 690 new applications to assess (2010 – 516) 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. In 2010, a programme of annual estate visits was implemented, where tenants are invited to accompany staff in inspecting the development, and to provide written or verbal feedback on estate management. Work was also carried out to increase the feedback from tenants about satisfaction with repairs.

The Tenant Participation Strategy and Action Plan will be reviewed in 2011 and include further development of resident involvement in planned maintenance programmes and proposals for a tenant conference in 2011.

There are currently three tenant members on our Management Committee.

7. Property Maintenance

The Association's reactive repairs performance met or exceeded its targets. This was true for the performance of contractors and of Horizon's in house Maintenance Staff .

All emergency repairs were carried out within the target timescale of 100% attendance within 7 hours (2010 – 100%). For urgent repairs 99% (2010 – 99%) of jobs were completed within the 3 day timescale against a target of 95%; and for routine repairs 100% (2010 -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 2010/11 we invested £0.8m (2010 - £0.9M) in the planned maintenance and improvement of our existing properties , including a programme of kitchen, bathroom and boiler replacements.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2011

8. Development Programme

During 2010/11 a total of £7.4m (2010 - £2.3m) was spent, of which £4.3m (2010 - £2m) was funded by grants received from the Scottish Government. This includes £5.7m of expenditure on projects at Myreside Street, Carntyne and Malloy Court, Denny, with grant of £3.1m. In addition, 4 properties Almondbank Court, Livingston were developed in association with the West Lothian Strategic Alliance, at a total cost of £0.5m, of which £0.3m was grant funded by the Scottish Government. A further 9 properties were developed at Ruchill, Glasgow in partnership with Maryhill Housing Association and Bellway Homes, with £0.9m of grant funding from Glasgow City Council.

The Association achieved 90% (2010 - 99%) of its Grant Planning Target (GPT), with the variance relating to the Stage 3 adaptation programme. A total of £0.90m of HAG was spent on our Stage 3 adaptation programme, with 56 households assisted through this service. The Association achieved 100% of its Grant Planning Target for the new build programme at Denny and Carntyne.

In 2010, the West Lothian Development Alliance (Almond, Horizon and Weslo) achieved preferred developer status for West Lothian, and the Mutual Development Agreement has been renegotiated such that Horizon will receive 30% of properties developed after completion of the current development programme.

9. Care and Repair

Horizon continues to provide the Care and Repair Service in West Lothian on behalf of West Lothian Council, and to older people in West Lothian. The service provided adaptations for 117 owners, a key safe fitting and removal service for 504 home owners and a Home Safety Unit uplift service for 557 clients. In addition a valued small repairs service assisted 353 older people across tenures to remain safely in their homes. These services performed well against targets agreed with the Council, with a slightly lower than anticipated number of adaptations completed in the year.

The Care and Repair Service also co-ordinates the adaptations service for Horizon's tenants, and this has improved the speed, quality and consistency of service offered.

10. 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 2011 £5.6 million (54%) of borrowings with external funders 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

Horizon has adopted a new Business Plan which recognises that grant funding for housing development is greatly reduced, as are average subsidy levels. In such a climate Horizon has recognised that its future housing development opportunities are likely to be opportunistic, with the exception of the West Lothian Development Alliance.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2011

Future Developments (continued)

In 2011 a bid will be submitted to the Scottish Government for investment in a development at Charles Crescent, Boghall which includes 2 properties for wheelchair use to be acquired by Horizon.

Beyond West Lothian, we plan to focus efforts on influencing the development proposals of parent company Link Group to procure new housing with a view to increasing the supply of housing for both wheelchair users and other disabled people. In addition we will work in partnership with Link Group and Ownership Options in Scotland to expand the tenure options open to disabled people in an increasingly difficult housing and financial environment. We expect this to result in Horizon's acquisition of up to 5 properties for shared ownership in 2011.

In 2011 we will also explore the growth potential of two of our core services – the In House Maintenance Team, and the Care and Repair Service.

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. A Health and Safety Staff Group meets bi-monthly to review all health and safety matters, and the Management Committee receives quarterly reports on any incidents or accidents.

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 two shared ownership staircasing sales in the year (2010 – one). Three properties at Myreside Street, Carnyne were sold on a shared equity basis, with grant funding from Glasgow City Council.

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.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

For The Year Ended 31 March 2011

Statement of committee's responsibilities

Housing association legislation requires the committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for the period ended on that date. In preparing those financial statements the committee are required to:-

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

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

The committee 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.

Internal Financial Controls

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

Re-Appointment of Auditors

As a result of Horizon Housing Association joining Link Group, the Management Committee appointed the group auditors Scott-Moncrieff during the year. The Management Committee recommends to members, the re-appointment of Scott-Moncrieff as Auditors.

ON BEHALF OF THE COMMITTEE OF MANAGEMENT



J FITZPATRICK

Secretary

Registered Office:

Leving House,

Fairbairn Place,

Livingston, EH54 6TN

Date: 9 June 2011

HORIZON HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
HORIZON HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2011**

In addition to our audit of the Financial Statements, we have reviewed your Statement on Page 8 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin 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

In our opinion, your statement on internal financial control on page 8 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Date : 9 June 2011

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF HORIZON HOUSING ASSOCIATION LIMITED

For The Year Ended 31 March 2011

We have audited the financial statements of Horizon Housing Association Limited for the year ended 31 March 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

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 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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of committee and auditors

As explained more fully in the Management Committee Responsibilities statement set out on page 8, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

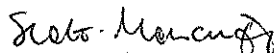
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Committee 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 Association's affairs as at 31 March 2011 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.



Scott- Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date: 9 June 2011

HORIZON HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31st March 2011

	Notes	2011		2010	
		£	£	£	£
Turnover	2		3,341,890		2,877,779
<u>Less: Operating costs</u>	2		(3,140,808)		(2,859,936)
Operating surplus			201,082		17,843
Gain / (Deficit) on Disposal of Fixed Assets	20		15,074		(11,946)
Interest receivable		1,750		4,322	
Interest payable		(400,431)		(350,748)	
			(398,681)		(346,426)
(Deficit)/surplus on ordinary activities before taxation			(182,525)		(340,529)
Taxation	4		-		-
(Deficit)/surplus for the year	15		(182,525)		(340,529)

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 27 form part of these accounts.

All results relate wholly to continuing activities.

HORIZON HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31st March 2011

	Notes	2011		2010	
		£	£	£	£
Tangible fixed assets					
Housing properties - gross cost less depreciation	6		57,848,623		50,955,108
<u>Less: HAG and other grants</u>	6		(44,740,194)		(40,687,523)
			13,108,429		10,267,585
Other fixed assets	6		509,173		468,035
			13,617,602		10,735,620
Current assets					
Work in Progress		520,601		-	
Stock		3,389		6,229	
Debtors	7	2,305,882		135,988	
Cash at bank and in hand		252,625		1,992,913	
		3,082,497		2,135,130	
Current liabilities					
Creditors: Amounts falling due within one year	8	(1,021,528)		(848,603)	
Net current assets			2,060,969		1,286,527
Total assets less current liabilities			15,678,571		12,022,147
Creditors: Amounts falling due after more than one year	9		(14,105,870)		(10,266,918)
Net assets			1,572,701		1,755,229
Capital and Reserves					
Share capital	11		92		95
Designated reserves	5		1,428,399		1,774,913
Revenue reserves	15		144,210		(19,779)
			1,572,701		1,755,229

Approved and authorised for issue by the Management Committee on 9 June 2011 and signed on its behalf by:

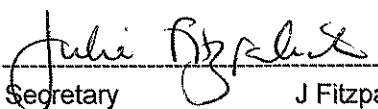


 Committee Member



 Committee Member

The notes on pages 14 to 27 form part of these accounts.



 Secretary J Fitzpatrick

HORIZON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31st March 2011

	Notes	2011		2010	
		£	£	£	£
Net cash inflow from operating activities	16		13,742		200,078
Return on investment and servicing of finance					
Interest received		2,737		3,685	
Interest paid		(400,431)		(350,748)	
		-----	(397,694)	-----	(347,063)
Capital expenditure					
Payments to acquire housing stock		(7,354,824)		(2,028,945)	
Payments to acquire other fixed assets		(97,079)		(60,223)	
HAG & other capital grants received		2,176,208		1,981,628	
Receipts from sale of fixed assets		130,877		70,737	
Repayment of Capital Grants		(59,512)		(16,834)	
		-----	(5,204,330)	-----	(53,637)
			(5,588,282)		(200,622)
			-----		-----
Management of liquid resources					
Cash withdrawn from term deposit		400,000		-	
		-----	400,000	-----	-
Financing					
New mortgage loans		4,085,040		1,000,000	
Mortgage repayments		(237,048)		(207,773)	
Movement in share capital		2		5	
		-----	3,847,994	-----	792,232
(Decrease)/increase in cash			(1,340,288)		591,610
			=====		=====

The notes on pages 14 to 27 form part of these accounts

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS

For the year ended 31st March 2011

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 historical 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 2011

(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

First tranche sales of shared ownership properties are treated as sales of current assets, with proceeds being credited to turnover and costs to cost of sales in the Income and Expenditure Account. 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 2011

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

	Turnover £	Operating Costs £	2011 Operating Surplus/ (deficit) £	2010 Operating Surplus/ (deficit) £
Income and expenditure from social lettings	2,797,806	2,588,649	209,157	133,962
Income and expenditure from other activities (note 3b)	544,084	552,159	(8,075)	(116,119)
Total surplus before taxation	3,341,890	3,140,808	201,082	17,843
2010	2,877,779	2,859,936	17,843	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

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

	Housing Accommodation £	Shared Ownership £	Special Needs Accommodation £	Total 2011 £	Total 2010 £
Income from social lettings					
Rent receivable net of identifiable Service Charges	2,440,943	26,968	55,317	2,523,228	2,348,264
Service Charges Receivable	203,744	9,894	-	213,638	212,697
	-----	-----	-----	-----	-----
Gross income from rents and service charges	2,644,687	36,862	55,317	2,736,866	2,560,961
Less: Voids	(12,896)	-	-	(12,896)	(8,511)
	-----	-----	-----	-----	-----
Net income from rents and service charges	2,631,791	36,862	55,317	2,723,970	2,552,450
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue grants	73,836	-	-	73,836	-
	-----	-----	-----	-----	-----
Total turnover from social letting activities	2,705,627	36,862	55,317	2,797,806	2,552,450
	-----	-----	-----	-----	-----
Expenditure on social letting activities					
Management and maintenance administration costs	934,976	3,705	6,139	944,820	731,751
Service costs	171,691	5,846	-	177,537	172,660
Planned and cyclical maintenance including major repair costs	788,838	-	4,200	793,038	902,394
Reactive Maintenance costs	407,403	-	8,413	415,816	403,690
Bad Debts – Rents and Services	10,204	-	-	10,204	24,753
Bad Debts - Repairs	12,850	-	-	12,850	-
Depreciation of social housing	231,612	2,701	71	234,384	183,240
	-----	-----	-----	-----	-----
Operating costs for social letting activities	2,557,574	12,252	18,823	2,588,649	2,418,488
	-----	-----	-----	-----	-----
Operating surplus on social letting activities	148,053	24,610	36,494	209,157	133,962
	=====	=====	=====	=====	=====
2010	69,177	24,169	40,616	133,962	-
	=====	=====	=====	=====	-----

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2010 - £nil).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

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 £	Operating surplus or (deficit) 2011 £	Operating surplus or (deficit) 2010 £
Care and repair	-	173,369	-	-	173,369	173,369	-	-
Factoring	-	-	-	8,846	8,846	3,336	5,510	5,139
Agency services for registered social landlords	-	-	-	41,230	41,230	1,537	39,693	(26,547)
Stage 3 Adaptations	87,887	-	-	-	87,887	89,391	(1,504)	(21,945)
Shared Equity Sales	-	-	-	225,450	225,450	223,115	2,335	-
Other activities - new initiatives	-	-	-	-	-	57,457	(57,457)	(82,535)
Other activities	-	-	-	7,302	7,302	3,954	3,348	9,769
Total from other activities	87,887	173,369	-	282,828	544,084	552,159	(8,075)	(116,119)
2010	94,889	167,917	-	62,523	325,329	441,448	(116,119)	

The Association did not receive any income or incur any expenditure in respect of the following activities: Wider Role, Support and Care. (2010-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	1,327,197	(767,234)	356,434	916,397
Cyclical maintenance reserve	248,234	(67,752)	84,612	265,094
Service replacement reserve	199,482	(5,167)	52,593	246,908
	1,774,913	(840,153)	493,639	1,428,399

HORIZON HOUSING ASSOCIATION LIMITED
NOTES to the ACCOUNTS (Contd.)
for the year ended 31st March 2011

6. Tangible fixed assets	Housing Properties held for Letting £	Housing properties in course of Construction £	Completed Shared Ownership 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 2010	49,474,192	1,819,024	1,124,364	-	52,417,580	505,707	125,362	90,534	721,603	53,139,181
Additions during year	1,777,044	5,656,731	-	-	7,433,775	-	12,037	85,042	97,079	7,530,854
Disposals/Revaluation Transfers	(188,714) 7,471,284	- (7,471,284)	(123,605) -	-	(312,319) -	-	-	(90,534) -	(90,534) -	(402,853) -
At 31st March 2011	58,533,806	4,471	1,000,759	-	59,539,036	505,707	137,399	85,042	728,148	60,267,184
Housing Association Grant										
At 1 st April 2010	38,108,549	1,661,981	916,993	-	40,687,523	-	1,897	-	1,897	40,689,420
Additions during year	1,241,754	3,081,895	-	-	4,323,649	-	-	-	-	4,323,649
Repaid and abated during year Transfers	(165,919) 4,743,876	- (4,743,876)	(105,059) -	-	(270,978) -	-	-	-	-	(270,978) -
At 31st March 2011	43,928,260	-	811,934	-	44,740,194	-	1,897	-	1,897	44,742,091
Depreciation										
At 1st April 2010	1,429,901	-	32,571	-	1,462,472	66,785	115,615	69,271	251,671	1,714,143
Provided during year	231,687	-	2,701	-	234,388	6,678	6,740	21,260	34,678	269,066
Disposals/Revaluation during year	(4,062)	-	(2,385)	-	(6,447)	-	-	(69,271)	(69,271)	(75,718)
At 31st March 2011	1,657,526	-	32,887	-	1,690,413	73,463	122,355	21,260	217,078	1,907,491
Net book value										
As at 31st March 2011	12,948,020	4,471	155,938	-	13,108,429	432,244	13,147	63,782	509,173	13,617,602
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

Development administration costs capitalised amounted to £31,082 (2010 - £39,128) for which Housing Association Grants amounting to £8,371 (2010 - £38,754) were received in the year. Housing Association Grants above includes grants of £162,648 from other sources in the year (2010-£nil). Additions to housing properties in the course of construction include £nil (2010- £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 2011

7. Debtors	2011	2010
	£	£
Rent arrears	113,358	104,836
Less: Provision for Bad Debts	(24,651)	(36,634)
	-----	-----
Net Rent Arrears	88,707	68,202
Grants and mortgage advances receivable	2,159,675	12,237
Sundry debtors and prepayments	55,599	55,549
Amounts due from Group company	1,901	-
	-----	-----
	2,305,882	135,988
	=====	=====

Included in grants and mortgage advances receivable is an amount of £0.6m of grant due from Glasgow City Council which may be received after one year.

8. Creditors: amounts falling due within one year

Rents in advance	97,910	99,696
Development Creditors	428,840	334,678
Sundry creditors and accruals	217,822	133,882
Other Taxes and Social Security	237	1,537
Amount due to Parent	11,495	28,092
Amount due to Group companies	18,558	5,256
Service equalisation account	3,167	11,004
Current instalments due on loans	243,499	234,458
	-----	-----
	1,021,528	848,603
	=====	=====

9. Creditors: amounts falling due after more than one year

Housing loans	14,105,870	10,266,918
	-----	-----

The current instalments due on the above loans are included in note 8 above.

Total housing loans (see note 10)	14,349,369	10,501,376
	-----	-----

Due within one year	243,499	234,458
Due within 2-5 years	5,182,629	1,056,537
Due after 5 years	8,923,241	9,210,381
	-----	-----
	14,349,369	10,501,376
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

10. Loans	2011	2010
	£	£
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	10,264,327	10,501,374
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 1.028% and 5.82% (2010 - 0.81% and 5.82%)		
Link Group Inter-company loan	4,085,040	-
	-----	-----
	14,349,369	10,501,376
	=====	=====
11. Share capital	2011	2010
	£	£
Shares of £1 each issued and fully paid		
At 1st April 2010	95	125
Issued during the year	5	5
Disposed during the year	(8)	(35)
	-----	-----
At 31st March 2011	92	95
	=====	=====

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 2011

12. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to £0.4m (2010 - £7m).

13. Employees

	2011	2010
	£	£
Staff costs during year:		
Wages and salaries	932,328	847,810
Social security costs	75,092	66,222
Other pension costs	97,845	112,435
	<u>1,105,265</u>	<u>1,026,467</u>

	No.	No.
Average Full Time Equivalent number of employees of the Association including staff on an agency basis during the year was	<u>32</u>	<u>29</u>

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

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>103,543</u>	<u>80,864</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>101,787</u>	<u>70,558</u>

No member of the Management Committee received any emoluments in respect of their services to the Association. One (2010-One) staff member is included in the first total, with paid emoluments excluding pension contributions of over £60,000.

Included in aggregate emoluments payable to directors of £103,543 above, is £71,217 paid to the former Chief Executive as compensation for loss of office.

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 former Chief Executive in the year amounted to £8,698 (2010 - £10,306).

	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	<u>460</u>	<u>1,407</u>
Management Committee	<u>2,426</u>	<u>3,118</u>

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

Pensions

General

The Association participates in the Scottish Housing Associations' Pension Scheme (formerly known as 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 Pension scheme. The Scheme offers five benefit structures to employers, namely:

Final salary with a 1/60th accrual rate; Career average revalued earnings with a 1/60th accrual rate; a 1/70th accrual rate; a 1/80th accrual rate; and a 1/120th accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. The Association has elected to operate the Final salary with 1/60th accrual rate benefit option for active members. From April 2011, new employees will be offered the career average revalued earnings with a 1/120th accrual rate, contracted in.

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 pension obligations as they fall due.

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

As at the balance sheet date there were 25 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 underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

Pensions (contd.)

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30th September 2009 were as follows:-

- Investment return pre retirement		7.40% per annum
- Investment return post retirement - Non-pensioners		4.60% per annum
- Investment return post retirement - Pensioners		4.80% per annum
- Rate of salary increases		4.50% per annum
- Rate of pension increases	- pension accrued pre 6 April 2005	2.90% per annum
	- pension accrued from 6 April 2005	2.20% per annum
	(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation		3.00% per annum

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

The joint contribution rates required from employers and members to meet the cost of future benefit accrual for the final salary 60ths benefit structure was assessed as 19.2%.

This is split equally between employers and members. Accordingly the contribution rates for the Final salary 60ths benefit structure from 1 April 2011 is 9.6% employer contributions and 9.6% member contributions.

There is an additional employer rate for deficit contributions of 10.4% expressed in nominal pound terms for each employer increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.

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 buy-out debt.

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

The Association 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 2010. As of this date the estimated employer debt for the Association was £3,451,090.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

14. Auditors Remuneration	2011	2010
	£	£
The remuneration of the auditors for the year (including expenses and VAT) in respect of audit services	8,493	7,027
The remuneration of the auditors for the year (including expenses and VAT) in respect of other services	-	-
	-----	-----
	8,493	7,027
	=====	=====
15. Revenue reserves	2011	2010
	£	£
Balance at 1st April 2010	(19,779)	(196,329)
(Deficit)/surplus for year	(182,525)	(340,529)
Net transfer from designated reserves	346,514	517,079
	-----	-----
Balance at 31st March 2011	144,210	(19,779)
	=====	=====
16. Reconciliation of operating surplus to net cash inflow from operating activities	2011	2010
	£	£
Operating Surplus	201,082	17,843
Gain/(Loss) on disposal of fixed assets	15,074	(11,946)
Depreciation	269,066	216,972
(Increase)/Decrease in debtors	(23,442)	50,306
Increase/(Decrease) in creditors	69,723	(74,000)
Decrease/(increase) in stock and work in progress	(517,761)	903
	-----	-----
Net cash inflow from operating activities	13,742	200,078
	=====	=====
17. Reconciliation of net cash flow to movement in debt	2011	2010
	£	£
(Decrease)/increase in cash in year	(1,340,288)	591,610
Cash flow from increase in liquid resources	(400,000)	-
Loan repaid	237,048	207,773
Cash received from new loans	(4,085,040)	(1,000,000)
	-----	-----
Change in net debt	(5,588,280)	(200,617)
Net debt at 1 April 2010	(8,508,463)	(8,307,846)
	-----	-----
Net debt at 31 March 2011	(14,096,743)	(8,508,463)
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

18. Analysis of changes in financing during the year

	As at 1 April 2010 £	Cashflows £	At 31 March 2011 £
Cash at bank and in hand (*)	1,592,913	(1,340,288)	252,625
Term deposit	400,000	(400,000)	-
Mortgages receivable (included in debtors)	-	-	-
Debt due within one year	(234,458)	(9,041)	(243,499)
Debt due outwith one year	(10,266,918)	(3,838,951)	(14,105,869)
	<u>(8,508,463)</u>	<u>(5,588,280)</u>	<u>(14,096,743)</u>
	=====	=====	=====

(*) Cash at bank and in hand in the balance sheet included no term deposits (2010 - £400,000) which are not classified as cash under FRS1 (Revised 1996)

19. Housing Units

	2011		2010	
	Newbuild	Rehab	Newbuild	Rehab
General Needs	790	2	722	2
Shared Ownership	24	-	26	-
Supported bedspaces in Residential Accommodation	25	-	25	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total	839	2	773	2
	===	===	===	===

20. Disposal of Fixed Assets

	2011			2010		
	<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	110,500	98,638	11,862	23,750	22,614	1,136
Other Fixed Assets	24,475	21,263	3,212	35,471	48,553	(13,082)
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
	134,975	119,901	15,074	59,221	71,167	(11,946)
	=====	=====	=====	=====	=====	=====

The profit on disposal of Housing Accommodation in 2011 relates to two shared ownership staircasing sales and the sale of a property in Achtermuchty. The profit on disposal of Other Fixed Assets in 2011 relates to the sale of five motor vehicles.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2011

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 2010. As of this date the estimated employer debt for Horizon Housing Association Limited was £3,451,090. The Association has no current plans to withdraw from the scheme.

At 31 March 2011 the Association had no other contingent liabilities (2010 – Nil).

22. Related Parties

As a wholly owned subsidiary of Link Group Limited the Association is exempt from the requirements of FRS 8 to disclose 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.