



HORIZON HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

For The Year Ended 31 March 2013

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 2013

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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 2013

Board of Management

Mr D A McPhail (Chairperson)

Mr G Harper (Vice Chairperson)

Mr W Gunn (resigned 15 November 2012)

Mr P Croft O.B.E.

Mr W F Rochford M.B.E.

Mr M C Rodgers

Ms A Laan-Ra

Mr R B Hartness

Ms J Pritchard

Ms F Wood (appointed 20 September 2012)

Executive Officers

Ms J Fitzpatrick – Managing Director & Secretary

Mrs E Anderton / Mrs F Taylor – Director of Housing Services (Job-Share) – until 27 July 2012

Mrs M Turner – Director of Business Development (Part-time) – until 27 July 2012

Ms I Gray – Operations Director appointed 29 October 2012

Principal Bankers

Clydesdale Bank
30 St Vincent Place
Glasgow
G1 2HL

Auditor

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 2013

The Board has pleasure in presenting its report for the year ended 31 March 2013.

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.

Horizon is a member of the Link Group of companies.

Houses in Management

The Association completed 2 bungalows, designed to wheelchair user standard, at Charles Crescent, Boghall, Bathgate in association with the West Lothian Development Alliance, which were handed over in October 2012. In addition, 3 properties under the Access Ownership scheme were acquired in Bathgate, Edinburgh and Lanark.

The number of properties managed by Horizon was 861 at 31 March 2013. This includes 15 units for shared accommodation for people with support needs; 28 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 2013, the Association had no properties under construction.

Business Review

Our Vision and Strategic Aims

Horizon's vision is to see inclusive, sustainable communities where individual housing needs are met, everyone has a home that meets their needs, and communities are designed so everyone can play a part.

Horizon's purpose 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 December; a senior staff focus session in November; and views on the vision, objectives and priorities developed at Horizon's staff workshops held during the year. 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 2013

Horizon's strategic objectives are:

- Encourage inclusive design of housing and communities, with 10% of new housing to wheelchair standard.
- Increase the numbers of disabled people able to get the right home for their needs: rented or purchased, newly built or adapted.
- Make the most of our property assets: provide attractive, well maintained places where people want to live.
- Provide customer focused housing services which meet people's needs at each stage of their journey: searching for a home, living well in their home and community, affording their home, moving home.
- Develop Care and Repair or similar services that help older and disabled people to remain in their communities.
- Recognise that everyone has something to contribute and support staff, Board members and tenants to do so.
- Work in alliance with others to influence policy and practice on provision and adaptation.

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 members, and encourages and arranges attendance at conferences and training for Board members within the Association's annual Learning & Development Plan.

During the year, Board members undertook self assessment, reviewed the required skills, qualities, experience and expertise needed by the Board and identified gaps they wished to fill. A recruitment process was initiated in November, and by the end of the year 6 prospective Board member applications had been received and interviews conducted. Appointments to the Board will take place in the spring of 2013.

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 Link 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 Board member elected and one member resigned during the year.

In 2012, considering Horizon's objectives and the challenges forecast for the future, Horizon undertook an organisational restructure review with the aim of increasing its resilience, flexibility and customer focus. The process resulted in a new senior management structure, with 1.6 full time equivalent Director posts being replaced by a new post of Operations Director to work alongside the Managing Director. In addition, a new Customer Services Team was established from within the existing administrative support resources within Horizon. The process highlighted the very high engagement that staff have with Horizon's purpose, an important factor in achieving a smooth transition to the revised structure while maintaining quality of customer service.

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.

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.

5. Housing Services

Performance on delivery of housing management services has again been very good this year. In 2012/13 our target for rent arrears was again 1.9% (2012 1.9%) of rental income (excluding technical arrears such as delays in the payment of Housing Benefit). Our actual performance at 31 March 2013 was 2.48%, compared with 1.62% last year. This reflects a spike in arrears in the last quarter of the year, attributable to several factors including changes in assumptions regarding anticipated housing benefit for some tenants in arrears.

In 2012/13 we had a total of 46 void houses (2012 – 41) which resulted in an income loss of £8,406 (2012 – £7,214), representing a loss of 0.3% (2012 - 0.2%) of rental income for the year. The average time taken to re-let a property was 10 days (2012 – 10 days) which met our target of 15 days. This excludes properties that required major repairs. The average time taken to re-let all properties, including those that required major repair, was 14 days, within the target of 18 days.

We also let 2 new properties in the year (2012 – 7) within 1 day 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 2013, we had 697 applicants on our housing list (2012 - 797). Over the year we had 530 new applications to assess (2012 – 618) 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. A full tenant satisfaction survey and census was commissioned, from independent company Research Resource, in October 2012, which included face to face interviews with 69% of tenants (560 households). The results showed that satisfaction levels were higher than in the 2009 survey for almost every aspect of Horizon's services. The survey was framed to provide baseline information that will be required for reporting to tenants and the Scottish Housing Regulator on the Annual Return on the Charter. It showed 92% of Horizon tenants are satisfied with Horizon overall, and 95% are satisfied with the quality of services provided.

A programme of annual estate surveys and visits was continued and feedback provided by tenants. Following the success of the 2012 joint Link and Horizon Tenants' Conference event, two Tenants' Conferences are planned for late summer 2013, one solely for Horizon tenants and another joint event with Link.

There is currently one tenant member on our Board, one tenant member having resigned during the year. Three places on Horizon's Board are reserved for tenant members. Recruitment of new Board members commenced in November 2012, from which one tenant has been nominated and has commenced the next stage for co-option to Board membership.

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 (2012 – 100%). For urgent repairs 100% (2012 – 100%) of jobs were completed within the 3 day timescale against a target of 95%; and for routine repairs 100% (2012 -100%) were achieved within 15 days against a target of 95%.

47% of reactive repairs were carried out by the In House Maintenance Team. The In House Team carried out the majority of Horizon's cyclical maintenance programme, including external painterwork.

In 2012/13 we invested £0.4m (2012 - £0.5M) in the planned maintenance and improvement of our existing properties, including a programme of kitchen, window and boiler replacements.

As part of Horizon's commitment to Link Group's employability strategy, three trainees were employed in the In-House Maintenance Team under the Scottish Government's Community Jobs Fund. Student placements were also provided to two building construction students of South Lanarkshire College.

8. Development Programme

During 2012/13 a total of £0.6m (2012 - £0.4m) was spent, of which £0.2m (2012 - £0.2m) was funded by grants received from the Scottish Government. This includes 2 properties at Charles Crescent, Boghall, Bathgate which were developed in association with the West Lothian Development Alliance, at a total cost of £0.3m, of which £0.2m was grant funded by the Scottish Government. A further 3 properties were purchased at Bathgate, Edinburgh and Lanark with no grant funding, through the Access Ownership scheme, at a cost of £0.3m.

The Association achieved 100% (2012 – 100%) of its Grant Planning Target (GPT). A total of £132k (2012 - £115k) was spent on our Stage 3 adaptation programme, with 75 households assisted through this service, of which £129k was funded by HAG (2012 - £97k) 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.

Horizon and Link Group developed several partnerships with support providers aimed at increasing the supply of housing for disabled people with a range of different needs, with Link Group taking forward developments involving Thistle Foundation and Royal Blind School.

With support from CIH Scotland and Link Group, Horizon commissioned research into housing need among wheelchair users in Scotland. The report 'Mind the Step' was published in October 2012 and launched at an event in November 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 estimates the unmet need, and provides a methodology for applying this locally, and makes recommendations for improving access to suitable housing for wheelchair users, including a commitment to new building to this standard.

8. 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 197 owners (2012 - 158), a key safe fitting and removal service for 574 (2012 – 450) home owners and a Home Safety Unit uplift service for 457 (2012 - 457) clients. In addition a valued small repairs service assisted 399 (2012 – 351) older people across tenures to remain safely in their homes. These services performed well against targets, set by the Council under a Service Level Agreement. Performance exceeded the targets by more than 25%. During the year, Care and Repair West Lothian commissioned a Social Return on Investment from Link Group. This concluded that, overall, this service produces a £5.69 return for every £1 invested. In May 2012 West Lothian Council commenced a formal service review, reporting in March 2013. The service was rated as satisfactory or very satisfactory on all measures. The Service Level Agreement was extended to 31 August 2013, and the Council indicated its intention to tender the service in 2013/14.

The Care and Repair Service also co-ordinates the adaptations service for Horizon's tenants, which was provided to 75 tenants during the year, with 62% of major adaptations completed in under 12 weeks against a target of 75%. Work has continued to improve the speed, quality and consistency of service offered with 81% of minor adaptations completed within 4 weeks against a target of 75%.

In early 2012, Link Group submitted a successful tender to provide the Care and Repair Service in North Lanarkshire. The service started in April 2012, and is managed by Horizon on behalf of Link. The service offers small repairs to older and disabled homeowners and handyperson services to anyone aged over 65, regardless of home ownership. Horizon's experience in managing Care and Repair West Lothian is supplemented by the skills and experience of Link Living, as we develop volunteer helpers for the handyperson service. In its first year of service delivery, the service carried out 2,665 small repairs and handyperson tasks against a target of 3,144, and achieved target completion times for 83% of small repairs and 90% of handyperson tasks. Towards the end of the year, the team structure was reviewed and an enhanced service from Link Living agreed in order to increase the capacity of the volunteer service.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2013

9. Other Areas

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management 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 2013, £8.8 million (68%) 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 Board approves the annual budget, rolling five-year strategic plan and the 30 Year financial projections. 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 Link 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. Current grant benchmark levels are a significant constraint on Horizon's capacity to develop. In 2013 alternative funding models will be considered for a planned project in Stoneyburn.

The future of Wallace Court, Horizon's residential accommodation leased to Capability Scotland as a care home, was reviewed in discussions with Renfrewshire Council and Capability Scotland. Further work will be carried out in partnership, again to review the options for the building and accommodation for residents in the current funding environment.

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 three properties for shared ownership for disabled people in 2013/14.

Horizon and Link Group developed 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 2013/14. Following publication of Mind the Step in 2012/13, Horizon intends to pursue its recommendations with relevant partners, and to commission further work to support this, including work to develop a toolkit for planned maintenance programmes and to understand and address barriers to effective allocation of purpose built or adapted property.

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 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 17)

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2013

Component accounting

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association operates component accounting. This accounting treatment 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 is 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 and an annual Health and Safety report. Health and Safety is subject to regular internal audit.

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 for Scottish RSLs. The policy is due to be reviewed in 2013/14.

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. In 2012/13 Horizon participated 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 (2012 – nil). Horizon extends choice of home ownership to disabled people through the Access Ownership scheme, for which it made £300,000 available in 2012/13 to invest in tailored shared ownership solutions for disabled people and their families.

HORIZON HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For The Year Ended 31 March 2013

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 is required to:-

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent;
- * 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.

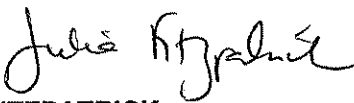
Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is 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 Auditor

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

ON BEHALF OF THE BOARD OF MANAGEMENT



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

Date: 4 July 2013

HORIZON HOUSING ASSOCIATION LIMITED

**REPORT OF THE AUDITOR TO THE BOARD OF MANAGEMENT OF
HORIZON HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2013**

In addition to our audit of the Financial Statements, we have reviewed your Statement on Page 9 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 9 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 : 4 July 2013

HORIZON HOUSING ASSOCIATION LIMITED

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

For The Year Ended 31 March 2013

We have audited the financial statements of Horizon Housing Association Limited for the year ended 31 March 2013 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the 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 Housing 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 auditor

As explained more fully in the Board of Management Responsibilities statement set out on page 9, board 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 2013 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 Housing 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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator..

HORIZON HOUSING ASSOCIATION LIMITED

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

For The Year Ended 31 March 2013

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
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date: 4 July 2013

HORIZON HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2013

	Notes	2013		2012	
		£	£	£	£
Turnover	2		3,772,912		3,932,564
Less: Operating costs	2		(2,882,176)		(3,202,543)
Operating surplus			890,736		730,021
Gain on Disposal of Fixed Assets			-		1
Interest receivable		1,578		683	
Interest payable		(417,602)		(409,581)	
			(416,024)		(408,898)
Surplus on ordinary activities before taxation			474,712		321,123
Taxation	4		-		-
Surplus for the year	15		474,712		321,123

STATEMENT of TOTAL RECOGNISED GAINS and LOSSES
For the year ended 31 March 2013

	2013	2012
	£	£
Surplus for the year	474,212	321,123
Prior year adjustment	-	(400,442)
Surplus/(deficit) for the year	474,712	(79,319)

The notes on pages 16 to 29 form part of these accounts.

All results relate wholly to continuing activities.

HORIZON HOUSING ASSOCIATION LIMITED

BALANCE SHEET

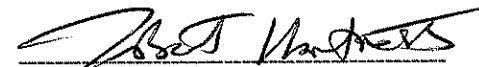
As at 31 March 2013

	Notes	2013		2012	
		£	£	£	£
Tangible fixed assets					
Housing properties - gross cost less depreciation	5		58,016,850		57,662,970
<u>Less: HAG and other grants</u>	5		(45,122,988)		(44,969,904)
			<u>12,893,862</u>		<u>12,693,066</u>
Other fixed assets	5		447,103		478,349
			<u>13,340,965</u>		<u>13,171,415</u>
Current assets					
Stock		5,677		5,737	
Debtors	6	266,934		371,802	
Cash at bank and in hand		2,123,226		1,693,623	
		<u>2,395,837</u>		<u>2,071,162</u>	
Current liabilities					
Creditors: Amounts falling due within one year	7	(1,499,558)		(1,070,299)	
			<u>896,279</u>		<u>1,000,863</u>
Net current assets			<u>14,237,244</u>		<u>14,172,278</u>
Total assets less current liabilities					
Creditors: Amounts falling due after more than one year	8		(12,269,168)		(12,678,923)
Net assets			<u>1,968,076</u>		<u>1,493,355</u>
Capital and Reserves					
Share capital	10		74		65
Designated reserves	16		564,134		532,028
Revenue reserves	15		1,403,868		961,262
			<u>1,968,076</u>		<u>1,493,355</u>

Approved and authorised for issue by the Board of Management on 4 July 2013 and signed on its behalf by:

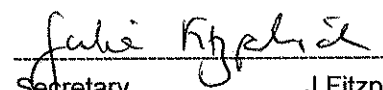


F Wood, Board Member



R Hartness, Board Member

The notes on pages 16 to 29 form part of these accounts.



Secretary

J Fitzpatrick

HORIZON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2013

	Notes	2013		2012	
		£	£	£	£
Net cash inflow from operating activities	17		1,918,404		2,040,516
Return on investment and servicing of finance					
Interest received		1,578		683	
Interest paid		(417,602)		(409,581)	
			(416,024)		(408,898)
Capital expenditure					
Payments to acquire housing stock		(987,791)		(1,006,113)	
Payments to acquire other fixed assets		(1,688)		(5,159)	
HAG & other capital grants received		308,238		2,170,578	
Receipts from sale of fixed assets		-		-	
Repayment of Capital Grants		-		-	
			(681,241)		1,159,306
			821,139		2,790,924
Management of liquid resources					
Cash withdrawn from term deposit		-		-	
			-		-
Financing					
New mortgage loans		-		3,000,000	
Mortgage repayments		(391,551)		(4,349,953)	
Cash movement in share capital		15		27	
			(391,542)		(1,349,926)
Increase/(decrease) in cash			429,603		1,440,998
			=====		=====

The notes on pages 16 to 29 form part of these accounts

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS

For the year ended 31 March 2013

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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing 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 and going concern

The financial statements are prepared under the historical cost convention and on a going concern basis. The Board of Management anticipates that a surplus will be generated in the year to 31 March 2014. The Association has a healthy cash and net current asset position and thus the Board of Management are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Board of Management 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.

(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 31 March 2013

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

	Turnover £	Operating Costs £	2013 Operating Surplus/ (deficit) £	2012 Operating Surplus/ (deficit) £
Income and expenditure from social lettings (note 3a)	3,237,050	2,263,964	973,086	807,743
Income and expenditure from other activities (note 3b)	535,862	618,212	(82,350)	(77,722)
2013 Total surplus before taxation	3,772,912	2,882,176	890,736	730,021
2012 Total surplus before taxation	3,932,564	3,202,543	730,021	

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

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

	Housing Accommodation £	Shared Ownership £	Special Needs Accommodation £	Total 2013 £	Total 2012 £
Income from social lettings					
Rent receivable	2,914,887	42,010	60,608	3,017,705	2,854,957
Service Charges Receivable	205,481	15,923	-	221,404	227,713
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross income from rents and service charges	3,120,368	57,933	60,808	3,082,670	3,082,670
Less: Voids	(8,406)	-	-	(8,406)	(7,214)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net income from rents and service charges	3,111,962	57,933	60,808	3,230,703	3,075,456
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue grants	6,347	-	-	6,347	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total turnover from social letting activities	3,118,309	57,933	60,808	3,237,050	3,075,456
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on social letting activities					
Management and maintenance administration costs	831,496	4,724	8,977	845,197	846,787
Service costs	204,689	7,749	-	212,438	214,993
Planned and cyclical maintenance including major repair costs	84,310	-	-	84,310	158,183
Reactive Maintenance costs	451,998	2,341	11,697	466,036	456,791
Bad Debts – Rents and Services	43,505	-	-	43,505	33,105
Bad Debts - Repairs	27,525	-	-	27,525	-
Depreciation of social housing	573,949	8,037	2,967	584,953	549,783
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs for social letting activities	2,217,472	22,851	23,641	2,263,964	2,267,713
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2013 Operating surplus on social letting activities	900,837	35,082	37,167	973,086	807,743
	=====	=====	=====	=====	=====
2012 Operating surplus on social letting activities	760,747	21,209	25,787	807,743	
	=====	=====	=====	=====	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2012 - £nil).

The cost of property components capitalised in the year was £379,281 (2012 - £383,629).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

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) 2013 £	Operating surplus/(deficit) 2012 £
Care and repair	-	180,452	-	200,207	380,659	382,514	(1,855)	-
Factoring	-	-	-	8,808	8,808	5,784	3,024	3,025
Agency services for registered social landlords	-	-	-	3,461	3,461	3,461	-	1,623
Stage 3 Adaptations	129,370	-	-	-	129,370	132,276	(2,906)	(17,784)
Wider Role Activities	-	-	-	-	-	-	-	-
Development	-	-	-	-	-	11,950	(11,950)	(7,618)
Shared Equity Sales	-	-	-	-	-	-	-	9,449
Other activities - new initiatives	-	-	-	-	-	75,825	(75,825)	(72,293)
Other activities	-	-	-	13,564	13,564	6,402	7,162	5,876
2013 Total from other activities	129,370	180,452	-	226,040	535,862	618,212	(82,350)	(77,722)
2012 Total from other activities	124,860	180,950	-	551,298	857,108	934,830	(77,722)	-

The Association did not receive any income or incur any expenditure in respect of the Support and Care activities. (2012-Nil)

4. Taxation

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

HORIZON HOUSING ASSOCIATION LIMITED
NOTES to the ACCOUNTS (Contd.)
for the year ended 31 March 2013

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 April 2012	60,240,465	-	1,091,779	-	61,332,244	505,707	142,558	85,042	733,307	62,065,551
Additions during year	695,924	-	242,909	-	938,833	-	1,688	-	1,688	940,521
Disposals	(174,952)	-	-	-	(174,952)	-	(358)	-	(358)	(175,310)
Transfers	-	-	-	-	-	-	-	-	-	-
At 31 March 2013	60,761,437	-	1,334,688	-	62,096,125	505,707	143,888	85,042	734,637	62,830,762
Depreciation										
At 1 April 2012	3,632,399	-	36,875	-	3,669,274	80,141	130,400	42,520	253,061	3,922,335
Provided during year	514,124	-	8,037	-	522,161	6,678	4,682	21,261	32,621	554,782
Disposals/Revaluation during year	(112,160)	-	-	-	(112,160)	-	(45)	-	(45)	(112,205)
At 31 March 2013	4,034,363	-	44,912	-	4,079,275	86,819	135,037	63,781	285,637	4,364,912
Housing Association Grant										
At 1 April 2012	44,157,970	-	811,934	-	44,969,904	-	1,897	-	1,897	44,971,801
Additions	153,084	-	-	-	153,084	-	-	-	-	153,084
Transfers	-	-	-	-	-	-	-	-	-	-
At 31 March 2013	44,311,054	-	811,934	-	45,122,988	-	1,897	-	1,897	45,124,885
Net book value										
As at 31 March 2013	12,416,020	-	477,842	-	12,893,862	418,888	6,954	21,261	447,103	13,340,965
As at 31 March 2012 restated	12,450,578	-	242,970	-	12,693,066	425,566	10,261	42,522	478,349	13,171,415

Development administration costs capitalised amounted to £nil (2012 - £7,618) for which Housing Association Grants amounting to £nil (2012 - £nil) were received in the year. Housing Association Grants above includes grants of £nil from other sources in the year (2012-£nil). Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2012- £nil).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

6. Debtors	2013	2012
	£	£
Rent arrears	155,116	114,398
Less: Provision for Bad Debts	<u>(69,998)</u>	<u>(38,151)</u>
Net Rent Arrears	85,118	76,247
Grants and mortgage advances receivable	82,917	218,807
Sundry debtors and prepayments	33,146	73,047
Amounts due from Group company	<u>65,753</u>	<u>3,701</u>
	<u>266,934</u>	<u>371,802</u>

7. Creditors: amounts falling due within one year		
Rents in advance	93,122	109,498
Capital Creditors	142,874	191,825
Sundry creditors and accruals	173,484	244,755
Amount due to Parent	741,589	195,874
Amount due to Group companies	6,625	4,688
Service equalisation account	3,168	3,167
Current instalments due on loans	<u>338,696</u>	<u>320,492</u>
	<u>1,499,558</u>	<u>1,070,299</u>

8. Creditors: amounts falling due after more than one year		
Housing loans	<u>12,269,168</u>	<u>12,678,923</u>

The current instalments due on the above loans are included in note 7 above.

Total housing loans (see note 9)	<u>12,607,864</u>	<u>12,999,415</u>
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Due within one year	338,696	320,492
Due within 2-5 years	1,550,106	1,478,253
Due after 5 years	<u>10,719,062</u>	<u>11,200,670</u>
	<u>12,607,864</u>	<u>12,999,415</u>

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

9. Loans	2013	2012
	£	£
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 31 March 2017 (2012 - 31 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 31 March 2017 (2012- 31 March 2016)		
Loans advanced by Private Lenders	12,607,862	12,999,413
The loans are repayable by instalments of principal and interest, and fall to be repaid within 30 years. The loans bear interest at rates between 0.5% and 5.95% (2012 – 1.088% and 5.82%)		
	12,607,864	12,999,415
 10. Share capital	 2013	 2012
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2012	65	92
Issued during the year	15	6
Disposed during the year	(6)	(33)
At 31 March 2013	74	65

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 31 March 2013

11. Capital Commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2012 - £nil).

12. Employees	2013	2012
	£	£
Staff costs during year:		
Wages and salaries	869,094	868,684
Social security costs	68,954	66,948
Other pension costs	144,018	158,571
	<u>1,082,066</u>	<u>1,094,206</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>30</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>64,206</u>	<u>62,550</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>58,604</u>	<u>57,194</u>

No member of the Board of Management received any emoluments in respect of their services to the Association. One (2012-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 £5,602 (2012 - £5,356).

	£	£
Total expenses reimbursed insofar as not chargeable to UK Income Tax		
Full time Directors	<u>1,370</u>	<u>1,804</u>
Board of Management	<u>1,974</u>	<u>1,742</u>

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

13. Pensions

Horizon Housing Association Limited participates in the Scottish Housing Associations' 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.

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-out 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 2012. As of this date the estimated employer debt for Horizon Housing Association Limited was £4,269,838.

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

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.
- 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 2012 and the Career Average Revalued Earnings (CARE) with a 1/120th accrual rate benefit structure for new entrants from 1 April 2012.

During the accounting period Horizon Housing Association Limited paid contributions to the final salary scheme at the rate of 9.6% of pensionable salaries for members of the final salary scheme and 4.7% for members of the CARE scheme. Member contributions were 9.6% for the final salary scheme and 4.7% for the CARE scheme. 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 18 active members (2012: 25) of the Scheme employed by Horizon Housing Association Limited.

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 2012)	%
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 31 March 2013

14. Auditor Remuneration	2013	2012
	£	£
The remuneration of the auditor for the year (including expenses and VAT) in respect of audit services	8,259	7,544
The remuneration of the auditor for the year (including expenses and VAT) in respect of other services	-	-
	<u>8,259</u>	<u>7,544</u>
	=====	=====

15. Revenue reserves	2013	2012
	£	£
Balance at 1 April 2012	961,262	660,165
Surplus for the year	474,712	321,123
Net transfer to designated reserves	(32,106)	(20,026)
Balance at 31 March 2013	<u>1,403,868</u>	<u>961,262</u>
	=====	=====

16. Designated reserves	Cyclical Maintenance Reserve £	Service Replacement Reserve £	Total Designated Reserve £
Balance at 1 April 2012	244,034	287,994	532,028
Transfer from revenue reserve 2013	3,399	28,707	32,106
Balance at 31 March 2013	<u>247,433</u>	<u>316,701</u>	<u>564,134</u>
	=====	=====	=====

17. Reconciliation of operating surplus to net cash inflow from operating activities	2013	2012
	£	£
Operating Surplus	890,736	730,021
Depreciation	617,887	590,237
(Increase) in debtors	(50,286)	(6,788)
Increase in creditors	460,007	208,793
Decrease in stock and work in progress	60	518,253
Net cash inflow from operating activities	<u>1,918,404</u>	<u>2,040,516</u>
	=====	=====

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31 March 2013

18. Reconciliation of net cash inflow/(outflow) to movement in debt	2013	2012
	£	£
Increase in cash in year	429,603	1,440,998
Loan repaid	391,551	4,349,953
Cash received from new loans	-	(3,000,000)
	<u>821,154</u>	<u>2,790,951</u>
Change in net debt	821,154	2,790,951
Net debt at 1 April 2012	(11,305,792)	(14,096,743)
Net debt at 31 March 2013	<u>(10,484,638)</u>	<u>(11,305,792)</u>

19. Analysis of changes in financing during the year

	As at 1 April 2012 £	Cashflows £	At 31 March 2013 £
Cash at bank and in hand	1,693,623	429,603	2,123,226
Debt due within one year	(320,492)	(18,204)	(338,696)
Debt due outwith one year	(12,678,923)	409,755	(12,269,168)
	<u>(11,305,792)</u>	<u>821,154</u>	<u>(10,484,638)</u>

20. Housing Units

	2013		2012	
	Newbuild	Rehab	Newbuild	Rehab
General Needs	793	2	791	2
Shared Ownership	27	1	24	1
Supported bedspaces in Residential Accommodation	25	-	25	1
Total	<u>845</u>	<u>3</u>	<u>840</u>	<u>3</u>

In addition, Horizon manages 7 units on behalf of Link Housing Association (2012 – 7).

HORIZON HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Contd.)

For the year ended 31st March 2013

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 2012. As of this date the estimated employer debt for Horizon Housing Association Limited was £4,269,838.

Following a period of consultation with staff, the Association will cease to offer the Defined Benefit final salary 1/60ths scheme and instead will offer all staff membership to the SHAPS Defined Contribution scheme, with effect from September 2013.

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.

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 Board.