

IRVINE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010



Register of Friendly Societies No. 2459R(S)

Registered Housing Association No. HAL280

IRVINE HOUSING ASSOCIATION LIMITED

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IRVINE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT AND ADVISERS

BOARD OF MANAGEMENT:

- T Farrell, Chairman
- W Dickson
- F Dunlop
- C Durkan (joined May 26, 2009)
- G Fleming (resigned May 10, 2009)
- A Hannay (removed May 24, 2010)
- Cllr M McDougall
- M McPhail (resigned March 16,2010)
- M Marks (resigned March 16,2010)
- M Miller
- C Pattinson (joined January 26,2010)
- C Sharp (joined June 22, 2010)
- R Sturgeon
- A Walker (joined May 26, 2010)
- A West

SECRETARY: P Hillard

AUDITOR: Chiene + Tait
Chartered Accountants and Statutory Auditor
61 Dublin Street
EDINBURGH
EH3 6NL

BANKERS: Clydesdale Bank plc
151 High Street
IRVINE
KA12 8AB

SOLICITORS: Harper MacLeod LLP
The Ca'd'oro
45 Gordon Street
GLASGOW
G1 3PE

REGISTERED OFFICE: 44-46 Bank Street
Irvine
Ayrshire
KA12 0LP

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

REPORT OF THE BOARD OF MANAGEMENT

The Board presents its Report and Audited Financial Statements for the year ended March 31 2010.

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision and management of affordable rented housing.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

For the year ended March 31 2010, the Association has made a surplus of £735,000 against a deficit of £1.8m for the previous year. That deficit was largely as a result of a year of changes to and investment in our operations, the benefits of which are beginning to be seen. Such costs in 2008/09 included breakage costs of £1.2m incurred when the Nationwide and Abbey National loans were refinanced with a new £33.5m facility from the Lloyds TSB (Scotland) plc. The Association also wrote off £163,000 of loan arrangement costs relating to those refinanced facilities and £465,615 of the value of our housing assets due to the adoption of component accounting.

This year has seen the organisation return to making a surplus largely by focussing on efficiency and maintaining operating costs below that of the previous year. In an increasingly difficult financial climate our ability to maintain this level of performance will be challenged and therefore the Association continues to search for more effective means of delivering, and improving where possible, the level of service our residents have come to expect both now and in the long-term future.

Turnover for the year was £6.7m (2008: £6.4m), increased in part by the addition of new stock at two development sites and providing former home-owners with the opportunity to convert their home to the Association's ownership whilst remaining in their home, under the Mortgage to Rent scheme.

The Association has met all of its loan covenants and the Board consider that the results for the year are satisfactory.

The 2009 / 2010 operating year has seen the realisation of benefits coming from the critical business decisions taken in the previous twelve months.

The Association's new funding facility allowed it to respond quickly to new business opportunities presented by the acceleration of Housing Association Grant funding, and the release of second homes Council Tax monies by North Ayrshire Council, to facilitate the acquisition of unsold private developer units.

In November 2009 the Association completed the purchase of 14 two bedroom flats at The Courtyard in Irvine town centre from Lovells Partnerships Limited. This was followed up by the acquisition of a further 8 two bedroom flats at Dreghorn from F&G Developments Limited. Both of these developments moved from commencement of negotiations to completion in a few months and have provided much needed, high quality, affordable homes in North Ayrshire. The Association was also delighted to achieve a start on site at its development at Littlemill Road, Drongan. When completed, in the summer of 2010, the development will provide 22 two, three and four bedroom homes for rent. This is the Association's first development in the East

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

REPORT OF THE BOARD OF MANAGEMENT (continued)

Ayrshire Council area and the first affordable rented housing development in Drongan for many years.

The Association was also particularly pleased to be appointed as North Ayrshire Council's development agent for the 'Kick Start' Council Housing Building Programme at Castlepark, Irvine. It is intended that this service is extended to the Council's second development at Kilwinning.

Work also progressed during the year on the Association's study into the provision of exemplar eco housing at the Tarryholme site in Irvine. The study, which has been part-funded by the Irvine Bay Urban Regeneration Company, will make recommendations on the provision of energy efficient housing using an eco-minimalist approach. The final report will be published in the summer of 2010.

The Association has also continued to play a leading role in the development and operation of the North Ayrshire Housing Register (NAHR). Together with our partners, North Ayrshire Council, ANCHO and Cunninghame Housing Association we were pleased to launch NAHR in June of 2009. Between its commencement and the end of the reporting year in March 2010, 82 households were housed by the Association using the NAHR and it is delivering significant improvements in the customer experience and operational efficiency.

During the year the Association has continued a major investment programme in the existing stock. £1.2 million of investment has further progressed the Association towards the achievement of the Scottish Housing Quality Standard. This investment has included the installation of doors to 320 homes, windows to 270 and kitchens and bathrooms to a further 20 homes in addition to those completed in the previous year.

The Association has also acquired new software which has significantly improved the storage and accessibility of information on the condition of the Association's stock and is assisting the further development of asset management and procurement procedures.

The Association has also re-confirmed its commitment to customer engagement and participation. It held its first Customer Conference in February 2010 which was attended by 61 residents and received very positive feedback. The Association also commissioned the Tenant Participation Advisory Service (TPAS) to undertake a review of its tenant participation policies and practices. The TPAS report has made a number of recommendations that will start to be implemented during the coming year.

The Association has maintained its commitment to helping ensure the sustainability of the communities we work with by supporting a range of community based initiatives. These have included Kilwinning Sports Club, First Alliance Credit Union, Tenants and Residents' Groups and local schools.

The restructure of the Association's Executive Team and the move to the new office has facilitated a process of further delegation of decision making and staff empowerment in the Association. This has had a beneficial effect on operational performance and in staff engagement with the Association. These improvements were reflected in the Association obtaining a second re-accreditation of Investors In People (IIP) status and obtaining 'One to Watch' status from Best Companies.

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

REPORT OF THE BOARD OF MANAGEMENT (continued)

BOARD OF MANAGEMENT

The members of the Board of the Association and those who served during the year are listed on page 2. Each member of the Board holds two fully paid shares of £1 in the Association.

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Statute requires the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. 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;
- * 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 the 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 and to enable it to ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

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.

The Board confirms that the Financial Statements comply with the above requirements.

STATEMENT OF THE BOARD OF MANAGEMENT IN RESPECT OF INTERNAL CONTROLS

The Board acknowledges that it is responsible for establishing and maintaining the Association's system of internal controls, and for reviewing the effectiveness of those controls. Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that strategic objectives will be achieved.

The key features of the system of internal controls which has been established, and which is designed to provide effective internal control, are as described below.

1. The Association's organisational structure embodies clearly defined levels of responsibility and delegation of authorities in relation to internal control. Appropriate policies and procedures in respect of financial management are in place and are set out in the Association's Financial Regulations. The Board retains responsibility for a range of strategic, operational, performance and financial issues.
2. The Association has a robust system of strategic and operational planning, informed by a system of risk management. The system of risk management is participative and informs all activities undertaken by the Association.

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

REPORT OF THE BOARD OF MANAGEMENT (continued)

3. Experienced and suitably qualified staff are employed by the Association, and their performance is reviewed as part of a comprehensive appraisal process.
3. The Association has an appropriate system of financial reporting in place to enable the Board and senior staff to monitor the key business risks facing the Association. This system of financial reporting includes the preparation of budgets and forecasts, and the preparation of regular financial reports providing relevant and reliable financial information, where significant variances from budgets are appropriately investigated.
4. All significant new initiatives, major commitments and investment projects are subject to appropriate appraisals, review, analysis and authorisation, either by the Board or through relevant Committees of the Board, where authority to consider such matters has been appropriately delegated by the Board.
5. The Board considers reports from senior staff and auditors as relevant to provide reasonable assurance that suitable internal financial control procedures are in place and are being followed. In addition, the Association's Financial Regulations are subject to regular review and updating.

By order of the Board



P Hillard
Secretary
17 August 2010

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

Independent auditor's report to the members of Irvine Housing Association Limited

We have audited the financial statements of Irvine Housing Association Limited for the year ended 31 March 2010 set out on pages 9 to 33. These financial statements have been prepared under the accounting policies set out therein.

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 the Board and auditor

The Board's Responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Board's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Association has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Report of the Board of Management, and consider whether it is consistent with the audited financial statements. The other information comprises only the Board's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2010

Opinion

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

Corporate Governance

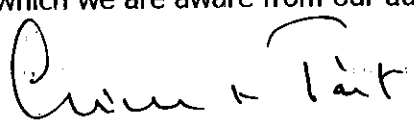
In addition to the audit of the financial statements, we have reviewed the Board's statement concerning internal financial control made under "The Code of External Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of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

Basis of Opinion

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

Opinion

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



CHIENE + TAIT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

6 September 2010

IRVINE HOUSING ASSOCIATION LIMITED**INCOME AND EXPENDITURE ACCOUNT****YEAR ENDED 31 MARCH 2010**

	Note	2010	2009
		£	£
Turnover	2	6,751,817	6,375,430
Operating Costs	2	(4,609,370)	(4,720,967)
Exceptional Items	16	-	(318,315)
Operating Surplus	2	2,142,447	1,336,148
Gain/(Loss) on Sale of Fixed Assets	4	49,362	(38,043)
Impairment		-	(120,000)
Interest Receivable and Similar Income	6	589	26,218
Interest Payable and Similar Charges	7	(1,447,936)	(1,950,879)
Exceptional Interest Payable	7	-	(1,110,631)
Other Finance (Costs)/Income	19	(9,000)	49,000
Surplus/(Deficit) on Ordinary Activities before Taxation	8	735,462	(1,808,187)
Taxation on Ordinary Activities	9	-	-
Surplus/(Deficit) for the Year	20	735,462	(1,808,187)

All of the above operations are continuing.

There is no difference between the surplus on ordinary activities before taxation and the retained surplus for the year as stated above and their historical cost equivalents.

The notes on pages 13 to 33 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

YEAR ENDED 31 MARCH 2010

	Note	2010	2009
		£	£
Surplus/(Deficit) for the Year		735,462	(1,808,187)
Actuarial Loss	19	(1,615,000)	(672,000)
Total Recognised Deficit for the Year		<u>(879,538)</u>	<u>(2,480,187)</u>

The notes on pages 13 to 33 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED
BALANCE SHEET
YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
TANGIBLE FIXED ASSETS			
Housing Properties			
- gross cost less depreciation	10	55,240,992	49,900,375
less Housing Association Grant		(22,931,371)	(20,071,754)
Other Grants		(1,155,842)	(468,528)
		<u>31,153,779</u>	<u>29,360,093</u>
Other tangible fixed assets	10a	361,600	400,070
		<u>31,515,379</u>	<u>29,760,163</u>
CURRENT ASSETS			
Property in course of disposal	10	-	400,000
Debtors	11	316,503	335,691
Cash at Bank and in hand	12	470,744	533,699
		<u>787,247</u>	<u>1,269,390</u>
CREDITORS:			
Amounts falling due within one year	13	(1,692,225)	(2,513,045)
		<u>(904,978)</u>	<u>(1,243,655)</u>
DEFICIENCY OF NET CURRENT ASSETS			
		<u>(904,978)</u>	<u>(1,243,655)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>30,510,401</u>	<u>28,516,508</u>
CREDITORS:			
Amounts falling due after more than one year	14	(29,978,174)	(28,532,199)
PENSION LIABILITY			
	19	(1,541,000)	-
NET LIABILITIES			
		<u>(908,773)</u>	<u>(15,691)</u>
CAPITAL AND RESERVES			
Share Capital	15	237	158
General Reserve		93,292	(568,170)
Pension Reserve		(1,541,000)	-
Revenue Reserves	20	(1,447,708)	(568,170)
Designated Reserves	21	7,500	7,500
Negative Goodwill	22	531,198	544,821
		<u>(908,773)</u>	<u>(15,691)</u>

These financial statements were approved by the Board of Management on 17 August 2010, and were signed on its behalf by:

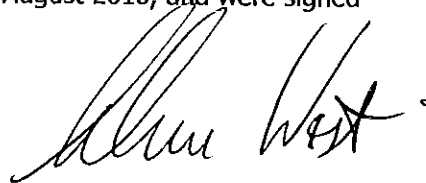
T Farrell
CHAIRMAN



P Hillard
SECRETARY



BOARD MEMBER



The notes on pages 13 to 33 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
Cash inflow from operating activities	23 (a)	2,881,956	2,485,163
Returns on investments and servicing of finance:			
Interest Received		589	26,218
Interest Paid		(1,469,332)	(2,638,580)
Net cash outflow from returns on investments and servicing of finance		(1,468,743)	(2,612,362)
Taxation			
UK Corporation Tax paid		-	-
Grants received		-	-
Net cash inflow from taxation		-	-
Capital Expenditure			
Acquisition of Housing Properties		(4,133,462)	-
Improvement to Housing Properties		(1,759,353)	(1,547,979)
Improvements to Office Properties		0	(310,011)
Purchase of Other Tangible Fixed Assets		(87,377)	(80,826)
Sale of Fixed Assets		66,968	197,349
Grant received		2,996,795	194,282
Net cash outflow for capital expenditure		(2,916,429)	(1,547,185)
Net cash outflow before financing		(1,503,216)	(1,674,384)
Financing			
Issue of Share Capital		72	19
Loans Received (net of arrangement fees paid)		2,440,189	28,532,199
Loans Repaid		(1,000,000)	(27,619,708)
Net cash inflow from financing		1,440,261	912,510
Decrease in cash in the year	23 (b)	(62,955)	(761,874)

The notes on pages 13 to 33 form part of these financial statements.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Social Landlords 2008 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. However, compliance with the SORP requires departure from the requirements of Financial Reporting Standard (FRS) 10, 'Goodwill and Intangible Assets', in relation to negative goodwill and an explanation of the result of the departure is given in the 'Negative Goodwill' policy below. As explained at note 17, the accounts of Thistle Housing Services Limited have not been consolidated with those of the Association, as the Board considers this would be of no real value to the members of the Association in view of the insignificant amounts involved. This is in accordance with the requirements of FRS 2 and the Industrial and Provident Societies Act 1968. A summary of the more important accounting policies is set out below.

Change in Accounting Policy

There were no changes in accounting policy during the year.

Negative Goodwill

Negative Goodwill arising on transfers of engagements represents the excess of the fair value of the identifiable net assets acquired over the fair value of the consideration given and is taken immediately to reserves. This is in accordance with the SORP but not in accordance with FRS 10 which requires that negative goodwill is shown as a negative asset on the balance sheet. The Board is of the opinion that the treatment required by FRS 10 would not present a true and fair view of the Association's net assets because the substance of each transaction is a transfer of a business for no consideration rather than a purchase in the conventional manner. If the negative goodwill had been treated as a negative asset as required by FRS 10 then the Association's net assets would have been reduced by £531,200 (2009: £544,821). Negative goodwill is amortised to the income and expenditure account over the same period for which depreciation is charged on the housing properties acquired.

Turnover

Turnover represents rental income receivable.

Housing Properties

Housing properties are stated at cost less accumulated depreciation. Interest payable relating to capital projects is capitalised within Fixed Assets and depreciated in accordance with FRS 15. Depreciation is charged on a straight line balance basis over the expected useful economic lives of housing properties to write off the cost at an annual rate of 2%. Components and works to existing properties that result in an enhancement of economic benefit are depreciated over their useful economic lives. Any works that do not result in an enhancement of economic benefits are charged to the income and expenditure account in the year incurred.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following annual rates:

Furniture & Equipment	20.00%
Plant & Machinery	33.33%
Office Property	6% to 10%

Housing Association Grant

Where developments have been financed wholly or partly by Housing Association Grant, the cost of those developments has been reduced by the amount of the grant received. Housing Association Grant in respect of housing properties in the course of construction, received in advance of expenditure, is shown as a current liability. Housing Association Grant in respect of major repairs which are of a revenue nature is credited to the income and expenditure account. Housing Association Grant received in respect of Homestake becomes repayable on disposal of properties. Where Housing Association Grant becomes repayable, it is shown as a current liability.

Other Grants

Where developments have been financed wholly or partly by other grants, the cost of those developments has been reduced by the amount of grant received. Other grants of a revenue nature are credited to the income and expenditure account when receivable.

Finance Costs

Arrangement fees in relation to the Bank Loans are charged to Income and Expenditure over the term of the facility. The unexpired portion is carried forward within the loan balance.

Pensions

The Association participates in the Strathclyde Pension Fund administered by Glasgow City Council. Payments are made to the independently administered scheme in accordance with periodic calculations by qualified actuaries. The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme in accordance with Financial Reporting Standard 17: Retirement Benefits and recognises the retirement benefits as the benefits are earned and not when they are due to be paid. The contributions are determined by qualified actuaries, on the basis of triennial valuations. In accordance with FRS17, the Association's share of a scheme deficit is recognised in full on the Balance Sheet and its share of a surplus is recognised to the extent that the surplus can be recovered.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Leases

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

Designated Reserves

The "Harbourside in Bloom" Reserve is a sum of money received from Irvine Development Corporation, the interest received on which is used to fund prizes in the Association's annual "Harbourside in Bloom" competition.

Capitalisation of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Taxation

The Association pays corporation tax on all of its taxable surpluses. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Timing differences arise from the inclusion of items of income and expenditure in tax computations and periods different from those in which they are included in the accounts. One of the timing differences relates to the repairs and maintenance undertaken on housing properties. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

2. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

Income & Expenditure from lettings

Social Lettings
Other Activities
Total

	Turnover £	Operating Costs £	2010 Surplus £	2009 Surplus £
	6,721,596	4,567,243	2,154,353	1,319,415
	30,221	42,127	(11,906)	16,733
	<u>6,751,817</u>	<u>4,609,370</u>	<u>2,142,447</u>	<u>1,336,148</u>
2009	<u>6,375,430</u>	<u>5,039,282</u>		<u>1,336,148</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

3(a) Particulars of Income and Expenditure from Social Lettings

	2010	2009
	£	£
	Total	Total
	£	£
Rent Receivable net of identifiable service charges	6,601,643	6,347,829
Service charges receivable	21,903	27,932
	<u>6,623,546</u>	<u>6,375,761</u>
Gross income from rents and service charges	115,615	17,064
LESS: Rent losses from voids	392	-
	<u>115,223</u>	<u>17,064</u>
Total income from social lettings	6,739,161	6,358,697
Management & maintenance administration costs	2,136,356	2,192,576
Service costs - landscape maintenance	292,517	287,942
Service costs - sheltered housing schemes	-	123,253
Planned & cyclical maintenance	111,920	588,660
Planned & cyclical maintenance - exceptional	-	303,315
Reactive maintenance	807,701	685,823
Bad debts - rents & service charges	68,712	23,120
Depreciation	823,410	834,593
Impairment of social housing	-	-
Total expenditure on lettings	4,455,323	5,039,282
	<u>111,920</u>	<u>4,567,243</u>
Operating surplus on letting activities	2,151,050	1,319,415
	<u>3,303</u>	<u>1,319,415</u>
Operating surplus from letting activities for 2009	1,342,070	1,319,415
	<u>(22,656)</u>	<u>1,319,415</u>

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £16,391 (2009 £16,887). Management & maintenance administration costs contains £nil of exceptional treasury management fees (2009 £15,000)

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

3(b) Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from other Activities

	2010	2009
	£	£
Grants from Scottish Ministers		
Wider role activities	-	-
Care and Repair	-	-
Factoring	-	-
Development and construction of property activities	-	-
Support activities	-	-
Care activities	-	-
Agency/management services for RSLs	-	-
Other agency/management services	-	-
Developments for sale to RSLs	-	-
Developments and improvements for sale to non RSLs	-	-
Other Activities	-	-
Total from other activities	30,221	16,733
Other Revenue Grants	-	-
Supporting People Income	-	-
Other Income	30,221	18,050
Total Turnover	30,221	18,050
Operating Costs - Bad Debts	-	-
Other Operating Costs	29,956	12,171
Total	(11,906)	16,733
Operating Surplus/(Deficit)	49,362	209

4. Gain/(Loss) on Sale of Fixed Assets

Gains on sale of housing accommodation	124,255
Exceptional item	(162,298)
Total	(38,043)

The exceptional item represents the write off of residual net book value of housing accommodation sold in prior periods.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

5. Employee Information

5(a). Directors' Emoluments

No member of the Board received any emoluments during the year.

Emoluments of the Chief Executive (excluding pension contributions)

2010	2009
£	£

79,650

78,446

Aggregate emoluments payable to officers

79,650

78,446

The number of directors whose emoluments (excluding pension contributions) paid or receivable within the following ranges was :

£60,000 to £69,999

£70,000 to £79,999

-	-
1	1

Aggregate compensation payable to officers for loss of office

£	£
-	81,627

5(b). Staff

Average number of persons employed during the year

2010	2009
No	No
59	60
4	2

Average number of full time equivalents employed during the year

51.5	51.3
------	------

Staff Costs

Wages and Salaries

Social Security Costs

Other Pension Costs

FRS17 adjustments

£	£
1,253,394	1,384,508
93,413	99,469
223,257	200,317
(83,000)	(57,000)
<u>1,487,064</u>	<u>1,684,294</u>

**IRVINE HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDED 31 MARCH 2010**

6. Interest Receivable and Other Income

Bank Interest Receivable	2010	2009
	£	£
	589	26,218
	<u>589</u>	<u>26,218</u>

7. Interest Payable and Similar Charges

On Bank Loans, Overdrafts and Other Loans:
 Repayable wholly or partly in more than five years
 Exceptional charges - breakage costs on refinancing

	2010	2009
	£	£
	1,447,936	1,950,879
	-	1,110,631
	<u>1,447,936</u>	<u>3,061,510</u>

8. Surplus/(Deficit) on Ordinary Activities before Taxation

Deficit on Ordinary Activities before Taxation is stated after charging / (crediting):

Depreciation on Tangible Fixed Assets	2010	2009
Auditor's Remuneration:	£	£
In their capacity of Auditor	823,410	834,593
In respect of Other Services	14,746	14,433
Amortisation of Negative Goodwill	881	-
Hire of Equipment	(13,623)	(13,620)
	<u>8,557</u>	<u>3,998</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

10. Tangible Fixed Assets

	Housing Properties			Total
	Rental £	Under construction £	Homestake £	£
Cost				
At 1 April 2009	50,284,247	4,018,136	593,713	54,896,096
Additions	1,504,315	4,551,825	-	6,056,140
Schemes completed in the year	2,504,706	(2,504,706)	-	-
Disposals	(22,037)	-	-	(22,037)
At 31 March 2010	<u>54,271,231</u>	<u>6,065,255</u>	<u>593,713</u>	<u>60,930,199</u>
Depreciation				
At 1 April 2009	4,995,721	-	-	4,995,721
Charge for the year	697,565	-	-	697,565
Disposals	(4,079)	-	-	(4,079)
At 31 March 2010	<u>5,689,207</u>	<u>-</u>	<u>-</u>	<u>5,689,207</u>
Housing Association Grant				
At 1 April 2009	15,502,652	3,975,389	593,713	20,071,754
Received and receivable in the year	656,476	2,203,141	-	2,859,617
Schemes completed in the year	912,938	(912,938)	-	-
At 31 March 2010	<u>17,072,066</u>	<u>5,265,592</u>	<u>593,713</u>	<u>22,931,371</u>
Other Grants				
At 1 April 2009	468,528	-	-	468,528
Received and receivable in the year	80,346	606,968	-	687,314
Schemes completed in the year	580,000	(580,000)	-	-
At 31 March 2010	<u>1,128,874</u>	<u>26,968</u>	<u>-</u>	<u>1,155,842</u>
Net Book Value at 31 March 2010	<u>30,381,084</u>	<u>772,695</u>	<u>-</u>	<u>31,153,779</u>
Net Book Value as 31 March 2009	<u>25,317,346</u>	<u>42,747</u>	<u>-</u>	<u>29,360,093</u>

Investment in existing Housing Properties, including amount capitalised above, totalled £1,599,521 (2009 : £1,337,424) The Association's latest valuation of its housing stock, for funding purposes, at August 2008 was £39.5m. The valuation was carried out on behalf of the Association's funders by DTZ. Additions to properties under construction includes the transfer of a property at net book value (£400,000) from "property in course of disposal". The Association has decided to develop the property.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

10a.

	Office Property & Tenant's Improvements	Furniture & Equipment	Plant & Machinery	Total
	£	£	£	£
Cost				
At 1 April 2009	390,609	494,726	446,838	1,332,173
Additions	-	7,861	79,515	87,376
Disposals	-	-	-	-
At 31 March 2010	<u>390,609</u>	<u>502,587</u>	<u>526,353</u>	<u>1,419,549</u>
Depreciation				
At 1 April 2009	79,941	482,502	306,667	869,110
Charge for the year	36,374	10,880	78,591	125,845
Disposals	-	-	-	-
At 31 March 2010	<u>116,315</u>	<u>493,382</u>	<u>385,258</u>	<u>994,955</u>
Grant				
At 1 April 2009	-	-	62,994	62,994
Received and receivable in the year	-	-	-	-
At 31 March 2010	-	-	<u>62,994</u>	<u>62,994</u>
Net Book Value at 31 March 2010	<u>274,294</u>	<u>9,205</u>	<u>78,101</u>	<u>361,600</u>
Net Book Value at 31 March 2009	<u>310,668</u>	<u>12,224</u>	<u>77,178</u>	<u>400,070</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

11. Debtors: amounts due within one year

	2010	2009
	£	£
Rent Arrears	164,201	150,438
Bad Debt Provision	(102,015)	(85,034)
Sundry Debtors and Accrued Income	227,349	258,169
Other Grants Receivable	26,968	12,118
	<u>316,503</u>	<u>335,691</u>

12. Cash at Bank and in hand

	2010	2009
	£	£
Cash at Bank and in hand	<u>470,744</u>	<u>533,699</u>

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. At 31 March 2010 the Association had £3.3 million (2009 : £4.8 million) in undrawn loan facilities.

13. Creditors : Amounts falling due within one year

	2010	2009
	£	£
Sundry Creditors	823,483	1,080,707
Rents in Advance	106,405	96,256
Accruals and Deferred Income	714,446	1,290,463
Other Taxes	29,514	29,541
HAG in advance	18,194	15,895
Amounts due to group undertakings	183	183
	<u>1,692,225</u>	<u>2,513,045</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

14. Creditors : Amounts falling due after more than one year

Housing Loans

Loans are secured by standard securities over the Association's Housing Properties and are repayable at varying rates of interest other than by instalments as follows:

revolving credit facility available until 2013
one year or more but less than two years
two years or more but less than five years
five years or more

	2010	2009
	£	£
	1,200,000	1,500,000
	-	-
	-	-
	28,778,174	27,032,199
	<u>29,978,174</u>	<u>28,532,199</u>

The above figure contains £162,015 of capitalised finance costs (2009 : £167,801). These are charged to income and expenditure over the term of the facility. The amount charged in 2010 was £5,786 (2009 : £5,786).

15. Share Capital

Shares of £1 each, Allotted, Issued and Fully Paid

	2010	2009
	£	£
At 1 April	158	150
Issued during year	92	19
Cancelled	(13)	(11)
At 31 March	<u>237</u>	<u>158</u>

Each member of the Association holds one share of £1 in the Association. Board members hold one additional share of £1 in the Association. These shares carry no rights to dividends on a winding up. Each member has a right to vote at members' meetings.

IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010

16. Exceptional Items

Refinement of capitalisation policy
 Treasury Management advice

	2010	2009
	£	£
	-	303,315
	-	15,000
	-	318,315

Exceptional operating costs of £318,315 were incurred in the previous year. The capitalisation policy was refined resulting in £303,315 being re-classified from capital to revenue. In addition, the Association re-financed its loan facility resulting in fees of £15,000 in relation to specific treasury management advice.

17. Investment in Subsidiary Undertaking

On 23 October 1997 Irvine Housing Association Limited acquired the entire ordinary share capital of Thistle Housing Services Limited for no consideration. Thistle Housing Services Limited trades as lessors of property and equipment. The results of Irvine Housing Association Limited and Thistle Housing Services Limited have not been consolidated as the Board considers this to be of no real value due to the insignificant amounts involved. Thistle Housing Services Limited did not trade in the year to 31 March 2010.

18. Related Party Transactions

During the year purchases from Thistle Housing Services Limited amounted to £nil (2009:£nil). The balance outstanding to Thistle Housing Services Limited at the year end was £183 (2009: £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2009 : £nil). The balance outstanding from Thistle Housing Services Limited at the year end was £nil (2009 : £nil).

Various members of the Board and their relatives are tenants of the Association. All of these transactions have been carried out on the terms applicable to all tenants.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

19. Pension Costs

The Association is an admitted body to the Strathclyde Pension Fund which is a defined benefit pension scheme providing benefits based on final pensionable salary. The latest formal actuarial valuation of the scheme was at 31 March 2008. A comprehensive report for FRS17 purposes has been produced. At the date of the latest formal valuation, the market value of the assets of the scheme, which are held in a separately administered fund, was £9,493m and the value of the past service liabilities was £9,979m, leaving a deficit of assets of £486m. The assets therefore were sufficient to cover 95% of the benefits which had accrued to members after allowing for future increases in earnings. The actuary recommended future employer contribution rates of 17.3%, 18.2% and 19.3% for the years to 31 March 2010, 2011 and 2012 respectively. The next formal valuation is due at 31 March 2011, when these rates will be reviewed.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:

Latest actuarial date	2009	2008
Inflation / Pension Increase Rate	31 March	31 March
Salary Increase Rate	2008	2008
Expected Return on Assets	3.10%	3.10%
Discount Rate	4.60%	4.60%
	6.50%	6.50%
	6.90%	6.90%

Mortality

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are as follows:

Current Pensioners	Male	Female
Future Pensioners	20.6 years	23.9
	22.6 years	25.0

The Association's share of assets in the scheme and expected rate of return were:

	31 March 2010	31 March 2009
	£000	£000
Equities	7.80%	7.00%
Bonds	5.00%	5.40%
Property	5.80%	4.90%
Cash	4.80%	4.00%
Total market value of assets	<u>136</u>	<u>93</u>
	<u>4,548</u>	<u>3,108</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

19. Pension Costs (continued)

	2010	2009
	£'000	£'000
Estimated employer asset share	4,548	3,108
Present value of scheme liabilities	6,060	3,079
Present value of unfunded liabilities	-	-
Total value of liabilities	6,060	3,079
Net Pension (Deficit)/Asset	<u>(1,512)</u>	<u>29</u>

Analysis of amount charged to operating profit

Current Service Costs	98	135
Interest Cost	218	224
Expected Return on employers Assets	(209)	(273)
Past Service Cost / (Gain)	24	-
Losses / (Gains) on Curtailment and Settlements	-	65
Total Operating Charge	<u>131</u>	<u>151</u>

Analysis of the amount credited to other finance income

Expected return on employers assets	209	273
Interest on pension scheme liabilities	(218)	(224)
Net Return	(9)	49
Net revenue account cost	<u>140</u>	<u>102</u>

Analysis of the amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD)

Actuarial loss in pension plan	(1,615)	(643)
Experience gains and losses arising on the scheme liabilities	-	-
Changes in financial assumptions underlying the present value of the scheme liabilities	-	(29)
Pension asset not recognised	-	-
Actuarial loss recognised in STRSD	<u>(1,615)</u>	<u>(672)</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

19. Pension Costs (continued)

Movement in surplus / (deficit) during the year

	2010	2009
	£'000	£'000
Surplus at beginning of year	29	566
Current service cost	(98)	(135)
Employer contributions	205	257
Past Service Costs	(24)	-
Curtailments and Settlements	-	(65)
Net return on assets	(9)	49
Actuarial loss	(1,615)	(643)
(Deficit)/Surplus at end of year (surplus not recognised)	<u>(1,512)</u>	<u>29</u>

History of Experience Gains and Losses

	2010	2009
Difference between the expected and actual return on assets	998	(1,146)
Value of assets (£'000)	4,548	3,108
Percentage of assets	22.0%	(37.0%)
Experience gains/(losses) on liabilities (£'000)	-	186
Total present value of liabilities (£'000)	(6,060)	3,079
Percentage of the total present value of liabilities	0.0%	6.0%
Actuarial (losses)/gains recognised in STRSD (£'000)	(1,615)	(643)
Total present value of liabilities (£'000)	(6,060)	3,079
Percentage of the total present value of liabilities	27.0%	21.0%

The total pension cost for the Association was £140,257 (2009 : £143,317). This includes £25,047 (2009 : £21,007) outstanding contributions at the balance sheet date. The contribution rate payable by the Association was 17.3% (2009 : 16.8%) of pensionable salaries.

The Chief Executive of the Association is an ordinary member of the pension scheme detailed above. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £13,530 (2009 : £12,931). The Association's contributions for the other Directors in the year amounted to £17,930 (2009 : £24,906).

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

20. Revenue Reserve	General Reserve	Pension Reserve	2010 Total	2009 Total
	£	£	£	£
At 1 April 2009	(568,170)	-	(568,170)	1,912,017
Surplus / (Deficit) for the year	661,462	74,000	735,462	(1,808,187)
Transfer from Designated Reserves	-	-	-	-
Actuarial Loss (note 19)	-	(1,615,000)	(1,615,000)	(672,000)
At 31 March 2010	<u>93,292</u>	<u>(1,541,000)</u>	<u>(1,447,708)</u>	<u>(568,170)</u>

21. Designated Reserves	"Harbourside in Bloom" Reserve	Total
	£	£
At 1 April 2009	7,500	7,500
Transfer from income and expenditure account	-	-
At 31 March 2010	<u>7,500</u>	<u>7,500</u>

22. Negative Goodwill	2010	2009
	£	£
At 1 April 2009	544,821	558,441
Amortisation	(13,623)	(13,620)
At 31 March 2010	<u>531,198</u>	<u>544,821</u>

IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010

23. Notes to the Cash Flow Statement

a) Reconciliation of operating surplus to net cash inflow from operating activities

	2010	2009
	£	£
Operating Surplus	2,142,447	1,336,148
Depreciation	823,410	834,593
Amortisation of negative goodwill	(13,623)	(13,620)
Pension - Employee Cost Difference	(83,000)	(57,000)
Write off of major repairs costs	-	303,315
Amortisation of loan costs	5,786	-
Decrease in debtors	34,048	47,948
(Decrease) / Increase in creditors	(27,112)	33,779
	<u>2,881,956</u>	<u>2,485,163</u>

Net cash inflow from operating activities

b) Analysis of net debt

	at 1 April 2009	Non cash movement	Cash Flow	at 31 March 2010
	£	£	£	£
Cash at Bank and in hand	533,699	-	(62,955)	470,744
Debt due after one year	(28,532,199)	(5,786)	(1,440,189)	(29,978,174)
Total	<u>(27,998,500)</u>	<u>(5,786)</u>	<u>(1,503,144)</u>	<u>(29,507,430)</u>

c) Reconciliation of net cash flow to movement in net debt

	2010	2009
	£	£
Decrease in cash in the year	(62,955)	(761,874)
Cash inflow from increase in debt	(1,440,189)	(912,491)
Non cash movement - amortisation of arrangement fees	(5,786)	(163,548)
Movement in net debt in the year	<u>(1,508,930)</u>	<u>(1,837,913)</u>
Net debt at 1 April 2009	<u>(27,998,500)</u>	<u>(26,160,587)</u>
Net debt at 31 March 2010	<u>(29,507,430)</u>	<u>(27,998,500)</u>

IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010

24. Housing Stock

The number of units of general needs accommodation in management at the beginning of the year
 The number of units of supported housing accommodation in management at the beginning of the year
 The number of units of shared ownership accommodation in management at the beginning of the year
 The total number of units in management at the beginning of the year

	2010	2009
	2,098	2,105
	41	41
	-	-
	<u>2,139</u>	<u>2,146</u>
	2,123	2,098
	41	41
	-	-
	<u>2,164</u>	<u>2,139</u>
	22	-

The number of units of general needs accommodation in management at the end of the year
 The number of units of supported housing accommodation in management at the end of the year
 The number of units of shared ownership accommodation in management at the end of the year
 The total number of units in management at the end of the year

The number of properties under construction at the year end was
 Land held for development has been funded by Housing Association Grant.

25. Financial Commitments

At 31 March 2010, the Association had annual commitments under operating leases as follows:

Operating leases which expire:
 Within one year
 Within 2 to 5 years
 After 5 years

	2010	2010
	Land and Buildings	Other
	£	£
	-	-
	-	7,621
	<u>66,529</u>	-
	<u>66,529</u>	<u>7,621</u>

	2009	2009
	Land and Buildings	Other
	£	£
	-	-
	-	6,499
	<u>66,529</u>	-
	<u>66,529</u>	<u>6,499</u>

Land and Buildings Lease may be cancelled after five years. Operating leases may be cancelled at the lessee's request.

26. Capital Commitments

Future Capital Expenditure
 Authorised and contracted
 Authorised but not yet contracted

	2010	2009
	£	£
	1,010,756	-
	<u>3,500,000</u>	<u>6,750,000</u>

It is expected these commitments will be funded by HAG and Private Finance.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2010**

27. Net Liabilities

The Association's financial statements for the year ended 31 March 2009 present a negative balance sheet. This results from the exceptional charges in the year which were described in the notes to the financial statements and was anticipated.

The Association's financial statements for the year ended 31 March 2010 also present a negative balance sheet. The Association now has positive *general reserves*, however, the Association shows its share of the liability of the Strathclyde Pension Fund as a negative reserve which results in the negative balance sheet.

The Association's share of the fund's deficit will be funded with on-going contributions over the coming years and provision has been made in financial projections. The Board accepts it is correct to show the liability in the accounts but also that it is not an immediate cash requirement and the financial forecasts show the Association remains a going concern.