



HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

For The Year Ended 31 March 2012

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 2012

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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 2010 Registered Number HEP 128
Scottish Charity Number	SC011534

Registered Office:

Leving House
Fairbairn Place
Livingston
EH54 6TN

HORIZON HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISORS

For The Year Ended 31 March 2012

Board 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 M.B.E.

Mr M C Rodgers

Ms A Laan-Ra

Mrs M Potter (resigned 15 September 2011)

Mr R B Hartness

Ms J Pritchard

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 Business Development (Part-time)

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 BOARD OF MANAGEMENT

For The Year Ended 31 March 2012

The Board has pleasure in presenting its report for the year ended 31 March 2012.

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 completed 3 bungalows, designed to wheelchair user standard, at Etive Walk, Livingston in association with the West Lothian Strategic Alliance, which were handed over in April 2011. In addition, a property under the Access Ownership scheme was acquired in St Leonards, East Kilbride.

The number of properties managed by Horizon was 856 at 31st March 2012. This includes 15 units for shared accommodation for people with support needs; 25 shared ownership properties, 31 properties factored for owner occupiers and 7 properties managed on behalf of Link Housing Association under the Access Ownership scheme. In addition, Horizon lets three properties on commercial leases for offices for support agencies.

Houses under Construction

At 31 March 2012, the Association had no properties under construction.

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:

- Valuing People
- Providing Homes
- Building Communities

Underpinned by:

- Working together – partnerships and influence
- Robust corporate services, financial strength and operational efficiency

Strategic objectives have been developed from: Board discussions and decisions regarding business development strategy; the Board annual strategic planning day in November; a senior staff focus session in October; and views on the vision, objectives and priorities developed at Horizon's staff conference. Horizon's objectives align with those of the Link Group and make a particular contribution to many Link Group strategic objectives.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2012

Horizon's strategic objectives are:

- Influence and work in partnership with Link Group and WLDA to increase the supply of housing for wheelchair users in integrated settings, achieving 10% of provision of their social housing and 5% of alternative tenures.
- Enhance the basic standard of inclusive design and establish an up to date design standard for wheelchair users' housing.
- Extend housing and tenure choice for disabled people by developing or delivering programmes for access to alternative tenures, providing at least 5 units per annum.
- Develop our asset management strategy to maximise sustainability, and to maintain and enhance financial strength and housing quality.
- Grow the Care and Repair Service, small repairs and other services to support older and disabled people to remain in their communities.
- Enhance the range, quality and accessibility of person centred services for people who use, or may use, Horizon services to ensure tenancy sustainment and individual and community health and wellbeing.
- Develop the capacity and potential of staff, Board members and tenants to contribute to organisational and service development.
- Establish, develop and maintain relationships and respect in all sectors for Horizon's expertise to influence the provision of accessible housing, adaptations and related services that support independent living for disabled and older people.

Operational Review

1. Corporate Governance

Horizon's Board of Management ("the Board") is elected annually by the members of the Association. The Board is responsible for setting the strategic direction of the organisation and ensuring financial control. It delegates responsibility for the monitoring of its financial and risk management activities to its Finance, Audit and Risk sub-committee ("the Audit Committee"). The members of the Board 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 Board and the monitoring of performance against the Key Performance Indicators (KPIs) agreed by the Board.

The Board 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 were no new Board members elected and one member resigned 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 by the Board on a quarterly basis 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 quarterly reports are made to the Board. Performance is managed at a team level through regular team meetings, and individual staff performance is developed and appraised at twice yearly reviews.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2012

4. Risk Management

The Board, 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 Board. The Audit Committee has responsibility for monitoring and review of risks during the year, with the outcome of this reported to the Board.

The Association has benefited from the input of Link Group's Risk and Compliance Coordinator who during the year conducted audits of the Care and Repair service and the In House Maintenance team. These were satisfactory, with recommendations taken into account in developing the Business Plan for 2012/13 – 2016/17.

5. Housing Services

Performance on delivery of housing management services has again been very good this year. In 2011/12 our target for rent arrears was again 1.9% (2011 1.9%) of rental income (excluding technical arrears such as delays in the payment of Housing Benefit). Our actual performance at 31st March 2012 was 1.62%, compared with 1.73% last year.

In 2011/12 we had a total of 41 void houses (2011 – 56) which resulted in an income loss of £7,214 (2011 – £12,896), representing a loss of 0.2% (2011 - 0.5%) of rental income for the year. The average time taken to re-let a property was 10 days (2011 – 14 days) which met our target of 15 days. This excludes properties that required major repairs.

We also let 7 new properties in the year (2011 – 63) within 3 to 4 days of handover on average, which was in line with our target of 4 days. Demand for housing continues to outstrip the supply of available housing. At 31 March 2012, we had 797 applicants on our housing list (2011 - 778). Over the year we had 618 new applications to assess (2011 – 690) with the average time taken to process these being one day, which was below our target of three working days.

6. Tenant Involvement

During the year we made good progress with a number of initiatives aimed at improving the level of our engagement with tenants and working with Link Group to increase the ways that tenants can be involved in commenting on and developing the Association's services. An programme of annual estate surveys and visits was implemented and feedback provided; a comprehensive consultation exercise was carried out on rent increase options, achieving a response from 20% of tenants; there was a high level of engagement with tenants and others at Myreside Gate, Carntyne in a joint working group to address tenant concerns and a way forward was agreed; and a joint Tenants' Conference was held with Link Group in Glasgow in March 2012, which was well attended and positively received.

There are currently two tenant members on our Board, one tenant member having resigned during the year.

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 (2011 – 100%). For urgent repairs 100% (2011 – 99%) of jobs were completed within the 3 day timescale against a target of 95%; and for routine repairs 100% (2011 -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 2011/12 we invested £0.5m (2011 - £0.8M) in the planned maintenance and improvement of our existing properties, including a programme of kitchen, bathroom, window, door and boiler replacements.

8. Development Programme

During 2011/12 a total of £0.4m (2011 - £7.4m) was spent, of which £0.2m (2011 - £4.3m) was funded by grants received from the Scottish Government. This includes 3 properties at Etive Walk, Livingston which were developed in association with the West Lothian Strategic Alliance, at a total cost of £0.3m, of which £0.2m was grant funded by the Scottish Government. A further property was purchased at St Leonards, East Kilbride at a cost of £0.1m and no grant funding through the Access Ownership scheme.

8. Development Programme (continued)

The Association achieved 100% (2011 – 90%) of its Grant Planning Target (GPT). A total of £115k (2011 - £90k) was spent on our Stage 3 adaptation programme, with 62 households assisted through this service, of which £97k was funded by HAG (2011 - £88k) and the remainder by Horizon.

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 158 owners, a key safe fitting and removal service for 450 home owners and a Home Safety Unit uplift service for 457 clients. In addition a valued small repairs service assisted 351 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 Home Safety Unit uplifts completed in the year.

The Care and Repair Service also co-ordinates the adaptations service for Horizon's tenants, which was provided to 62 tenants during the year, with 73% completed in under 12 weeks against a target of 75%. Work has continued to improve 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 Board. 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 2012, £4.6 million (36%) of borrowings with external funders were subject to fixed interest rates. However, a fixed rate for a further £4.2 million of borrowing was put in place with effect from 2 April 2012, bringing the total of fixed rate borrowings to £8.8 million (68%) from this date.

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 Board approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board 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

Link and Horizon aim to increase the numbers of homes suitable for wheelchair users provided by the Group. In support of this, a target has been agreed that wherever possible 10% of all new developments should be fully wheelchair accessible.

Horizon continues to work in partnership with Almond Housing Association and Weslo Housing Management (the West Lothian Development Alliance) to increase the supply of affordable housing for rent in West Lothian including new housing designed to meet the needs of wheelchair users. Work has commenced on a project at Charles Crescent, Boghall which will provide two fully wheelchair accessible new homes for Horizon. Projects in Stoneyburn and East Calder are at feasibility stage.

Link Group submitted a successful tender to provide the Care and Repair Service in North Lanarkshire. The service started in April 2012, and will be managed by Horizon on behalf of Link. The service offers small repairs to older and disabled homeowners and handy person services to anyone aged over 65, regardless of home ownership. Horizon's experience in managing Care and Repair West Lothian will be supplemented by the skills and experience of Link Living, as we develop volunteer helpers for the handy person service.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2012

Future Developments (continued)

Horizon and Link Group continue their partnership with Housing Options Scotland (previously Ownership Options) to develop the Access Ownership Scheme, with financial provision made to support the purchase of a further five properties for shared ownership for disabled people in 2012/13.

Horizon and Link Group have started to develop several partnerships with support providers aimed at increasing the supply of housing for disabled people with a range of different needs, and intends that firm project proposals are established in 2012/13.

With support from CIH Scotland and Link Group, Horizon commissioned research into housing need among wheelchair users in Scotland. The report 'Mind the Step' will be published in the summer 2012. Habinteg Housing Association (whose research team carried out similar research in England) carried out the work with support from Craigforth Consultancy and Horizon. The research aims to estimate the unmet need, and provide a methodology for applying this locally, and will make recommendations for improving access to suitable housing for wheelchair users.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical maintenance are carried out to deal with and prevent the gradual and predictable deterioration of building components. It is expected that the cost of all this maintenance and associated 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 will be capitalised as required by the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers 2010. (See also note 1 (i) & (j) on Page 16)

Component accounting

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment which is detailed at note 25. The introduction of component accounting ensures the major components of the Association's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component will be capitalised in the balance sheet with the item replaced being disposed of from the balance sheet. This enables the financial statements to better reflect the use of the component over its life cycle.

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 Board 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. During year the Association was able to offer an employment placement for 6 months in partnership with the Ability Centre, West Lothian and in 2012/13 will participate with Link Housing in the Professional Careers in Housing programme for disabled graduates, supported by Glasgow Centre for Inclusive Living.

Home Ownership

The Association did not complete any shared ownership staircasing sales in the year (2011 – 2). A further 7 properties at Myreside Street, Carnynte were sold on a shared equity basis (2011 – 3), with grant funding from Glasgow City Council.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2012

Statement of Board's responsibilities

Housing association legislation requires the Board 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 Board 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 Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

The Board 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 Board 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 Board.

Re-Appointment of Auditors

The Board recommends to members, the re-appointment of Scott-Moncrieff as Auditors.

ON BEHALF OF THE BOARD OF MANAGEMENT



J FITZPATRICK
Secretary

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

Date: 28 June 2012

HORIZON HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITORS TO THE BOARD OF MANAGEMENT OF
HORIZON HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2012**

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 : 28 June 2012

HORIZON HOUSING ASSOCIATION LIMITED

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

For The Year Ended 31 March 2012

We have audited the financial statements of Horizon Housing Association Limited for the year ended 31 March 2012 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 Providers issued in 2010.

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 board and auditors

As explained more fully in the Board of Management 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 Board; and overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Management 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 2012 and of its surplus 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 Providers issued in 2010;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 the Housing (Scotland) Act 2010 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

HORIZON HOUSING ASSOCIATION LIMITED

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

For The Year Ended 31 March 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Scott - Moncrieff

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

Date: 28 June 2012

HORIZON HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31st March 2012

	Notes	2012	Restated 2011
		£	£
Turnover	2	3,932,564	3,341,890
<u>Less: Operating costs</u>	2	<u>(3,202,543)</u>	<u>(2,638,659)</u>
Operating surplus		730,021	703,231
Gain on Disposal of Fixed Assets	21	-	15,074
Interest receivable		683	1,750
Interest payable		<u>(409,581)</u>	<u>(400,431)</u>
		(408,898)	(398,681)
Surplus on ordinary activities before taxation		321,123	319,624
Taxation	4	-	-
Surplus for the year	15	<u>321,123</u>	<u>319,624</u>

STATEMENT of TOTAL RECOGNISED GAINS and LOSSES
For the year ended 31st March 2012

	2012	Restated 2011
	£	£
Surplus for the year	321,123	319,624
Prior year adjustment	<u>(400,442)</u>	<u>=====</u>
Operating surplus	<u>(79,319)</u>	<u>=====</u>

The notes on pages 15 to 29 form part of these accounts.

All results relate wholly to continuing activities.

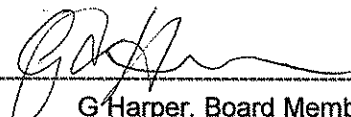
HORIZON HOUSING ASSOCIATION LIMITED

BALANCE SHEET

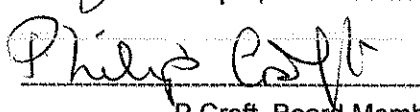
As at 31st March 2012

	Notes	2012		Restated 2011	
		£	£	£	£
Tangible fixed assets					
Housing properties - gross cost less depreciation	5		57,662,970		57,448,181
<u>Less: HAG and other grants</u>	5		(44,969,904)		(44,740,194)
			<u>12,693,066</u>		<u>12,707,987</u>
Other fixed assets	5		478,349		509,173
			<u>13,171,415</u>		<u>13,217,160</u>
Current assets					
Work in Progress			-	520,601	
Stock		5,737		3,389	
Debtors	6	371,802		2,305,882	
Cash at bank and in hand		1,693,623		252,625	
		<u>2,071,162</u>		<u>3,082,497</u>	
Current liabilities					
Creditors: Amounts falling due within one year	7	(1,070,299)		(1,021,528)	
		<u></u>		<u></u>	
Net current assets			1,000,863		2,060,969
Total assets less current liabilities			<u>14,172,278</u>		<u>15,278,129</u>
Creditors: Amounts falling due after more than one year	8		(12,678,923)		(14,105,870)
			<u></u>		<u></u>
Net assets			<u>1,493,355</u>		<u>1,172,259</u>
Capital and Reserves					
Share capital	10		65		92
Designated reserves	16		532,028		512,002
Revenue reserves	15		961,262		660,165
			<u>1,493,355</u>		<u>1,172,259</u>
			<u><u>1,493,355</u></u>		<u><u>1,172,259</u></u>

Approved and authorised for issue by the Board of Management on 28 June 2012 and signed on its behalf by:




 G Harper, Board Member



 P Croft, Board Member

The notes on pages 15 to 29 form part of these accounts.



 Secretary J Fitzpatrick

HORIZON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31st March 2012

	Notes	2012		Restated 2011	
		£	£	£	£
Net cash inflow from operating activities	17		2,040,516		631,266
Return on investment and servicing of finance					
Interest received		683		2,737	
Interest paid		(409,581)		(400,431)	
			(408,898)		(397,694)
Capital expenditure					
Payments to acquire housing stock		(1,006,113)		(7,972,348)	
Payments to acquire other fixed assets		(5,159)		(97,079)	
HAG & other capital grants received		2,170,578		2,176,208	
Receipts from sale of fixed assets		-		130,877	
Repayment of Capital Grants		-		(59,512)	
			1,159,306		(5,821,854)
			2,790,924		(5,588,282)
Management of liquid resources					
Cash withdrawn from term deposit		-		400,000	
			-		400,000
Financing					
New mortgage loans		3,000,000		4,085,040	
Mortgage repayments		(4,349,953)		(237,048)	
Movement in share capital		27		2	
			(1,349,926)		3,847,994
Increase/(decrease) in cash			<u>1,440,998</u>		<u>(1,340,288)</u>

The notes on pages 15 to 29 form part of these accounts

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS

For the year ended 31st March 2012

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by the Financial Services Authority. These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Providers 2010.

1. Accounting Policies

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

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention and on a going concern basis. The Management Committee anticipate that a surplus will be generated in the year to 31 March 2013. The Association has a healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(b) Finance

The accounts have been prepared on the basis that the capital expenditure referred to in Note 5 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

Properties are stated at historical cost, less social housing and other public grants and less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight line basis over their expected economic useful life. The following major components and useful lives have been identified by the Association:

Land - not depreciated	Windows – over 30 years	Pipework – over 24 years
Structure – over 60 years	Doors – over 30 years	Kitchen – over 15 years
Rewiring – over 40 year	Bathrooms – over 25 years	Boilers – over 12 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. 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.

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.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (contd.)

For the year ended 31st March 2012

(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 15)

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 15)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, was previously set aside in a designated reserve to the extent that it will not be met from HAG. Following the introduction of component accounting as required by the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers 2010, this reserve is no longer required and has been transferred to the revenue reserve.

(j) Designated reserve for service replacement (note 15)

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 2012

2. Particulars of turnover, operating costs and operating surplus/(deficit)

	Turnover £	Operating Costs £	2012 Operating Surplus/ (deficit) £	Restated 2011 Operating Surplus/ (deficit) £
Income and expenditure from social lettings (note 3a)	3,075,456	2,267,713	807,743	711,306
Income and expenditure from other activities (note 3b)	857,108	934,830	(77,722)	(8,075)
2012 Total surplus before taxation	3,932,564	3,202,543	730,021	703,231
2011 restated Total surplus before taxation	3,341,890	2,638,659	703,231	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

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

	Housing Accommodation £	Shared Ownership £	Special Needs Accommodation £	Total 2012 £	Restated Total 2011 £
Income from social lettings					
Rent receivable	2,767,860	28,571	58,526	2,854,957	2,523,228
Service Charges Receivable	216,884	10,829	-	227,713	213,638
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross income from rents and service charges	2,984,744	39,400	58,526	3,082,670	2,736,866
Less: Voids	(7,214)	-	-	(7,214)	(12,896)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income from rents and service charges	2,977,530	39,400	58,526	3,075,456	2,723,970
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue grants	-	-	-	-	73,836
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover from social letting activities	2,977,530	39,400	58,526	3,075,456	2,797,806
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on social letting activities					
Management and maintenance administration costs	829,063	4,672	13,052	846,787	944,820
Service costs	208,117	6,876	-	214,993	177,537
Planned and cyclical maintenance including major repair costs	158,183	-	-	158,183	175,514
Reactive Maintenance costs	436,664	2,655	17,472	456,791	415,816
Bad Debts – Rents and Services	33,105	-	-	33,105	10,204
Bad Debts - Repairs	8,071	-	-	8,071	12,850
Depreciation of social housing	543,580	3,988	2,215	549,783	349,759
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs for social letting activities	2,216,783	18,191	32,739	2,267,713	2,086,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2012 Operating surplus on social letting activities	760,747	21,209	25,787	807,743	711,306
	=====	=====	=====	=====	=====
Restated 2011 Operating surplus on social letting activities	650,202	24,610	36,494	711,306	
	=====	=====	=====	=====	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2011 - £nil).

The cost of property components capitalised in the year was £383,629 (2011 - £617,524).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

3b. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs	Operating surplus/ (deficit) 2012	Operating surplus/ (deficit) 2011
	£	£	£	£	£	£	£	£
Care and repair	-	180,950	-	-	180,950	180,950	-	-
Factoring	-	-	-	8,808	8,808	5,783	3,025	5,510
Agency services for registered social landlords	-	-	-	3,032	3,032	1,409	1,623	39,693
Stage 3 Adaptations	97,167	-	-	-	97,167	114,951	(17,784)	(1,504)
Wider Role Activities	27,693	-	-	-	27,693	27,693	-	-
Development	-	-	-	-	-	7,618	(7,618)	-
Shared Equity Sales	-	-	-	530,050	530,050	520,601	9,449	2,335
Other activities - new initiatives	-	-	-	-	-	72,293	(72,293)	(57,457)
Other activities	-	-	-	9,408	9,408	3,532	5,876	3,348
2012 Total from other activities	124,860	180,950	-	551,298	857,108	934,830	(77,722)	(8,075)
2011 restated Total from other activities	87,887	173,369	-	282,828	544,084	552,159	(8,075)	-

The Association did not receive any income or incur any expenditure in respect of the Support and Care activities. (2011-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.

HORIZON HOUSING ASSOCIATION LIMITED
NOTES to the ACCOUNTS (Contd.)
for the year ended 31st March 2012

5. 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 2011	58,533,806	4,471	1,000,759	-	59,539,036	505,707	137,399	85,042	728,148	60,267,184
Prior year restatement	1,202,872	-	-	-	1,202,872	-	-	-	-	1,202,872
Restated opening balance	59,736,678	4,471	1,000,759	-	60,741,908	505,707	137,399	85,042	728,148	61,470,056
Additions during year	678,024	-	91,020	-	769,044	-	5,159	-	5,159	774,203
Disposals	(174,237)	(4,471)	-	-	(178,708)	-	-	-	-	(178,708)
Transfers	-	-	-	-	-	-	-	-	-	-
At 31st March 2012	60,240,465	-	1,091,779	-	61,332,244	505,707	142,558	85,042	733,307	62,065,551
Depreciation										
At 1st April 2011	1,657,526	-	32,887	-	1,690,413	73,463	122,355	21,260	217,078	1,907,491
Prior year restatement	1,603,314	-	-	-	1,603,314	-	-	-	-	1,603,314
Restated opening balance	3,260,840	-	32,887	-	3,293,727	73,463	122,355	21,260	217,078	3,510,805
Provided during year	493,580	-	3,988	-	497,568	6,678	8,045	21,260	35,983	533,551
Disposals/Revaluation during year	(122,021)	-	-	-	(122,021)	-	-	-	-	(122,021)
At 31st March 2012	3,632,399	-	36,875	-	3,669,274	80,141	130,400	42,520	253,061	3,922,335
Housing Association Grant										
At 1 st April 2011	43,928,260	-	811,934	-	44,740,194	-	1,897	-	1,897	44,742,091
Prior year restatement	-	-	-	-	-	-	-	-	-	-
Restated opening balance	43,928,260	-	811,934	-	44,740,194	-	1,897	-	1,897	44,742,091
Additions	229,710	-	-	-	229,710	-	-	-	-	229,710
Transfers	-	-	-	-	-	-	-	-	-	-
At 31st March 2012	44,157,970	-	811,934	-	44,969,904	-	1,897	-	1,897	44,971,801
Net book value										
As at 31st March 2012	12,450,096	-	242,970	-	12,693,066	425,566	10,261	42,522	478,349	13,171,415
As at 31st March 2011 restated	12,547,578	4,471	155,938	-	12,707,987	432,244	13,147	63,782	509,173	13,217,160

Development administration costs capitalised amounted to £7,618 (2011 - £31,082) for which Housing Association Grants amounting to £nil (2011 - £8,371) were received in the year. Housing Association Grants above includes grants of £nil from other sources in the year (2011-£nil). Additions to housing properties in the course of construction include £nil (2011 - £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 2012

6. Debtors	2012	2011
	£	£
Rent arrears	114,398	113,358
Less: Provision for Bad Debts	<u>(38,151)</u>	<u>(24,651)</u>
Net Rent Arrears	76,247	88,707
Grants and mortgage advances receivable	218,807	2,159,675
Sundry debtors and prepayments	73,047	55,599
Amounts due from Group company	<u>3,701</u>	<u>1,901</u>
	<u>371,802</u>	<u>2,305,882</u>

7. Creditors: amounts falling due within one year

Rents in advance	109,498	97,910
Development Creditors	191,825	428,840
Sundry creditors and accruals	244,755	217,822
Other Taxes and Social Security	-	237
Amount due to Parent	195,874	11,495
Amount due to Group companies	4,688	18,558
Service equalisation account	3,167	3,167
Current instalments due on loans	<u>320,492</u>	<u>243,499</u>
	<u>1,070,299</u>	<u>1,021,528</u>

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

Housing loans	<u>12,678,923</u>	<u>14,105,870</u>
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The current instalments due on the above loans are included in note 7 above.

Total housing loans (see note 9)	<u>12,999,415</u>	<u>14,349,369</u>
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Due within one year	320,492	243,499
Due within 2-5 years	1,478,253	5,182,629
Due after 5 years	<u>11,200,670</u>	<u>8,923,241</u>
	<u>12,999,415</u>	<u>14,349,369</u>

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

9.	Loans	2012 £	2011 £
	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 2017 (2011 - 31st March 2016)		
	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 2017 (2011- 31st March 2016)		
	Loans advanced by Private Lenders	12,999,413	10,264,327
	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 1.088% and 5.82% (2011 – 1.028% and 5.82%)		
	Link Group Inter-company loan	-	4,085,040
		<u>12,999,415</u>	<u>14,349,369</u>
10.	Share capital	2012 £	2011 £
	Shares of £1 each issued and fully paid		
	At 1st April 2011	92	95
	Issued during the year	6	5
	Disposed during the year	(33)	(8)
	At 31st March 2012	<u>65</u>	<u>92</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

11. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2011 - £0.4m).

12. Employees

	2012	2011
	£	£
Staff costs during year:		
Wages and salaries	868,684	932,328
Social security costs	66,948	75,092
Other pension costs	158,571	97,845
	<u>1,094,203</u>	<u>1,105,265</u>

	No.	No.
Average Full Time Equivalent number of employees of the Association including staff on an agency basis during the year was	<u>30</u>	<u>32</u>

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

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>62,550</u>	<u>103,543</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>57,194</u>	<u>101,787</u>

No member of the Board of Management received any emoluments in respect of their services to the Association. One (2011-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 Board of Management, 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 Managing Director in the year amounted to £5,356 (2011 - £8,698 former Chief Executive).

	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	<u>1,804</u>	<u>460</u>
Board of Management	<u>1,742</u>	<u>2,426</u>

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

13. Pensions

Horizon Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit schema. The Scheme is funded and is contracted-out of the State Pension Scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme as 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 Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The 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 with the value of 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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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 buy-out 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 employers' 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-cut market. The amounts of debt can therefore be volatile over time.

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 2011. As of this date the estimated employer debt for Horizon Housing Association Limited was £4,088,771.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

The Scheme offers live benefit structures to employers, namely:

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

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

Horizon Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2011 and the Career Average Revalued Earnings (CARE) with a 1/120th accrual rate benefit structure for new entrants from 1 April 2011.

During the accounting period Horizon Housing Association Limited paid contributions to the final salary scheme at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%. In addition Horizon Housing Association paid 10.6% of pensionable salary roll as at September 2009 as contributions to past service deficits.

As at the balance sheet date, there were 25 active members (2011: 25) of the Scheme employed by Horizon Housing Association Limited.

Horizon Housing Association Limited continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement – non pensioners	4.6
Investment return post retirement – pensioners	4.8
Rate of salary increases	4.5

Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.9
Pension accrued post 5 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality

Tables

Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

14. Auditors Remuneration		2012	2011	
		£	£	
The remuneration of the auditors for the year (including expenses and VAT) in respect of audit services		7,544	8,493	
The remuneration of the auditors for the year (including expenses and VAT) in respect of other services		-	-	
		-----	-----	
		7,544	8,493	
		=====	=====	
15. Revenue reserves		2012	Restated 2011	
		£	£	
Balance at 1st April 2011		660,165	(19,779)	
Prior year adjustment		-	(902,591)	
Surplus for the year		321,123	319,624	
Net transfer from designated reserves		(20,026)	1,262,911	
		-----	-----	
Balance at 31st March 2012		961,262	660,165	
		=====	=====	
16. Designated reserves				
	Major Repairs Reserve	Cyclical Maintenance Reserve	Service Replacement Reserve	Total Designated Reserve
	£	£	£	£
Balance at 1 April 2011	916,397	265,094	246,908	1,428,399
Prior year adjustment	(916,397)	-	-	(916,397)
	-----	-----	-----	-----
Restated balance at 1 April 2011	-	265,094	246,908	512,002
Transfer to revenue reserve 2012	-	(21,060)	41,086	20,026
	-----	-----	-----	-----
Balance at 31 March 2012	-	244,034	287,994	532,028
	=====	=====	=====	=====
17. Reconciliation of operating surplus to net cash inflow from operating activities		2012	2011	
		£	£	
Operating Surplus		730,021	703,231	
Gain on disposal of fixed assets		-	15,074	
Depreciation		590,237	384,441	
(Increase) in debtors		(6,788)	(23,442)	
Increase in creditors		208,793	69,723	
Decrease/(increase) in stock and work in progress		518,253	(517,761)	
		-----	-----	
Net cash inflow from operating activities		2,040,516	631,266	
		=====	=====	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

18. Reconciliation of net cash inflow/(outflow) to movement in debt	2012	2011
	£	£
Increase/(decrease) in cash in year	1,440,998	(1,340,288)
Cash flow from increase in liquid resources	-	(400,000)
Loan repaid	4,349,953	237,048
Cash received from new loans	(3,000,000)	(4,085,040)
	<u>2,790,951</u>	<u>(5,588,280)</u>
Change in net debt		
Net debt at 1 April 2011	(14,096,743)	(8,508,463)
Net debt at 31 March 2012	<u>(11,305,792)</u>	<u>(14,096,743)</u>

19. Analysis of changes in financing during the year

	As at 1 April 2011 £	Cashflows £	At 31 March 2012 £
Cash at bank and in hand	252,625	1,440,998	1,693,623
Debt due within one year	(243,499)	(76,993)	(320,492)
Debt due outwith one year	(14,105,869)	1,426,946	(12,678,923)
	<u>(14,096,743)</u>	<u>2,790,951</u>	<u>(11,305,792)</u>

20. Housing Units

	2012		2011	
	Newbuild	Rehab	Newbuild	Rehab
General Needs	791	2	790	2
Shared Ownership	24	1	24	-
Supported bedspaces in Residential Accommodation	25	-	25	-
Total	<u>840</u>	<u>3</u>	<u>839</u>	<u>2</u>

In addition, Horizon manages 7 units on behalf of Link Housing Association (2011 – nil).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

21. Disposal of Fixed Assets

	<u>Proceeds from Sale</u>	<u>Cost of Sales</u>	<u>2012 Profit on Sale</u>	<u>Proceeds from Sale</u>	<u>Cost of Sales</u>	<u>2011 Profit on Sale</u>
	£	£	£	£	£	£
Housing Accommodation	-	-	-	110,500	98,638	11,862
Other Fixed Assets	-	-	-	24,475	21,263	3,212
	-	-	-	134,975	119,901	15,074

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

In note 5 disposals of housing properties have been noted, however these were disposals of components following the introduction of the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers 2010. No gain or (loss) was generated on these disposals.

22. 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 2011. As of this date the estimated employer debt for Horizon Housing Association Limited was £4,088,771. The Association has no current plans to withdraw from the scheme.

Outstanding Claim

A claim for damages in the sum of £459,329 has been made against the association by a local authority in respect of an alleged breach of contract in relation to provision of development services at Ladeside Gardens, Kilmaurs. Horizon is strongly defending the action and appropriate risk assessments have been carried out to mitigate against any material financial or operational impact on the association.

23. 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.

24. 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 Board.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2012

25. Prior Year Adjustment

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment.

The principle of component accounting is to treat major components of an asset as if each component is a separate asset in its own right and depreciate the components over their individual useful economic lives. It follows therefore, that when a component is replaced, the old component is written off, in order to avoid double counting, with the new component capitalised and then amortised over its expected useful life.

The effect of this change in accounting policy on the 2011 financial statements is shown below. The 2011 opening reserves have decreased by £902,591 of which £1,487,939 relates to increased depreciation and £585,348 relates to major repairs previously written off to the Income and Expenditure account now capitalised as components.

Effect on the 2011 financial statements

	£
Increase in depreciation	(115,375)
Reduction in major repairs cost	617,524
	<hr/>
Increase in Income and Expenditure reserve	502,149
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The net effect of the prior year adjustment is therefore £400,442.