

Financial Statements

Key Housing Association Limited

For the year ended 31 March 2011

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Legal and administrative details

Scottish Charity registration number:	SC 006652
Registered office:	77 Renfrew Street Glasgow G2 3BZ
Committee members:	William Mooney (Chairperson) Joanna Pearson (Vice Chairperson) Angus Turner (Secretary) Gillian Anderson Anne Finnegan Margot Duggan Duncan Sims Elizabeth Stewart Sandra Blair David Meechan David Le Sage Alex Davidson
Director:	M Matheson
Secretary:	A Turner
Bankers:	Clydesdale Bank plc 120 Bath Street Glasgow G2 2EN Bank of Scotland plc 55 Bath Street Glasgow G2 2DJ
Solicitors:	Brechin Tindal Oatts 48 St Vincent Street Glasgow G2 5HS Naftalin Duncan & Co 534 Sauchiehall Street Glasgow G2 3LX
Auditors:	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

Report of the management committee

The Management Committee has pleasure in presenting its report together with the audited consolidated financial statements for the year ended 31 March 2011.

Statement of the Management Committee's Responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation require the Management Committee to prepare financial statements for each financial year which give a true and fair view of the affairs of the RSL and group and of the surplus or deficit for that period. In preparing those accounts, the Management Committee 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 Management Committee is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the RSL and group, 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 Management Committee is also responsible for taking adequate steps to safeguard the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, the Management Committee certified that:

- so far as we are aware, there is no relevant audit information of which the Association's auditors are unaware
- as the Management Committee, we have taken all steps that we would to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Membership

The Management Committee members as at 31 March 2011 were William Mooney (Chairperson), Joanna Pearson (Vice Chairperson), Angus Turner (Secretary), Gillian Anderson, Anne Finnegan, Margot Duggan, Duncan Sim, Elizabeth Stewart, Sandra Blair, David Meechan, David Le Sage and Alec Davidson. Sue Dumbleton and Lybbe Gibbons both retired from the Management Committee during the year. All the Management Committee hold a £1 share in the Association.

Principal business activity

Key Housing Association Limited is a registered housing association incorporated under the Industrial and Provident Societies Act 1965, which provides housing and support to adults with learning disabilities. The group refers to Key Housing Association Limited (KEY) and Community Lifestyles Limited (Community Lifestyles).

Community Lifestyles provides individualised home and community support services to adults with learning disabilities mainly in housing not provided by the Association. Support services provided by Key and Community Lifestyles are funded through contracts with local authorities. Community Lifestyles is a registered charity and is limited by guarantee. It remains under common control of Key Housing Association Limited.

Report of the management committee (continued)

Business review

The group generated an operating surplus of £642,030 (2010 £383,095) for the year ending 31 March 2011 and a surplus after interest of £652,241 (2010 £413,611).

KEY generated an operating surplus of £438,581 (2010 £218,783) and a surplus after interest of £417,758 (2010 £206,638).

During the year to 31 March 2011 there was a continuation of the previous year's pattern of funding restrictions, with limited inflationary increases if any in funding levels from local authorities, and continuing downward pressure on our support service costs.

The funding of public services, including social care, continues to be seriously affected by the deep seated problems with the public finances in the UK.

Local authorities continue to base their activities on planning assumptions for the period to 2014 projecting an increasing gap between available resources (which will reduce) and need (which will increase). Instead of economic growth, which has allowed growth in services in recent years, we have recession, and the need for spending cuts and increased taxes to tackle the public deficits.

During the year a number of local authorities required cuts in spending on social care, and KEY responded as positively as possible while retaining integrity in our support services. KEY's Strategic Plan was reviewed in the course of the year, in the light of the increasingly difficult financial climate, and the review reconfirmed that our vision in such challenging times should continue to be about helping people with learning disabilities to live the lives they want, as fully included citizens in control of their support and their lives.

Our Plan recognises that the challenge for KEY is to tap into the non financial resources that exist throughout our communities and to focus directly on the quality of life outcomes for the people we support. KEY has had many years of experience in doing this, and in connecting with local communities to enhance the opportunities for those we support to have enriched lives beyond formal social care.

We have been working closely with a number of local authorities on increasingly individualised approaches to support, and see this as a very positive commitment to ensuring people who need support can have as much control and choice as possible. We will continue to focus on making sure that our support helps people to have a good life, regardless of whether the person we support is funded directly or whether the funding is through a local authority. The initial stages of implementation of wholesale self directed support in Glasgow have been challenging because of the process and the timescales set by the local authority, but the financial implications will not be felt until 2011/12.

In the course of the year, a focus on staff training was maintained. KEY continued to develop its work as an accredited SVQ centre, to progress accreditation in accordance with the requirements of the Scottish Social Services Council. At 31st March 2011, KEY employed 1620 contracted staff (358 full time and 1262 part time) and on average a further 400 on a relief basis. This compares to 1607 contracted staff (367 full time and 1240 part time) and on average a further 400 on a relief basis as at 31 March 2010.

KEY also continued with an ambitious programme of sub-division of shared housing, and accessing alternative housing for people when required, and was successful in obtaining funding from the Scottish Government (previously from Communities Scotland) and Glasgow City Council in the course of the year. Work was completed at the housing at Ibrox (Glasgow), and Sauchie, and started at Fort William.

Funding approval was obtained for sub-division work at the developments at Kirkintilloch and Thurso.

Report of the management committee (continued)

At 31 March 2011, KEY supported 1,113 people in 14 local authority areas. In the course of the year, 89 new support arrangements were established. This compared to 107 new arrangements in the previous financial year. The overall level of support provided (hours per week) at 31 March 2011 was 42,648, an increase from the March 2010 level of 41,087 hours.

The burden of tendering that was a significant feature of previous years was much reduced in 2010/11, a factor of the uncertainty on the part of local authorities about the best way forward in procurement of social care services while awaiting government sponsored guidance, and the introduction of self directed support in some areas.

With the overall net transfer to designated reserves of £143,807 during the financial year, the designated reserves of the group have increased to £6,018,914. KEY's designated reserves increased by £16,673 to £4,762,861.

Community Lifestyles has continued to focus its work in Glasgow, providing highly individualised support to people with often very complex needs. The net income for the year to 31 March 2011 for Community Lifestyles Ltd was £234,483 (2010 £206,973). £127,134 (2010 £64,856) is the net transfer to the designated reserve for future training commitments, support related maintenance and reserve for quality assurance development. £107,349 has been transferred to unrestricted funds.

Internal financial control

The Committee is responsible for keeping proper books of accounts with respect to the group's transactions and its assets and liabilities, and for maintaining a satisfactory system of control over the group's books of account and transactions. The Committee is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee acknowledges its ultimate responsibility for ensuring that the group has in place a system of control that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- i the reliability of financial information used within the Association or for publication
- ii the maintenance of proper accounting records, and
- iii the safeguarding of assets against unauthorised use or disposition.

It is the Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The systems are in the process of view, but key elements are in place at the moment:

- i formal policies and procedures to restrict the unauthorised use of the Association's assets
- ii experienced and suitably qualified staff take responsibility for important business functions
- iii forecasts and budgets are prepared which allow the Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term. Managements accounts are prepared and significant variances from budget are investigated as appropriate.
- iv major business risks and the financial implications are identified and monitored
- v all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures by the Management Committee
- vi the appointment by the Management Committee of internal auditors to carry out a programme of internal audit of the Association's policies and control systems.

Report of the management committee (continued)

- vii the Management Committee review reports from management, internal and external auditors to provide reasonable assurance that the control procedures in place are being followed.

The Management Committee has reviewed the effectiveness of the system of internal controls in existence in the Association for the year ended 31 March 2011. In the opinion of the Committee, no weaknesses were found in the internal controls which would result in material loss, contingencies, or uncertainties requiring disclosure in the financial statements.

Employee issues

The Association has an equal opportunities policy which seeks to ensure that, in its role as employer, landlord and service provider, it does not discriminate against people on the grounds of sex, marital status, religion, sexual orientation, age, disability, colour, race, nationality or ethnic or national origins.

In respect of health and safety and welfare at work, the Association has a health and safety policy and a training programme covering a comprehensive range of relevant health and safety issues, including emergency aid and moving and handling. The Association has a full-time health and safety officer as well as a health and safety committee for all office based health and safety issues.

In employee relations, the Association recognises Trade Union representation for project based and office based employees and senior management meet regularly with Union representatives to discuss, and where appropriate negotiate, relevant matters relating to the activities of the Association.

Key policy and strategy statements

The Association's Management Committee agrees objectives and strategies for the Association normally within a 3-year strategic plan timescale. The strategic plan incorporates the long term funding of the Association.

The Association operates a policy manual which is reviewed and updated on an annual basis. Areas of policy include committee control and responsibility, housing management, maintenance, development and finance. These include the following specific policies.

Committee Control and Accountability – Standing Orders and Code of Governance, Policy on Gifts and Hospitality, Policy on Payments, Benefits and Corporate Accountability, Policy on Disclosure of Interest, Policy for Payment of Committee Member Expenses, Delegation of Authority from the Management Committee, Complaints Procedure, Training Policy, Membership Policy, Risk Management Strategy, Equal Opportunities Policy, Tenant Participation Policy, Health and Safety Policy, Staff Retirements, Whistleblowing, Openness & Confidentiality.

Housing Management – Allocations Policies, Rent Policy, Arrears Policy, Estate Management Policy, Harassment Policy, Voice Management Policy, Recovery of Charges, Sub-letting, Lodgers, Assignment and Charging for Services.

Maintenance – Maintenance Standards and Tenant feedback on repairs and maintenance.

Development – Housing Development, Appointment of Consultants and Contractors and CDM Regulations.

Finance – Treasury Management Policy, Internal Audit and Charging for Services.

The treasury management policy aims to ensure that the Association's funds are safeguarded and wisely invested, and that loan finance is negotiated within parameters agreed by the Management Committee.

Report of the management committee (continued)

The Association's rent policy aims to achieve a committed rental income that enables the Association to offer a high quality management and maintenance service to all tenants. The policy ensures that rents are viable, affordable and sustainable in the local housing context.

The long-term stock maintenance and repair policy aims to maintain a cost effective, responsive and reactive repair service to all tenants within the parameters of a 10 year strategic and 3 year implementation programme for planned and major repairs. This is within a longer term 60 year major repair profile and links with the reserve policy to ensure that sufficient reserves are in place to meet these future costs. The reserves strategy aims to ensure that adequate designated reserves are established for planned and major repairs as well as other specific areas. It is the Association's aim to maintain a free reserve equal to at least 2 months running costs and this objective was met during the year.

The Management Committee have ensured that the Association is compliant with the guidance in Raising Standards in Housing published by the Scottish Federation of Housing Associations.

Going concern

After making enquiries, the Management Committee has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditors

A resolution to reappoint Grant Thornton UK LLP as Auditors of the Association will be proposed at the Annual General Meeting to be held on 20 September 2011.

Approved by the Management Committee and signed on behalf of the Committee.



24 August 2011

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

We have audited the financial statements of Key Housing Association Limited for the year ended 31 March 2011 which comprises the group and Association income and expenditure accounts, the group and Association balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The report is made solely to the Association's members, as a body, in accordance with regulations made under Section 4 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Management Committee and auditors

As explained more fully in the Statement of Management Committee Responsibilities (set out on page 2), the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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

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 of the state of the group's and Association's affairs as at 31 March 2011 and of the group's and Association's surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, 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 2002 requires us to report to you if, in our opinion:

- the report of the Management Committee is not consistent with the financial statements
- proper accounting records have not been kept
- a satisfactory system of control has not been maintained over transactions
- we have not received all the information and explanations we require for our audit.

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

Corporate Governance matters

In addition to our audit of the accounts, we have reviewed the Management committee's statement on page 5 on the Association's compliance with the guidance in Raising Standards in Housing published by the Scottish Federation of Housing Associations.

We carried out our review in accordance with the 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 Co-operative's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the Management Committee's statement on internal financial control on page 4 in our opinion the Management Committee 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 accounts.



Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Glasgow
24 August 2011

Consolidated income and expenditure account

	Notes	2011 £	2010 £
Turnover	1a	49,081,581	47,494,476
Less: Operating costs	1a	<u>48,439,551</u>	<u>47,111,381</u>
Operating surplus		642,030	383,095
Interest receivable	7	148,947	175,561
Interest payable	7	<u>(138,736)</u>	<u>(145,045)</u>
Surplus for the year	4	<u><u>652,241</u></u>	<u><u>413,611</u></u>

There were no recognised gains or losses for the year, other than the surplus for the year.

The results for the year relate wholly to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Income and expenditure account

	Notes	2011 £	2010 £
Turnover	1b	38,807,196	37,646,673
Less: Operating costs	1b	<u>38,368,615</u>	<u>37,427,890</u>
Operating surplus		438,581	218,783
Interest receivable	7	117,913	132,900
Interest payable	7	<u>(138,736)</u>	<u>(145,045)</u>
Surplus for the year	4	<u><u>417,758</u></u>	<u><u>206,638</u></u>

There were no recognised gains or losses for the year, other than the surplus for the year.

The results for the year relate wholly to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated balance sheet

	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties less depreciation	9	47,578,812	46,637,411
Less: HAG & other grants	9	<u>(39,782,921)</u>	<u>(39,062,107)</u>
		7,795,891	7,575,304
Other fixed assets	10a	411,943	470,670
Investments	11	<u>500,000</u>	<u>0</u>
		<u>8,707,834</u>	<u>8,045,974</u>
Current Assets			
Debtors	12	3,346,252	3,580,262
Cash at bank and in hand		<u>11,744,577</u>	<u>10,548,009</u>
		15,090,829	14,128,271
Creditors: amounts falling due within one year	13 & 15	<u>(5,697,807)</u>	<u>(4,612,427)</u>
Net current assets		<u>9,393,022</u>	<u>9,515,844</u>
Total assets less current liabilities		18,100,856	17,561,818
Creditors: amounts falling due after one year	14	<u>(2,259,860)</u>	<u>(2,373,063)</u>
Net assets		<u>15,840,996</u>	<u>15,188,755</u>
Capital and Reserves			
Designated reserves	16a	6,018,914	5,875,107
Revenue reserves	17	<u>9,822,082</u>	<u>9,313,648</u>
	18	<u>15,840,996</u>	<u>15,188,755</u>

These financial statements were approved by the Management Committee on 24 August 2011.

Signed on behalf of the Management Committee

Chairperson

Secretary

Committee Member

William Mooney
Angela
Joanna Pearson

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties less depreciation	9	47,578,812	46,637,411
Less: HAG & other grants	9	<u>(39,782,921)</u>	<u>(39,062,107)</u>
		7,795,891	7,575,304
Other fixed assets	10b	391,144	448,968
Investments	11	<u>500,000</u>	<u>0</u>
		<u>8,687,035</u>	<u>8,024,272</u>
Current Assets			
Debtors	12	2,569,080	2,747,411
Cash at bank and in hand		<u>7,779,940</u>	<u>7,100,040</u>
		10,349,020	9,847,451
Creditors: amounts falling due within one year	13 & 15	<u>(4,568,767)</u>	<u>(3,708,990)</u>
Net current assets		<u>5,780,253</u>	<u>6,138,461</u>
Total assets less current liabilities		14,467,288	14,162,733
Creditors: amounts falling due after one year	14	<u>(2,259,860)</u>	<u>(2,373,063)</u>
Net assets		<u><u>12,207,428</u></u>	<u><u>11,789,670</u></u>
Capital and Reserves			
Designated reserves	16b	4,762,861	4,746,188
Revenue reserves	17	<u>7,444,567</u>	<u>7,043,482</u>
	18	<u><u>12,207,428</u></u>	<u><u>11,789,670</u></u>

These financial statements were approved by the Management Committee on 24 August 2011.

Signed on behalf of the Management Committee

Chairperson

Secretary

Committee Member

William Mooney
Angela Jones
Joanna Pearson

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated cash flow statement

	Notes	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	19a		2,243,039		3,374,994
Returns on investments and servicing of finance					
Interest received		148,947		175,561	
Interest paid		<u>(138,736)</u>		<u>(145,045)</u>	
Net cash inflow from investments and servicing of finance			10,211		30,516
Capital expenditure					
Acquisitions and construction of housing properties		(1,103,260)		(1,303,939)	
Payment to acquire other fixed assets		(68,447)		(120,146)	
Sale of fixed assets		7,414		13,107	
Capital grants received		720,814		821,418	
Non cash investment		<u>(500,000)</u>		<u>0</u>	
Net cash outflow from capital expenditure			(943,479)		(589,560)
Financing					
Issue of shares		0		0	
Loans repaid		<u>(113,203)</u>		<u>(103,159)</u>	
Net cash outflow from financing			(113,203)		<u>(103,159)</u>
Increase in cash	20a		<u>1,196,568</u>		<u>2,712,791</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash flow statement

	Notes	2011 £	2011 £	2010 £	2010 £
Net cash inflow from operating activities	19b		1,753,321		2,208,122
Returns on investments and servicing of finance					
Interest received		117,913		132,900	
Interest paid		<u>(138,736)</u>		<u>(145,045)</u>	
Net cash inflow from investments and servicing of finance			(20,823)		(12,145)
Capital expenditure					
Acquisitions and construction of housing properties		(1,103,260)		(1,303,939)	
Payment to acquire other fixed assets		(64,299)		(116,318)	
Sale of fixed assets		7,350		13,107	
Capital grants received		720,814		821,418	
Non cash investment		<u>(500,000)</u>		<u>0</u>	
Net cash outflow from capital expenditure			(939,395)		(585,732)
Financing					
Issue of shares		0		0	
Loans repaid		<u>(113,203)</u>		<u>(103,159)</u>	
Net cash outflow from financing			<u>(113,203)</u>		<u>(103,159)</u>
Increase in cash	20b		<u>679,900</u>		<u>1,507,086</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

Principal accounting policies

Key Housing Association Limited is incorporated under the Industrial and Provident Societies Acts and is a housing association registered with the Scottish Government under the Housing (Scotland) Act 2001.

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and comply with the Industrial and Provident Societies Acts 1965 to 2001, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The accounts are also prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Landlords (2008).

The accounting policies of the Association have remained unchanged during the year and are set out below:

Turnover

Turnover represents rental income earned in the period recognised on a time basis and grants of a revenue nature from local authorities and the Scottish Government for the provision of support services in the period are recognised in line with the provision of the service.

Basis of consolidation

These financial statements consolidate those of Key Housing Association and of its subsidiary undertaking drawn up to 31 March 2011 as obliged by statute. Surpluses or deficits on intra-group transactions are eliminated in full.

Fixed assets and depreciation

Housing properties are stated at cost less HAG and depreciation. The cost of properties includes land cost, all construction costs, professional fees and development administration costs.

Depreciation on housing properties is charged in accordance with the requirements of FRS 15. It is calculated on the basis of 2% of net cost less restricted HAG and any residual land value.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the following basis:

Office equipment and furniture	-	10% per annum reducing balance method
Motor vehicles	-	20% - 33% per annum straight line method
Computer equipment	-	25% per annum reducing balance method
Improvements to leasehold property	-	Over remaining period of lease straight line method

Depreciation is charged on these fixed assets from the year of purchase but no charge is made in the year of disposal.

Housing Association Grant and other capital grants

Where developments have been financed wholly or partly by Housing Association Grant (HAG) or other capital grants, the cost of those developments has been reduced by the amount of the grant received. The amount of the grant received is shown separately on the balance sheet. HAG is repayable in certain circumstances primarily following the sale of a property for which HAG was received.

Leased assets

Operating leases and the payments made under them are charged to the income and expenditure account on a straight line basis over the term of the lease.

Principal accounting policies (continued)

Retirement Benefits

Defined Benefit Scheme

The group participates in the centralised SFHA defined benefits pension scheme. Retirement benefits to employees of the Association are funded by contributions from all participating employers and employees. The Association is unable to identify its share of the underlying assets and liabilities.

Contributions are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across all participants taken as a whole.

The expected cost of pension provision is charged to the income and expenditure account so as to spread the cost over the period of service of employees.

Defined Contribution Scheme

The group also participates in a defined contribution scheme. The pension costs charged against operating profits are contributions payable to the scheme in respect of the financial year.

Investments

Investments are included at cost.

Designated reserves

The Association has established designated reserves in the following areas:

i **Training**

The Association has established a training reserve to fund a number of future training costs and related posts to ensure that adequate training is available to full and part time staff. The training reserve also includes funding for future costs associated with the development of the Association's capability to progress Scottish Vocational Qualifications in Social Care for support staff in recognition of the requirements of the Scottish Social Service Council.

ii **Major repairs and cyclical maintenance**

Transfers to this reserve are made from the housing revenue account to ensure that the required level of provision for future repairs to the housing stock is held by the Association. This is based on the lifecycle costing of the housing stock and ensures that the pattern of spend does not fluctuate significantly from year to year.

iii **Furniture renewals**

Transfers are made to this reserve from the housing revenue accounts. The monies in this reserve will be used to fund future furnishings replacement in the Association's furnished tenancies.

iv **Support related maintenance**

The Association has established a reserve to fund future maintenance requirements which are outwith the planned spend but are required due to particular support needs of service users.

v **Remodelling reserve**

The Association has established a reserve to fund additional support costs likely to be incurred during the remodelling of housing units.

vi **Reserve for Quality Assurance**

This is a reserve set up within Community Lifestyles Ltd to fund research and development of quality assurance systems within the organisation.

Principal accounting policies (continued)

Mortgages

Mortgage loans are advanced by private institutions and local authorities under the terms of individual mortgage deeds in respect of each property or housing development. Advances are only available in respect of those developments which have been given approval for Housing Association Grant by the Scottish Government.

Notes to the consolidated accounts

1a Particulars of turnover, operating costs and operating surplus or deficit - Consolidated

	Turnover	Operating Costs	Operating Surplus	Operating Surplus / (Deficit)
	2011	2011	2011	2010
	£	£	£	£
Social Lettings	3,027,279	2,410,512	616,767	420,721
Other activities	46,054,302	46,029,039	25,263	(37,626)
Total	49,081,581	48,439,551	642,030	383,095
2010	47,494,476	47,111,381	383,095	

1b Particulars of turnover, operating costs and operating surplus or deficit – The Association

	Turnover	Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
	2011	2011	2011	2010
	£	£	£	£
Social Lettings	3,027,279	2,410,512	616,767	420,721
Other activities	35,779,917	35,958,103	(178,186)	(201,938)
Total	38,807,196	38,638,615	438,581	218,783
2010	37,646,673	37,427,890	218,783	

Notes to the consolidated accounts (continued)

2 Particulars of turnover, operating costs and operating surplus from social letting activities – Consolidated and The Association

	General Needs Housing 2011 £	Supported Housing accommodation 2011 £	Total 2011 £	2010 £
Rent receivable net of service charge	596,886	2,044,702	2,641,588	2,517,697
Service charges	<u>52,633</u>	<u>373,126</u>	<u>425,759</u>	<u>375,385</u>
Gross income from rents and service charges	649,519	2,417,828	3,067,347	2,893,082
Less voids	<u>10,017</u>	<u>30,051</u>	<u>40,068</u>	<u>67,648</u>
Net income from rents and service charges	639,502	2,387,777	3,027,279	2,825,434
Grants from Scottish Ministries	0	0	0	0
Other revenue grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total turnover from social letting activities	639,502	2,387,777	3,027,279	2,825,434
Management & maintenance administration costs	96,907	290,721	387,628	627,471
Service costs	38,721	553,609	592,330	594,417
Planned & cyclical maintenance including major repairs	218,888	656,664	875,552	755,457
Reactive maintenance costs	98,286	294,857	393,143	272,340
Bad debts – rents and service charges	0	0	0	0
Depreciation of social housing	40,465	121,394	161,859	155,028
Impairment of social housing	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating costs for social letting activities	493,267	1,917,245	2,410,512	2,404,713
Operating surplus or deficit	<u>146,235</u>	<u>470,532</u>	<u>616,767</u>	<u>420,721</u>
Operating surplus - 2010	<u>105,862</u>	<u>314,859</u>	<u>420,721</u>	

Notes to the consolidated accounts (continued)

3a Particulars of turnover, operating costs and operating surplus from other activities – Consolidated

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Total Turnover	Operating Costs	Operating (deficit)	Operating Surplus / (deficit)
	2011 £	2011 £	2011 £	2011 £	2011 £	2011 £	2010 £
Development activities	48,941	0	0	48,941	91,219	(42,278)	123,405
Support activities	0	0	16,272,929	16,272,929	16,300,279	(27,350)	(125,297)
Care activities	0	29,732,432	0	29,732,432	29,637,541	94,891	(35,734)
Other activities	<u>48,941</u>	<u>29,732,432</u>	<u>16,272,929</u>	<u>46,054,302</u>	<u>46,029,039</u>	<u>25,263</u>	<u>(37,626)</u>
Other activities - 2010	<u>39,115</u>	<u>26,177,702</u>	<u>18,452,225</u>	<u>44,669,042</u>	<u>44,706,668</u>	<u>(37,626)</u>	

3b Particulars of turnover, operating costs and operating surplus from other activities – The Association

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Total Turnover	Operating Costs	Operating (deficit)	Operating Surplus / (deficit)
	2011 £	2011 £	2011 £	2011 £	2011 £	2011 £	2010 £
Development activities	48,941	0	0	48,941	91,219	(42,278)	123,405
Support activities	0	0	14,809,407	14,809,407	14,865,737	(56,330)	(157,113)
Care activities	0	20,921,569	0	20,921,569	21,001,147	(79,578)	(168,230)
Other activities	<u>48,941</u>	<u>20,921,569</u>	<u>14,809,407</u>	<u>35,779,917</u>	<u>35,958,103</u>	<u>(178,186)</u>	<u>(201,938)</u>
Other activities - 2010	<u>39,115</u>	<u>18,066,009</u>	<u>16,716,115</u>	<u>34,821,239</u>	<u>35,023,177</u>	<u>(201,938)</u>	

Notes to the consolidated accounts (continued)

4 Surplus of income over expenditure before transfer to reserves

	Consolidated		The Association	
This is stated after:	2011 £	2010 £	2011 £	2010 £
Depreciation:				
- property	161,859	155,029	161,859	155,029
- other fixed assets	121,431	156,564	116,444	151,577
Auditors remuneration:				
- external audit services	23,173	22,157	16,525	15,869
- internal audit services	11,980	9,174	11,980	9,174
- management of cash	9,383	11,773	7,658	10,048
Operating lease costs:				
- motor vehicles	21,080	27,436	21,080	27,436
- land and buildings	623,940	587,296	580,800	541,764

5 Remuneration

Remuneration in respect of the directors of the Association was as follows:

	Consolidated		The Association	
	2011 £	2010 £	2011 £	2010 £
Salary	141,075	141,075	141,075	141,075
Pension contributions	21,149	21,149	21,149	21,149
	<u>162,224</u>	<u>162,224</u>	<u>162,224</u>	<u>162,224</u>

Number of directors in the year whose emoluments (net of pension) fall into the following bands:

	2011	2010
More than £60,000 but not more than £65,000	0	0
More than £65,000 but not more than £70,000	1	1
More than £70,000 but not more than £75,000	1	1

Following the Registered Housing Associations (Accounting Requirements) (Scotland) Order 2007, those staff reporting directly to the director and earning more than £60,000 are regarded as Directors. Under this definition there are two directors (2010 two).

The emoluments of the highest paid director who is the Chief Executive are £ 71,920 (2010 £71,920).

The Chief Executive has no personal pension arrangements. Company pension contributions in respect of the Chief Executive amounted to £ 11,143 (2010 £11,143).

Notes to the consolidated accounts (continued)

5 Remuneration (continued)

The Management Committee did not receive any remuneration during the year for their services to the Group.

	Consolidated		The Association	
	2011 £	2010 £	2011 £	2010 £
Expenses paid to members of the Management Committee	1,005	806	1,005	806

	Consolidated		The Association	
	2011 £	2010 £	2011 £	2010 £
Staff costs during the year:				
Wages and Salaries	39,528,662	37,838,227	31,230,524	29,862,453
Social security costs	3,184,876	3,013,427	2,454,447	2,315,541
Other pension costs	938,972	965,276	914,663	943,122
	43,652,510	41,816,930	34,599,634	33,121,116

The average weekly number of persons employed by the group and the full time equivalent (FTE) was as follows:

	Consolidated			The Association		
	2011 average weekly	2010 average weekly	2011 average weekly	2011 FTE	2010 average weekly	2010 FTE
Head office	94	94	94	83	94	83
Services	2,333	2,326	1,862	1,231	1,862	1,231
	2,427	2,420	1,956	1,314	1,956	1,314

Retirement benefits

Defined benefits

The group participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

Notes to the consolidated accounts (continued)

5 Remuneration (continued)

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

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

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

If the actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall would be dealt with by the payment of additional contributions with effect from 1 April 2011. Total contributions will increase from 23.1% of pensionable salaries to 29.6% (including 10.4% contribution towards the past service deficit). Employee contributions will increase from 7.7% to 9.6% and employer contributions will increase from 15.4% to 20%.

At the year end there was £109,411 (2010 £113,813) pension contributions outstanding for the group and £106,584 (2010 £111,382) outstanding for Key Housing Association Limited only. This represents one month's contributions. Total employer contributions were £897,959 (2010 £932,715) for the group and £876,571 (2010 £912,833) for Key Housing Association Limited only. As at the balance sheet date there were 236 active members of the scheme employed by the group and 230 by Key Housing Association Limited.

The group continues to offer the scheme to its employees.

Defined contribution

The Association also offers a defined contribution pension scheme. Employer contributions for the year were £30,699 (2010 £26,859) for the group and £27,773 (2010 £24,923) for Key Housing Association Limited only. Included in the creditors as at 31 March 2011 is £4,823 (2010 £4,324) in respect of the defined contribution scheme for the group and £4,329 (2010 £3,859) for Key Housing Association Limited only. This represents one month's contribution. As at the balance sheet date there were 59 active members of the scheme employed by the group and 54 by Key Housing Association Limited.

6 Creditor payments

Association policy is to pay purchase invoices at the end of the month following receipt. On average, invoices are paid within 45 days of receipt.

Notes to the consolidated accounts (continued)

7 Interest receivable and payable

	Consolidated		The Association	
	2011	2010	2011	2010
	£	£	£	£
Interest receivable and similar income:				
Bank deposit interest	146,688	173,459	115,654	130,798
Union commission	2,259	2,102	2,259	2,102
	<u>148,947</u>	<u>175,561</u>	<u>117,913</u>	<u>132,900</u>
Interest payable and similar charges:				
Bank loans and other loan	(138,736)	(145,045)	(138,736)	(145,045)
	<u>10,211</u>	<u>30,516</u>	<u>(20,823)</u>	<u>(12,145)</u>

8 Taxation

No taxation has been provided in the accounts as the Association is a Registered Charity (No SC 006652).

Notes to the consolidated accounts (continued)

9 Fixed assets – housing land and buildings – Consolidation and The Association

	2011 £	2010 £
Cost		
At 1 April 2010	47,566,674	46,262,735
Additions	1,103,260	1,303,939
At 31 March 2011	48,669,934	47,566,674
Less: Housing Association Grant		
At 1 April 2010	38,054,791	37,233,373
Received during the year	720,814	821,418
At 31 March 2011	38,775,605	38,054,791
Health Board and Local Authority Grants		
At 1 April 2010	1,007,316	1,007,316
Received during the year	0	0
At 31 March 2011	1,007,316	1,007,316
Total Grants	39,782,921	39,062,107
Property Depreciation		
At 1 April 2010	929,263	774,234
Charge for the year	161,859	155,029
At 31 March 2011	1,091,122	929,263
Total Cost less depreciation as at 31 March 2011	47,578,812	46,637,411
Total Grants as at 31 March 2011	(39,782,921)	(39,062,107)
Net Book Value as at 31 March 2011	7,795,891	7,575,304

10a Fixed assets – other – Consolidated

	Motor Vehicles £	Computers and Furniture £	Improvements to leasehold property £	Total £
Cost:				
At 1 April 2010	307,335	1,010,038	472,962	1,790,335
Additions	55,723	12,724	0	68,447
Disposals	(44,102)	0	0	(44,102)
At 31 March 2011	318,956	1,022,762	472,962	1,814,680

Notes to the consolidated accounts (continued)

10a Fixed assets – other – Consolidated (continued)

	Motor Vehicles £	Computers and Furniture £	Improvements to leasehold property £	Total £
Less: Depreciation				
At 1 April 2010	229,893	757,813	331,959	1,319,665
Charge for the year	38,144	48,101	35,250	121,495
Disposals	(38,423)	0	0	(38,423)
At 31 March 2011	<u>229,614</u>	<u>805,914</u>	<u>367,209</u>	<u>1,402,737</u>
Net book value:				
At 31 March 2011	<u>89,342</u>	<u>216,848</u>	<u>105,753</u>	<u>411,943</u>
At 31 March 2010	<u>77,442</u>	<u>252,225</u>	<u>141,003</u>	<u>470,670</u>

10b Fixed assets – other – The Association

	Motor Vehicles £	Computers and Furniture £	Improvements to leasehold property £	Total £
Cost:				
At 1 April 2010	307,335	972,901	472,962	1,753,198
Additions	55,723	8,576	0	64,299
Disposals	(44,102)	0	0	(44,102)
At 31 March 2011	<u>318,956</u>	<u>981,477</u>	<u>472,962</u>	<u>1,773,395</u>
Less: Depreciation				
At 1 April 2010	229,893	742,378	331,959	1,304,230
Charge for the year	38,144	43,050	35,250	116,444
Disposals	(38,423)	0	0	(38,423)
At 31 March 2011	<u>229,614</u>	<u>785,428</u>	<u>367,209</u>	<u>1,382,251</u>
Net book value:				
At 31 March 2011	<u>89,342</u>	<u>196,049</u>	<u>105,753</u>	<u>391,144</u>
At 31 March 2010	<u>77,442</u>	<u>230,523</u>	<u>141,003</u>	<u>448,968</u>

Notes to the consolidated accounts (continued)

11 Investments

At 31 March 2011 and at 31 March 2010, Key Housing Association Limited held 100% control over its subsidiary undertaking Community Lifestyles Limited, a company limited by guarantee whose principal activity is the support of adults with learning disabilities. KEY is the only member of Community Lifestyles and approves the appointment of the directors of Community Lifestyles Limited.

As at 31 March 2011, the Group and Key Housing Association Limited had a £500,000 investment held via Fidelity.

12 Debtors: falling due within one year

	Consolidated		The Association	
	2011	2010	2011	2010
	£	£	£	£
Other debtors and prepayments	303,104	377,539	270,683	325,379
Arrears for rent and service charge	64,920	52,369	64,920	52,369
HAG receivable	0	7,967	0	7,967
Local authority revenue grant receivable	2,978,228	3,142,387	2,231,081	2,243,497
Community Lifestyles Ltd	0	0	2,396	118,199
	<u>3,346,252</u>	<u>3,580,262</u>	<u>2,569,080</u>	<u>2,747,411</u>

13 Creditors: falling due within one year

	Consolidated		The Association	
	2011	2010	2011	2010
	£	£	£	£
Share Capital (see Note 15)	371	382	371	382
Mortgage interest due	438	492	438	492
Local authority grants repayable	26,979	53,604	26,979	53,604
Accruals and deferred grant income	3,037,843	2,764,715	2,288,762	2,164,009
Loans (see Note 14)	114,844	110,956	114,844	110,956
Prepayments of rent and service charge	84,495	85,792	84,495	85,792
Social security and other taxes	1,601,560	801,808	1,233,481	611,993
Other creditors	831,277	794,678	813,238	678,227
Community Lifestyles Ltd	0	0	6,159	3,535
	<u>5,697,807</u>	<u>4,612,427</u>	<u>4,568,767</u>	<u>3,708,990</u>

Notes to the consolidated accounts (continued)

14 Creditors: falling due after more than one year – Consolidation and The Association

	2011 £	2010 £
Total bank loans outstanding:		
Payable in one year or less	114,844	110,956
Payable within one to two years	121,827	117,027
Payable within two to five years	407,151	389,386
Payable over five years	1,730,882	1,866,650
	<u>2,374,704</u>	<u>2,484,019</u>
Less payable within one year	(114,844)	(110,956)
Total bank loans due after one year	<u>2,259,860</u>	<u>2,373,063</u>
Total loans due after one year	<u>2,259,860</u>	<u>2,373,063</u>

Bank loans and housing loans are secured by a fixed charge over certain properties of the Association.

The loans are repayable in equal monthly instalments and are secured over 25 or 30 years.

The highest rate of interest payable during the year was 6.33% and the lowest 1.5%.

15 Share capital – Consolidated and The Association

	2011 £	2010 £
Shares of £1 each fully paid and issued at:		
1 April 2010	382	382
Shares issued during the year	3	4
Shares written off during the year	(14)	(4)
Shares of £1 each fully paid at 31 March 2011	<u>371</u>	<u>382</u>

The Association issued 3 shares of £1 each for cash to new members of the Association. The shares have limited rights with no rights to dividends, redemptions or winding up. Each shareholder has the right to vote at the General Meetings of the Association. Under FRS 25, these shares are classified as liabilities rather than shareholder funds. As a result of this the share capital is now included in creditors due in less than one year.

Notes to the consolidated accounts (continued)

16a Designated reserves – Consolidated

	Remodelling Reserve £	Support Related Maintenance Reserve £	Training Reserve £	Major Repairs & Cyclical Maintenance £	Furniture Renewal £	Reserve for Quality Assurance £	Total £
Balance at 1 April 2010	326,933	269,145	1,755,824	1,938,119	1,482,609	102,477	5,875,107
Transfer from revenue account	0	0	128,303	100,000	250,317	0	478,620
Transfer to revenue account	(75,776)	(25,784)	(97,878)	0	(135,375)	0	(334,813)
Balance at 31 March 2011	<u>251,157</u>	<u>243,361</u>	<u>1,786,249</u>	<u>2,038,119</u>	<u>1,597,551</u>	<u>102,477</u>	<u>6,018,914</u>

16b Designated reserves – The Association

	Remodelling Reserve £	Support Related Maintenance Reserve £	Training Reserve £	Major Repairs & Cyclical Maintenance £	Furniture Renewal £	Total £
Balance at 1 April 2010	326,933	137,011	861,516	1,938,119	1,482,609	4,746,188
Transfer from revenue account	0	0	0	100,000	250,317	350,317
Transfer to revenue account	(75,776)	(24,615)	(97,878)	0	(135,375)	(333,644)
Balance at 31 March 2011	<u>251,157</u>	<u>112,396</u>	<u>763,638</u>	<u>2,038,119</u>	<u>1,597,551</u>	<u>4,762,861</u>

17 Revenue reserves

	Consolidated		The Association	
	2011 £	2010 £	2011 £	2010 £
Balance at 1 April 2010	9,313,648	9,098,349	7,043,482	6,970,300
Surplus for year	652,241	413,611	417,758	206,638
Transfers to designated reserves	(143,807)	(198,312)	(16,673)	(133,456)
Balance at 31 March 2011	<u>9,822,082</u>	<u>9,313,648</u>	<u>7,444,567</u>	<u>7,043,482</u>

18 Reconciliation of total shareholders' funds

	Consolidated		The Association	
	2011 £	2010 £	2011 £	2010 £
Balance at 1 April 2010	15,188,755	14,775,144	11,789,670	11,583,032
Surplus for year	652,241	413,611	417,758	206,638
Balance at 31 March 2011	<u>15,840,996</u>	<u>15,188,755</u>	<u>12,207,428</u>	<u>11,789,670</u>

Notes to the consolidated accounts (continued)

19a Reconciliation of operating surplus to net cash flow from operating activities - Consolidated

	2011 £	2010 £
Operating surplus	642,030	383,095
Gain on sale of fixed assets	(1,671)	(11,105)
Depreciation charges	283,290	311,593
Decrease in debtors	234,010	1,139,199
Increase in creditors	1,085,380	1,552,212
	<u>2,243,039</u>	<u>3,374,994</u>

19b Reconciliation of operating surplus to net cash flow from operating activities – The Association

	2011 £	2010 £
Operating surplus	438,581	218,783
Gain on sale of fixed assets	(1,671)	(11,105)
Depreciation charges	278,303	306,606
Decrease in debtors	178,331	494,509
Increase in creditors	859,777	1,199,329
	<u>1,753,321</u>	<u>2,208,122</u>

20a Reconciliation of net cash flow to movement in net debt – Consolidated

	2011 £	2010 £
Increase in cash in the year	1,196,568	2,712,791
Loans repaid	<u>113,203</u>	<u>103,159</u>
Change in net debt	1,309,771	2,815,950
Net debt at 1 April 2010	8,063,990	5,248,040
Net debt at 31 March 2011	<u>9,373,761</u>	<u>8,063,990</u>

Notes to the consolidated accounts (continued)

20b Reconciliation of net cash flow to movement in net debt – The Association

	2011 £	2010 £
Increase in cash in the year	679,900	1,507,086
Loans repaid	113,203	103,159
Change in net debt	793,103	1,610,245
Net debt at 1 April 2010	4,616,021	3,005,776
Net debt at 31 March 2011	5,409,124	4,616,021

21a Analysis of change in net debt – consolidated

	At 1 April 2010 £	Cash flows £	At 31 March 2011 £
Cash at hand	10,548,009	1,196,568	11,744,577
Debt due	(2,484,019)	113,203	(2,370,816)
	8,063,990	1,309,771	9,373,761

21b Analysis of change in net debt – The Association

	At 1 April 2010 £	Cash flows £	At 31 March 2011 £
Cash at hand	7,100,040	679,900	7,779,940
Debt due	(2,484,019)	113,203	(2,370,816)
	4,616,021	793,103	5,409,124

22 Capital commitments – Consolidation and The Association

	2011 £	2010 £
Contracted for but not provided for in the Financial Statements	454,000	147,000
Authorised by the Management Committee but not contracted for	178,000	677,000

Notes to the consolidated accounts (continued)

23a Operating lease commitments – Consolidated

	Land & Buildings 2011 £	Other 2011 £	Land & Buildings 2010 £	Other 2010 £
One year or less	340,689	4,793	360,605	13,403
Between two and five years	276,951	16,287	208,358	14,033
In five years or more	0		18,333	-
	<u>617,640</u>	<u>21,080</u>	<u>587,296</u>	<u>27,436</u>

23b Operating lease commitments – The Association

	Land & Buildings 2011 £	Other 2011 £	Land & Buildings 2010 £	Other 2010 £
One year or less	340,689	4,793	356,415	13,403
Between two and five years	233,811	16,287	167,016	14,033
In five years or more			18,333	-
	<u>574,500</u>	<u>21,080</u>	<u>541,764</u>	<u>27,436</u>

24 Contingent liabilities – Consolidation and The Association

There were no contingent liabilities at 31 March 2011 or 31 March 2010.

25 Housing stock – Consolidation and The Association

	Units under Development Mainstream 2011	Units under Development Mainstream 2010	Units under Development Supported 2011	Units under Development Supported 2010
Housing accommodation for letting:				
New build	0	0	0	10
Rehabilitation	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
Registered accommodation:				
Number of bed spaces	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes to the consolidated accounts (continued)

25 Housing stock – Consolidation and The Association (continued)

	Units under Management Mainstream 2011	Units under Management Mainstream 2010	Units under Management Supported 2011	Units under Management Supported 2010
Housing accommodation for letting:				
New build	148	175	544	497
Rehabilitation	0	0	22	22
	<u>148</u>	<u>175</u>	<u>566</u>	<u>519</u>
Registered accommodation:				
Number of bed spaces	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>

26 Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965, and registered by the Registrar of Friendly Societies.

27 Related party – subsidiary undertaking

In August 1995, Key Housing Association set up a subsidiary company, Community Lifestyles Limited. This company provided individualised home and community support services to adults with learning difficulties, mainly in housing not provided by the Association. This is provided under contracts with local authorities.

From August 1998 Community Lifestyles became a registered charity and limited by guarantee. It remains under common control of Key Housing Association Limited.

The transactions of the related parties during the years have consisted of net recharges totalling £538,358 (2010: £408,248) by Key Housing Association to Community Lifestyles for staff costs and other overheads. At 31 March 2011, Community Lifestyles owed Key Housing Association £2,396 (2010: £118,196) in respect of sundry items. Included in the year end creditors is £6,159 (2010: £3,535) in respect of sundry items payable to Community Lifestyles Ltd.