

IRVINE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Register of Friendly Societies No. SP2459RS

Registered Housing Association No. HAL280

Scottish Charity No. SC042251

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2012

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IRVINE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT AND ADVISERS

BOARD OF MANAGEMENT: A West, Chairman
C Bell
W Dickson
F Dunlop
C Durkan
T Farrell
K Gatherer
G Lindsay
D McEachran (Co-opted)
M Miller
C Pattinson (until November 15, 2011)
C Sharp
R Sturgeon
J Wood

SECRETARY: P Hillard

AUDITOR: KPMG LLP
St James' Square
Manchester
M2 6DS

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 2012

REPORT OF THE BOARD OF MANAGEMENT

The Board presents its Report and Audited Financial Statements for the year ended 31 March, 2012.

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 2012, the Association has made a surplus of £514,208 compared to a surplus of £1,349,951 for the previous year. Like for like surplus for the previous year, before exceptional items, was £708,000. As part of a due diligence exercise, it became apparent that the tax treatment of planned works had been incorrect since 2007 and as a result, the Association has made payments totalling £515k in the year to HMRC. Despite an increase to the deficit in the pension fund of £389k the overall reserves remain positive at £563k.

The 2011/12 financial year has seen Irvine Housing Association make decisions that have been the most significant since the company was established.

In April 2011 the Association was formally entered on the register of Scottish Charities. The achievement of charitable status early in the financial year means that our financial results demonstrate the consequent operational efficiencies we have been able to achieve.

In July 2011 the shareholding members voted by 313 to 23 in favour of the rule changes required to allow the Association to become a subsidiary of The Riverside Group Limited (TRGL). This represented a 93% yes vote with 92% of shareholders taking part, and meant that the partnership with Riverside had an overwhelming mandate from our membership.

The parental share was issued to TRGL on 11th October 2011 and the Association became a legal subsidiary of Riverside on this date. The Partnership Agreement and an intra-Group loan facility agreement were formally signed and also became effective from this date.

Since October work with Riverside has concentrated on three areas:

1. Business integration
2. Delivery of the commitments made to our communities
3. Responding to new growth opportunities.

The business integration process has been rigidly project managed in order to optimise the efficiencies gained while ensuring a continued responsive local service delivery. Early benefits gained from the integration process included the use of Riverside's Customer Service Centre for out of hours emergency repairs calls, the centralisation of payroll processing and the provision of IT support. The Association successfully moved across to the full use of Riverside IT systems from April 2012.

The main work on delivering the commitments made to our communities has focused on the Pennyburn Regeneration project, and particularly the demolition of the Pennyburn flats. Several consultation events have taken place and the community are playing a major role in shaping the redevelopment plans. Good progress has also been made on the decanting of tenants from the flats and the acquisition of former Right to Buy properties in the flats. At the end of June 2012 75% of the flats had been vacated in preparation for demolition in the spring of 2013.

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2012

REPORT OF THE BOARD OF MANAGEMENT (continued)

The commitment for new services in Irvine and Drongan will be delivered in the summer of 2012 with the recruitment to new money advisor, employability co-ordinator and handyperson positions.

The £2.6m approved budget for major repairs in 2012/13 includes approximately £1m for additional thermal improvement and external works in Drongan, which will deliver the commitment to the acceleration of major repairs in that community.

Work has also progressed on plans for the community IT suite in Dumfries. The budget has been provided for the project and local residents are actively engaged in surveying the local community to obtain details of the type of services they would like the facility to provide.

One of the Association's main benefits from being part of Riverside was the ability to be able to play a continued role in generating new housing supply to meet ongoing housing needs. We were, therefore, delighted to be appointed by North Ayrshire Council and the Scottish Government in January 2012 to be the developer of 56 new homes in Lamlash on the Isle of Arran. The development will be mixed tenure with 16 homes being available for shared equity sale and the remaining 40 for social rent. The development will benefit from £2.4m of Scottish Government Innovation and Investment Funding topped up by £798,280 from North Ayrshire Council. Start on site will be achieved in June 2012 with completion of the project in March 2014.

While the focus of much activity has been on developing our relationship with Riverside and realising the benefits it brings, there has also been considerable other work and projects being progressed.

During 2011 the Association implemented the recommendations from its Customer Services Review. This has seen the establishment of a Customer Services Team. Staff have been recruited to the team and trained to ensure they are equipped to deal with all 'day to day' enquiries made by our customers regardless of the nature of the service requested.

As part of the review we also established a new Community Involvement Team. This team will ensure that we actively engage with our tenants and communities, particularly to ensure we respond positively to the expectations of the Scottish Social Housing Charter. It will also help oversee the wider investments we make in the sustainability of our communities and play a leading role in assisting our communities in responding to welfare reform.

These two new teams will allow our existing Housing and Technical Teams to spend more time on our estates and focus on the more complex issues we face. This will be particularly beneficial in allowing us to respond to the greater levels of vulnerability in our communities and to manage the significant increase in investment to our existing housing stock.

This increased investment was a major part of last year's business activity, during the 2011/12 financial year a total of £2.1m has been spent on major repairs. This is the highest level of major repairs expenditure the Association has undertaken in one financial year. It has delivered improvements including 110 new front doors, 235 new energy efficient boilers and 257 new kitchens.

During the year we also continued to invest and support in initiatives to support the wider needs of our communities. We developed a second phase of the Workingrite initiatives which have seen a further 16 young people go on to the Targeted Pathways to Apprenticeships programme. We continue to provide support to the Pennyburn Regeneration Youth Development Enterprise (PRYDE) and were delighted that

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2012

REPORT OF THE BOARD OF MANAGEMENT (continued)

the development of The Playz was completed providing a high quality new youth facility at the heart of that community. We were also pleased to be able to provide support to assist the establishment of the Anthony O'Brien Quinn Memorial Trust that will provide crisis support to people across Ayrshire aimed at helping them to sustain a long term home.

Our work on community involvement and tenant engagement has continued to build on the good practice developed over the last two years. Our third annual tenants conference was attended by 83 delegates. We are also assisting the development of new community groups including the Fullarton and Harbourside TARA, the Tailglum TARA in Drongan and the Irvine Housing Action Group in Dumfries. We have held several well attended community consultation events on topics including the Scottish Social Housing Charter, the new Scottish Housing Regulator's Regulatory Framework, improvements to our repairs policy and the Pennyburn regeneration project. The association's tenants are also playing an increasing role in Riverside's Tenants and Residents Federation and associated events.

In February we were named as one of the Sunday Times Top 100 Not-For-Profit Organisations to Work For 2012. We were awarded one star accreditation and announced in 59th position on the list of Britain's top employers. This was a major highlight during the year and we were delighted with this recognition of the energy and investment that we put into staff development.

BOARD OF MANAGEMENT

The current members of the Board of the Association, who are also Trustees of the Charity, are listed on page 2. The following also served during the year:

C Pattinson (until November 15, 2011)

Each member of the Board, except co-opted members, 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.

IRVINE HOUSING ASSOCIATION LIMITED

YEAR ENDED 31 MARCH 2012

REPORT OF THE BOARD OF MANAGEMENT (continued)

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.
3. Experienced and suitably qualified staff are employed by the Association, and their performance is reviewed as part of a comprehensive appraisal process.
4. 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.
5. 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.
6. 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, 2012

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 2012 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with Schedule 7 paragraphs 13 and 14 to the Housing (Scotland) Act 2001 and 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

As more fully explained in the Statement of Board's Responsibilities set out on page 5, the association's Board is responsible for the preparation of financial statements which 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the association as at 31 March 2012 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 2003, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 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.



Martin Newsholme for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St James' Square

Manchester

M2 6DS

Date 20 August 2012

IRVINE HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2012

	Note	2012	2011 (Restated)
		£	£
Turnover	2	8,384,751	7,270,926
Operating Costs	2	(5,382,867)	(5,228,087)
Operating Costs - Exceptional Items	16	-	642,000
Operating Surplus	2	3,001,884	2,684,839
Gain on Sale of Fixed Assets	4	(48,667)	57,428
Impairment	10	(320,908)	-
Interest Receivable and Similar Income	6	625	478
Interest Payable and Similar Charges	7	(1,692,504)	(1,411,794)
Other Finance Income / (Costs)	19	64,000	19,000
Surplus on Ordinary Activities before Taxation	8	1,004,430	1,349,951
Taxation on Ordinary Activities	9	(490,222)	-
Surplus for the Year	20	514,208	1,349,951

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 12 to 28 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Surplus for the Year		514,208	1,349,951
Actuarial Gain / (Loss)	19	(481,000)	711,000
Total Recognised Surplus / (Deficit) for the Year		33,208	2,060,951
Prior year adjustments	20, 27	-	(601,412)
Total surpluses / (deficits) recognised since last annual report		<u>33,208</u>	<u>1,459,539</u>

RECONCILIATION OF MOVEMENTS IN FUNDS

YEAR ENDED 31 MARCH 2012

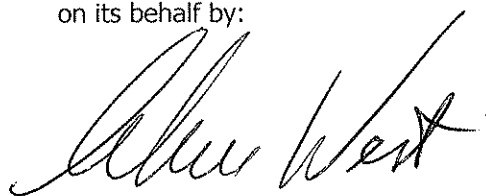
	Note	2012 £	2011 £
Total recognised surplus		33,208	1,459,539
Total funds at 1 April 2011		536,910	(922,629)
Total Funds at 31 March 2012		<u>570,118</u>	<u>536,910</u>

The notes on pages 12 to 28 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH, 2012

	Note	2012 £	2011 (Restated) £
TANGIBLE FIXED ASSETS			
Housing Properties			
- gross cost less depreciation	10	57,389,944	55,985,956
less Housing Association Grant		(22,460,667)	(22,460,667)
Other Grants		(1,289,924)	(1,238,518)
		<u>33,639,353</u>	<u>32,286,771</u>
Other tangible fixed assets	10a	315,085	332,368
Fixed asset investments			
Homestake	10	593,713	593,713
Homestake Grant	10	(593,713)	(593,713)
		<u>33,954,438</u>	<u>32,619,139</u>
CURRENT ASSETS			
Debtors	11	427,681	288,410
Cash at Bank and in hand	12	367,422	878,634
		<u>795,103</u>	<u>1,167,044</u>
CREDITORS:			
Amounts falling due within one year	13	(1,746,489)	(1,520,194)
		<u>(951,386)</u>	<u>(353,150)</u>
DEFICIENCY OF NET CURRENT ASSETS			
		<u>33,003,052</u>	<u>32,265,989</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS:			
Amounts falling due after more than one year	14	(31,849,558)	(31,534,802)
PENSION LIABILITY			
	19	(583,000)	(194,000)
		<u>570,494</u>	<u>537,187</u>
NET ASSETS / (LIABILITIES)			
CAPITAL AND RESERVES			
Share Capital	15	376	277
General Reserve		1,145,618	723,410
Pension Reserve		(583,000)	(194,000)
Revenue Reserves	20	562,618	529,410
Designated Reserves	21	7,500	7,500
Negative Goodwill	22		
		<u>570,494</u>	<u>537,187</u>

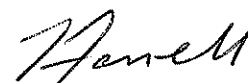
These financial statements were approved by the Board of Management on 17 August 2012, and were signed on its behalf by:



A West
CHAIRMAN



P Hillard
SECRETARY



BOARD MEMBER

The notes on pages 12 to 28 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 (Restated) £
Cash inflow from operating activities	28 (a)	<u>3,201,557</u>	<u>3,042,219</u>
Returns on investments and servicing of finance:			
Interest Received		625	478
Interest Paid		(1,700,513)	(1,339,746)
Net cash outflow from returns on investments and servicing of finance		<u>(1,699,888)</u>	<u>(1,339,268)</u>
Taxation			
UK Corporation Tax paid		(490,222)	-
Grants received		-	-
Net cash inflow from taxation		<u>(490,222)</u>	<u>-</u>
Capital Expenditure			
Acquisition of Housing Properties		(305,317)	(845,592)
Improvement to Housing Properties		(1,473,688)	(2,246,807)
Purchase of Other Tangible Fixed Assets		(104,128)	(64,098)
Sale of Fixed Assets		0	91,768
Grant received		51,406	218,786
Net cash outflow for capital expenditure		<u>(1,831,727)</u>	<u>(2,845,943)</u>
Net cash outflow before financing		<u>(820,280)</u>	<u>(1,142,992)</u>
Financing			
Issue of Share Capital		99	40
Loans Received (net of arrangement fees paid)		7,027,426	2,050,842
Loans Repaid		(6,718,457)	(500,000)
Net cash inflow from financing		<u>309,068</u>	<u>1,550,882</u>
Increase/(Decrease) in cash in the year	28 (b)	<u>(511,212)</u>	<u>407,890</u>

The notes on pages 12 to 28 form part of these financial statements.

IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012

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 2010 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. 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.

Turnover

Turnover represents rental and other 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. Components and works to existing properties that result in an enhancement of economic benefit are depreciated over their useful economic lives. Useful economic lives for components are as follows:

Component	UEL
Structure	100 years
Kitchens	20 years
Bathrooms	30 years
Heating Systems	30 years
Boilers	15 years
Windows	25 years
External Doors	25 years
Roofs	60 years
Render	20 years

Any works that do not result in an enhancement of economic benefits are charged to the income and expenditure account in the year incurred. Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion.

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%

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2011**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 received.

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.

Cash flow statement and related party transaction

The Association is a wholly owned subsidiary of The Riverside Group Ltd and is included in the consolidated financial statements of The Riverside Group Ltd, which are publicly available. Consequently the Association has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 "Cash Flow Statements". The Association is also exempt under the terms of FRS8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the Group.

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.

Leases

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

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2011**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 is a registered charity and is not therefore liable for corporation tax on its charitable activities.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

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

	Turnover	Operating Costs	2012 Surplus	2011 Surplus / (deficit)
	£	£	£	£
Income & Expenditure from lettings				
Social Lettings	7,581,413	5,025,794	2,555,619	2,685,401
Other Activities	803,338	357,073	446,265	(562)
Total	8,384,751	5,382,867	3,001,884	2,684,839
2011	7,270,926	4,586,087		2,684,839

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

	General Needs Housing	Supported Housing	Shared Ownership Housing	Other	2012 Total	2011 Total
	£	£	£	£	£	£
Rent Receivable net of identifiable service charges	7,439,984	115,798	-	-	7,555,782	7,084,953
Service charges receivable	30,018	10,287	-	-	40,305	37,859
Gross income from rents and service charges	7,470,002	126,085	-	-	7,596,087	7,122,812
LESS: Rent losses from voids	13,498	1,176	-	-	14,674	30,705
Total income from social lettings	7,456,504	124,909	-	-	7,581,413	7,092,107
Management & maintenance administration costs	2,394,276	-	-	-	2,394,276	1,714,627
Service costs - landscape maintenance	252,661	-	-	-	252,661	309,446
Service costs - sheltered housing schemes	-	118,084	-	-	118,084	114,744
Planned & cyclical maintenance	530,400	929	-	-	531,329	376,508
Reactive maintenance	967,669	27,169	-	-	994,838	863,133
Bad debts - rents & service charges	-	-	-	-	-	47,469
Depreciation	734,606	-	-	-	734,606	980,780
Impairment of social housing	-	-	-	-	-	-
Total expenditure on lettings	4,879,612	146,182	-	-	5,025,794	4,406,706
Operating surplus on letting activities	2,576,892	(21,273)	-	-	2,555,619	2,685,401
Operating surplus from letting activities for 2011	2,681,044	4,357	-	-		2,685,401

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £16,699 (2011 £16,979).

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

5. Employee Information

5(a) Directors' Emoluments

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

J Wood is an employee of the parent undertaking, The Riverside Group Ltd, and the costs are borne by the parent.

Emoluments of the Chief Executive
(excluding pension contributions)

	2012	2011
	£	£
	<u>91,999</u>	<u>81,155</u>
	<u>91,999</u>	<u>81,155</u>

Aggregate emoluments payable to officers

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

£80,000 to £89,999
£90,000 to £99,999

	2012	2011
	-	1
	<u>1</u>	<u>-</u>

5(b) Staff

Average number of persons employed during the year

	2012	2011
	No	No
	58	59
	<u>3</u>	<u>4</u>

Average number of full time equivalents employed during the year

	<u>51.11</u>	<u>49.8</u>
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Staff Costs

Wages and Salaries
Social Security Costs
Other Pension Costs
FRS17 adjustments
FRS17 exceptional item (note 16)

	£	£
	1,409,528	1,338,954
	100,655	94,994
	249,296	242,144
	(28,000)	25,000
	-	(642,000)
	<u>1,731,479</u>	<u>1,059,092</u>

6. Interest Receivable and Other Income

Bank Interest Receivable

	2012	2011
	£	£
	625	478
	<u>625</u>	<u>478</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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7. Interest Payable and Similar Charges

On Bank Loans, Overdrafts and Other Loans:
Repayable wholly or partly in more than five years

2012	2011
£	£
1,692,504	1,411,794
<u>1,692,504</u>	<u>1,411,794</u>

8. Surplus on Ordinary Activities before Taxation

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

Depreciation on Tangible Fixed Assets	407,697	980,781
Auditor's Remuneration:		
In their capacity of Auditor	20,400	13,800
In respect of Other Services	5,700	-
Amortisation of Negative Goodwill	-	-
Hire of Equipment	8,363	7,574
	<u>2012</u>	<u>2011</u>
	£	£
	490,222	-
	<u>490,222</u>	<u>-</u>

9. Taxation on Ordinary Activities

Current tax charge @ 26% (2011 : 28%)
Prior year adjustment
Total Current Tax Charge

FRS19 reconciliation of current tax charge

Factors affecting the tax charge for the year

Surplus on activities before tax

Expected tax charge

Expenses not deductible for tax purposes

Capital allowances for the period in excess of depreciation

Adjustments relating to prior periods

Profits exempt from tax due to charitable exemption

Prior year adjustment

Unrelieved tax losses

Other short term timing differences

Actual tax charge for the year

	1,004,430	1,349,951
	261,151	377,987
	-	5,491
	-	(259,526)
	-	-
	(261,151)	-
	490,222	-
	-	53,970
	-	(177,922)
	<u>490,222</u>	<u>-</u>

IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible Fixed Assets

	Housing Properties		Sub total	Homestake
	Rental	Under construction		
Cost	£	£	£	£
At 1 April 2011	59,309,548	3,826,011	63,135,559	593,713
Prior year adjustments	(925,676)	-	(925,676)	-
Additions	2,032,776	305,317	2,338,093	-
Schemes completed in the year	-	-	-	-
Impairment	(19,777)	(301,131)	(320,908)	-
Disposals	-	-	-	-
At 31 March 2012	<u>60,396,871</u>	<u>3,830,197</u>	<u>64,227,068</u>	<u>593,713</u>
Depreciation				
At 1 April 2011	6,548,191	-	6,548,191	-
Prior year adjustment	(324,264)	-	(324,264)	-
Charge for the year	613,197	-	613,197	-
Disposals	-	-	-	-
At 31 March 2012	<u>6,837,124</u>	<u>-</u>	<u>6,837,124</u>	<u>-</u>
Housing Association Grant				
At 1 April 2011	19,061,687	3,398,980	22,460,667	593,713
Prior year adjustment	-	-	-	-
Received and receivable in the year	-	-	-	-
Schemes completed in the year	-	-	-	-
On disposals	-	-	-	-
At 31 March 2012	<u>19,061,687</u>	<u>3,398,980</u>	<u>22,460,667</u>	<u>593,713</u>
Other Grants				
At 1 April 2011	1,211,550	26,968	1,238,518	-
Received and receivable in the year	42,676	8,730	51,406	-
Schemes completed in the year	-	-	-	-
At 31 March 2012	<u>1,254,226</u>	<u>35,698</u>	<u>1,289,924</u>	<u>-</u>
Net Book Value at 31 March 2012	<u>33,243,834</u>	<u>395,519</u>	<u>33,639,353</u>	<u>-</u>
Net Book Value as 31 March 2011	<u>31,886,707</u>	<u>400,064</u>	<u>32,286,771</u>	<u>-</u>

Investment in existing Housing Properties, including amount capitalised above, totalled £2,954,829 (2011 : £1,716,534). The adoption of The Riverside Group component accounting policy resulted in prior year adjustment to cost and depreciation. A number of damaged components were replaced in the year resulting in impairment of £19,777. The property at 35-41 Bank Street is awaiting development. The property has been valued at £150k and £301k has been charged to Income & Expenditure as an impairment. 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.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

10a. Tangible Fixed Assets (continued)

	Office Property & Tenant's Improvements	Furniture & Equipment	Plant & Machinery	Total
	£	£	£	£
Cost				
At 1 April 2011	390,609	505,422	616,082	1,512,113
Additions	21,038	5,251	77,838	104,127
Disposals	(939)	(493,189)	(515,233)	(1,009,361)
At 31 March 2012	410,708	17,484	178,687	606,879
Depreciation				
At 1 April 2011	152,689	497,297	466,765	1,116,751
Charge for the year	39,548	3,208	78,654	121,410
Disposals	(939)	(493,189)	(452,239)	(946,367)
At 31 March 2012	191,298	7,316	93,180	291,794
Grant				
At 1 April 2011	-	-	62,994	62,994
Disposals	-	-	(62,994)	(62,994)
At 31 March 2012	-	-	-	-
Net Book Value at 31 March 2012	219,410	10,168	85,507	315,085
Net Book Value at 31 March 2011	237,920	8,125	86,323	332,368

**IRVINE HOUSING ASSOCIATION LIMITED
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11. Debtors: amounts due within one year

	2012	2011
	£	£
Rent Arrears	172,599	143,301
Bad Debt Provision	(117,556)	(122,457)
Sundry Debtors and Accrued Income	322,659	267,566
Housing Association Grant Receivable	-	-
Other Grants Receivable	49,979	-
	<u>427,681</u>	<u>288,410</u>

12. Cash at Bank and in hand

	2012	2011
	£	£
Cash at Bank and in hand	<u>367,422</u>	<u>878,634</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 2012 the Association had £16.5 million (2011 : £1.8 million) in undrawn loan facilities.

13. Creditors : Amounts falling due within one year

	2012	2011
	£	£
Sundry Creditors	380,890	701,026
Rents in Advance	80,063	97,668
Accruals and Deferred Income	1,184,345	516,682
Other Taxes	40,507	31,395
Funding in advance	60,501	173,240
Amounts due to group undertakings	183	183
	<u>1,746,489</u>	<u>1,520,194</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

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

	2012	2011
	£	£
Housing Loans	-	700,000
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		
two years or more but less than five years		
five years or more	31,849,558	30,834,802
	<u>31,849,558</u>	<u>31,534,802</u>

The above figures includes a loan of £6m from The Riverside Group Ltd.

The above figure contains £150,442 of capitalised finance costs (2011 : £156,229). These are charged to income and expenditure over the term of the facility. The amount charged in 2012 was £5,786 (2011 : £5,786).

15. Share Capital

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

	2012	2011
	£	£
At 1 April	277	237
Issued during year	113	92
Cancelled	(14)	(52)
At 31 March	<u>376</u>	<u>277</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.

16. Exceptional Items

	2012	2011
	£'000	£'000
Past service pension gain - FRS17 adjustment to staff costs	-	642
	<u>-</u>	<u>642</u>

The FRS17 adjustment in respect of past service costs is a credit of £642,000 resulting from the change from RPI to CPI in respect of future payment increases.

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

17. Investment in Subsidiary Undertaking

On 23 October 1997 Irvine Housing Association Limited acquired the entire ordinary share capital of Thistle Services Limited for no consideration. Thistle Housing Services Limited traded 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 2012.

18. Related Party Transactions

During the year purchases from Thistle Housing Services Limited amounted to £nil (2011:£nil). The balance outstanding to Thistle Housing Services Limited at the year end was £183 (2011: £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2011 : £nil). The balance outstanding from Thistle Housing Services Limited at the year end was £nil (2011 : £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.

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 took place at 31 March, 2011. At that date of the last formal valuation, the market value of the assets of the scheme, which are held in a separately administered fund, was £11,322m and the value of the past service liabilities was £11,642m, leaving a deficit of assets of £320m. The assets therefore were sufficient to cover 97.3% of the benefits which had accrued to members after allowing for future increases in earnings. The actuary recommended future employer contribution rates of 19.3% for the years to 31 March 2013, 2014 and 2015.

A comprehensive report for FRS17 purposes has been produced and the following assumptions have been used.

	2012	2011
Inflation / Pension Increase Rate	2.50%	2.80%
Salary Increase Rate	4.80%	5.10%
Expected Return on Assets	5.80%	6.90%
Discount Rate	4.80%	5.50%

Mortality

Life expectancy is based on the PFA92 and PMA92 tables.

Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Male	Female
Current Pensioners	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

19. Pension Costs (continued)

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

	31 March 2012	31 March 2011
	£000	£000
Equities	4,131	3,962
Bonds	590	669
Property	376	309
Cash	268	206
Total market value of assets	<u>5,365</u>	<u>5,146</u>

	2012	2011
	£000	£000
Fair value of employee assets	5,365	5,146
Present value of scheme liabilities	(5,948)	5,340

Net Pension Deficit

	(583)	(194)
--	--------------	-------

Analysis of amount charged to operating profit

Current Service Costs	251
Interest Cost	317
Expected return on employers assets	(336)
Past service (gain) / cost *	(642)
Losses / (gains) on curtailment and settlements	-
Total operating charge	<u>170</u>
	<u>(410)</u>

* This gain is in respect of the changes to the pension increases introduced in the Chancellor's budget statement that future pension increases will be linked to the Consumer Price Index (CPI) and not the previously used Retail Price Index (RPI).

Analysis of the amount credited to other finance income

Expected return on employers assets	364	336
Interest on pension scheme liabilities	(300)	(317)
Net return / (cost)	<u>64</u>	<u>19</u>
Net revenue account credit / (cost)	<u>106</u>	<u>(429)</u>

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

Actuarial gain / (loss) in pension plan	(481)	682
Effect of non-recognition of plan surplus in previous year	-	29
Actuarial gain / (loss) recognised in STRSD	<u>(481)</u>	<u>711</u>

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. Pension Costs (continued)

Movement in surplus / (deficit) during the year

(Deficit) / surplus at beginning of year	2012	2011
Current service cost	£'000	£'000
Employer contributions	(194)	(1,541)
Past service gains / (costs)	(213)	(251)
Curtailments and settlements	262	226
Net return on assets	-	642
Actuarial gain / (loss)	(21)	-
Deficit at end of year	64	19
	(481)	711
	(583)	(194)

History of Experience Gains and Losses

Difference between the expected and actual return on assets	2012	2011	2010	2009
Fair value of employer's assets (£'000)	5,365	5,146	4,548	3,108
Experience gains / (losses) on employer's assets (£'000)	(415)	33	998	(1,146)
Present value of funded liabilities (£'000)	(5,948)	(5,340)	(6,060)	3,079
Surplus / (deficit) (£'000)	(583)	(194)	(1,512)	29

The total pension cost for the Association was £249,296 (2011 : £242,144) This includes £26,381 (2011 : £25,485) outstanding contributions at the balance sheet date. The contribution rate payable by the Association was 19.3% (2011 : 18.2%) 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 £15,869 (2011 : £14,376). The Association's contributions for the other Directors in the year amounted to £22,154 (2011 : £20,629).

20. Revenue Reserve

	2012	2011	
	General Reserve	Pension Reserve	Total
	£	£	£
At 1 April 2011	723,410	(194,000)	529,410
Surplus for the year	422,208	92,000	514,208
Prior year adjustments	-	-	-
Actuarial Gain / (Loss) (note 19)	-	(481,000)	(481,000)
At 31 March 2012	1,145,618	(583,000)	562,618
			711,000
			529,410

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2012**

21. Designated Reserves

	"Harbourside in Bloom" Reserve	Total
At 1 April 2011	£ 7,500	£ 7,500
Transfer from income and expenditure account	-	-
At 31 March 2012	7,500	7,500

Interest earned on this cash-backed reserve is used to fund prizes at local events.

22. Negative Goodwill

	2012	2011
At 1 April 2011	£	£
Amortisation	-	531,198
Write Off	-	(13,619)
At 31 March 2012	-	(517,579)

Negative Goodwill has been transferred to General Reserves in line with SORP 2010.

23. Housing Stock

	2012	2011
The number of units of general needs accommodation in management at the beginning of the year	2,147	2,123
The number of units of supported housing accommodation in management at the beginning of the year	41	41
The total number of units in management at the beginning of the year	2,188	2,164
The number of units of general needs accommodation in management at the end of the year	2,147	2,147
The number of units of supported housing accommodation in management at the end of the year	41	41
The total number of units in management at the end of the year	2,188	2,188
The number of properties under construction at the year end was	8	8
Land held for development has been funded by Housing Association Grant.		

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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24. Financial Commitments

At 31 March 2012, the Association had annual commitments under operating leases as follows:

Operating leases which expire:	2012	2012	2011	2011
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
Within one year	-	2,020	-	-
Within 2 to 5 years	9,450	-	-	8,625
After 5 years	69,854	-	84,554	-
	79,304	2,020	84,554	8,625

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

25. Capital Commitments

Future Capital Expenditure
Authorised and contracted
Authorised but not yet contracted

	2012	2011
	£	£
	12,400,000	3,500,000

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

26. Ultimate Parent Undertaking and Controlling Party

The ultimate parent undertaking and controlling party is The Riverside Group Ltd, registered in England as a charitable Industrial & Provident Society (Reg, No, 30938R) and Registered Provider of Social Housing Reg. No. L4552). A copy of the Group financial statements can be obtained from The Riverside Group Ltd, 2 Estuary Boulevard, Estuary Commerce Park, Liverpool, L24 8RF.

27. Prior Year Adjustments

Prior year adjustments relate to the change in accounting policy around component accounting and, in line with SORP 2010 the transfer of Negative Goodwill to General Reserves.

The adoption of a new component accounting policy resulted in the following adjustments.

Transfer of costs associated with improvement to housing properties from capital to revenue
Reduction in depreciation associated with above write off

	2012	2011
	£	£
	-	928,322
	-	326,910
	-	601,412
	-	517,578
	-	(83,834)

Negative Goodwill transferred to General Reserves

**IRVINE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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28. Notes to the Cash Flow Statement

a) Reconciliation of operating surplus to net cash inflow from operating activities					
Operating Surplus		2012	2011		
Depreciation & Impairment		£	£		
Amortisation of negative goodwill					
Pension - FRS17 adjustment					
Amortisation of loan costs					
(Increase) / Decrease in debtors					
Increase / (Decrease) in creditors					
Net cash inflow from operating activities					
		3,001,884	2,684,839		
		734,606	980,780		
			(13,619)		
		28,000	(617,000)		
		5,786	5,786		
		(139,271)	1,123		
		(429,449)	310		
		3,201,557	3,042,219		
b) Analysis of net debt					
Cash at Bank and in hand	at 1 April 2011			Cash Flow at 31 March 2012	
	£			£	
	878,634			(511,212)	367,422
Debt due after one year		(31,534,802)		(308,970)	(31,849,558)
Total		(30,656,168)		(820,182)	(31,482,136)
c) Reconciliation of net cash flow to movement in net debt					
Increase/(decrease) in cash in the year		2012	2011		
Cash inflow from increase in debt		£	£		
Non cash movement - write off of arrangement fee relating to loans repaid					
Movement in net debt in the year					
		(511,212)	407,890		
		(308,970)	(1,550,842)		
		(5,786)	(5,786)		
		(825,968)	(1,148,738)		
Net debt at 1 April 2011		(30,656,168)	(29,507,430)		
Net debt at 31 March 2012		(31,482,136)	(30,656,168)		