

**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION  
LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2012**





**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

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**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**ADVISERS AND REGISTERED OFFICE**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

**Auditors**

Armstrongs, Chartered Accountants  
142 West Nile Street  
Glasgow  
G1 2RQ

**Bankers**

Bank of Scotland  
19 Roman Road  
Bearsden  
Glasgow  
G61 2SP

**Legal advisors**

Messrs T C Young  
7 West George Street  
Glasgow  
G2 1BH

**Registered Office**

KCEDG Commercial Centre  
Unit 2/3  
Ladyloan Place  
Glasgow  
G15 8LB

**Registration particulars**

Registered Housing Association number:	HCB 234
Charities registration number:	CR60589
Financial Services Authority	Industrial and Provident Societies Act 1965 Registration number: 2378R(S)



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

The Committee of Management present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2012.

**Principal activities**

The principal activity of the Association as a landlord and developer is the provision of good quality homes at affordable rents and prices for people in housing need.

**Review of business**

As the financial statements demonstrate, the Association's financial position indicates net assets of £1,558,142 (2011 - £1,337,912 - Restated). The surplus for the year was £220,231 (2011 - £260,455 - Restated) and transfers to designated reserves totalled £172,704.

During the year to 31<sup>st</sup> March 2012 the Association made good progress in a number of key areas of business activity.

The Association set performance targets at the start of the financial year and reported against thirty two performance indicators covering maintenance, housing management and governance. We achieved or exceeded targets in twenty six performance indicators.

Planned/cyclical maintenance was carried out in accordance with our life cycle programme and the Association recognises the importance of effective asset management in order to protect previous investment and to prolong the life expectancy of our housing stock.

Planned maintenance carried out during the year included renewal of kitchens at thirty three properties at 90-124 Inchfad Drive, 7-21 Fettercairn Avenue and 1-8 Inchfad Place.

Our five year and thirty year budget projections continue to demonstrate our medium/long term viability under reasonable assumptions. The Association is aware of the need for effective financial performance based on sound management practice. Our financial cost ratios are comparable with or better than peer group and national medians.

The Association were also actively involved in partnership working with the other RSL's in Drumchapel to deliver wider role projects to tackle issues such as addictions, financial inclusion, youth activities, employment and community safety.

The Association strive for continuous improvement and ongoing review and monitoring of key business objectives remains an ongoing priority.

**Changes in fixed assets**

Details of changes in fixed assets are set out in Note 10.



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**The Committee of Management and Executive Officer**

The Committee of Management and Executive Officer of the Association are as follows:-

Executive Officer

J. Docherty

Committee of Management

S. MacLeod (Chairperson)  
J. Barclay (Vice Chairperson)  
E. Shaw (Secretary)  
I. Edgely (Treasurer)  
C. Wards  
K. McLerie  
R. Wards  
C. McManus  
E. Doherty (Appointed 25.10.11)  
E. McKenna (Resigned 27.03.12)

At the Annual General Meeting one third of all serving Committee members will retire from office and may stand for re-election if eligible.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and, although not having the legal status of a Director, acts as an executive within the authority delegated by the Committee.

**Statement of Committee's responsibilities**

Housing Association legislation requires the Committee 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 income and expenditure of the Association for the year ended on that date. In preparing these financial statements, the 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- . Prepare a statement on internal financial control.

The Committee 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 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. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**Corporate governance**

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Association's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control below, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they were aware from their audit work on the Financial Statements.

**Statement as to disclosure of information to auditors**

So far as the Committee are aware, there is no relevant audit information of which the Association's auditors are unaware, and each Committee member has taken all the steps that he or she ought to have taken as a Committee member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Auditors**

A resolution to re-appoint the auditors, Armstrongs, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee

Secretary

*E. Shaw*

Dated :

*31/7/12*



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**COMMITTEE STATEMENT ON THE ASSOCIATION'S**

**SYSTEM OF INTERNAL FINANCIAL CONTROL**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

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

- . The reliability of financial information used within the Association or for publication;
- . The maintenance of proper accounting records;
- . 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. Key elements include ensuring that:

- . Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- . Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- . Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
- . Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- . All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee members and others;
- . The Committee review reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association;
- . Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31<sup>st</sup> March 2012 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee

Secretary



Dated :

31/7/12



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS ON THE COMMITTEE**

**STATEMENT ON THE ASSOCIATION'S SYSTEM OF INTERNAL FINANCIAL CONTROL**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

**Corporate governance**

In addition to our audit of the financial statements, we have reviewed the Committee's statement concerning the Association's compliance with the information required by the section on internal financial control within SFHA's publication "Raising Standards in Housing".

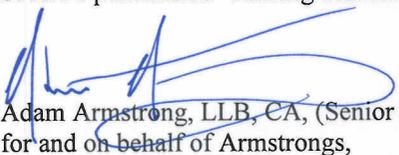
**Basis of opinion**

We carried out our review having regard to the Bulletin "Disclosures Relating to Corporate Governance" issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the Guidance Notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the statement on internal financial control has provided the disclosures required by the section on internal financial control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain Committee members, directors and officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on internal financial control within SFHA's publication "Raising Standards in Housing".



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),  
for and on behalf of Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow,  
G1 2RQ.

Date : 20th August 2012.



## REPORT OF THE INDEPENDENT AUDITORS TO

### THE MEMBERS OF KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

We have audited the financial statements for the year ended 31<sup>st</sup> March 2012 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

This report is made solely to the Association's members, as a body, in accordance with Industrial and Provident Societies Acts 1965 to 2002. 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 Committee and Auditors

As explained more fully in the Statement of Committee's Responsibilities, the Committee are responsible for the preparation of 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 Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Committee, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31<sup>st</sup> 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 2002, Schedule 1, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

#### Opinion on Committee Report

In our opinion the information given in the Report of the Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the current legislation requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

  
Adam Armstrong, LLB, CA, (Senior Statutory Auditor),  
for and on behalf of Armstrongs,  
Statutory Auditor,  
Chartered Accountants,  
Victoria Chambers,  
142, West Nile Street,  
Glasgow,  
G1 2RQ.

Dated : 20th August 2012.



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31ST MARCH, 2012**

	Notes	2012	Restated 2011
		£	£
Turnover	2	952,175	907,591
Operating costs	2	683,269	599,314
Operating surplus	2	<u>268,906</u>	<u>308,277</u>
Interest receivable		17,452	16,703
Interest payable and similar charges	6	( 66,127)	( 64,525)
Surplus on ordinary activities		<u><u>220,231</u></u>	<u><u>260,455</u></u>

The results for the year relate wholly to continuing activities.

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

**STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**

	2012	2011
	£	£
Surplus for the financial year	220,231	<u>260,455</u>
Prior year adjustment as explained in Note 24	6,468	
Total gains and losses recognised since last financial statements	<u><u>226,699</u></u>	



KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31ST MARCH, 2012

	Notes	2012 £	Restated 2011 £
<b>Tangible fixed assets</b>			
Housing properties (net of depreciation)	10(a)	19,721,229	19,762,064
Less : grants	10(a)	<u>16,278,137</u>	<u>16,296,590</u>
		3,443,092	3,465,474
Other	10(b)	<u>7,581</u>	<u>6,766</u>
		<u>3,450,673</u>	<u>3,472,240</u>
<b>Current assets</b>			
Debtors	11	44,157	65,757
Cash at bank and in hand		<u>1,147,301</u>	<u>1,016,880</u>
		1,191,458	1,082,637
<b>Creditors : amounts falling due within one year</b>	12	( 305,989)	( 313,549)
<b>Net current assets</b>		<u>885,469</u>	<u>769,088</u>
Total assets less current liabilities		4,336,142	4,241,328
<b>Creditors : amounts falling due after more than one year</b>	13	( 2,778,000)	( 2,903,416)
<b>Net assets</b>		<u>1,558,142</u>	<u>1,337,912</u>
<b>Capital and reserves</b>			
Share capital	14	93	94
Designated reserves	15	1,049,934	877,230
Accumulated surplus	23	<u>508,115</u>	<u>460,588</u>
		<u>1,558,142</u>	<u>1,337,912</u>

These financial statements were approved by the Committee on 31/7/12 and signed on their behalf by:

Chairman *Sandra Macehead*

Committee Member *John W Barclay*

Secretary *E. Shaw*



# KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST MARCH, 2012

#### 1. Principal accounting policies

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by the Financial Services Authority under number 2378R(S).

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting for Registered Social Landlords (2010), and on the historical cost basis. They also comply with the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

#### Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Housing Regulator, local authorities and other agencies.

#### Housing properties

Housing Properties are stated at cost less social housing and other public grants and less accumulated depreciation. The Association adopted component accounting during the financial year. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its residual value on a straight line basis, over the expected remaining life of the component.

#### Component (Useful Economic Life)

Structure (50 years)  
Windows (17 to 30 years)  
Central heating boilers (18 years)  
Radiators and pipework (36 years)  
Kitchens (14 to 18 years)  
Bathrooms (30 years)  
Rewiring (30 years)

Reviews for impairment of housing properties are carried out regularly and any impairment in an income-generating unit is recognised by a charge to the Income and Expenditure Account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the Income and Expenditure Account.

The Statement of Recommended Practice 2008 states that the disposal of shared ownership properties first tranche sales should be included in turnover at completion with the balance being classified as fixed assets. The Association believes that the effect on their retained surplus of applying this practice to previous years would be negligible and have not carried out this exercise.

#### Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at annual rates :-

Furniture and fittings	- 10% per annum
Office equipment	- 25% per annum

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# KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012

### 1. Principal accounting policies/Cont...

#### **Social Housing Grant and other grants**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments have been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

#### **Capitalisation of interest**

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

#### **Development administration costs**

Development costs incremental to the other costs of the Association have been capitalised.

#### **Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

The surplus or deficit is shown on the face of the Income and Expenditure Account.

#### **Operating Leases**

Rentals paid under operating leases are charged to the profit and loss account in the period to which they relate.

#### **Cyclical and planned maintenance**

The costs of cyclical and planned maintenance are charged to the Income and Expenditure Account in the year in which they are incurred.

#### **Designated reserves**

The Association has designated part of its long term obligations.

- \* The cyclical maintenance reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.
- \* The major repairs reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

#### **Pension costs**

The Association participates in the centralised SFHA defined benefit pension scheme and retirement benefits to employees are funded by contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole.



KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

2. Particulars of turnover, operating costs and operating surpluses/(deficits)

	Turnover £	2012 Operating costs £	Operating surplus £
Social lettings	943,931	664,413	279,518
Other activities	8,244	18,856	( 10,612 )
<b>Total</b>	<b>952,175</b>	<b>683,269</b>	<b>268,906</b>
		<b>Restated 2011</b>	
	Turnover £	Operating costs £	Operating surplus £
Social lettings	901,171	582,645	318,526
Other activities	6,420	16,669	( 10,249 )
<b>Total</b>	<b>907,591</b>	<b>599,314</b>	<b>308,277</b>

3. Particulars of income and expenditure from lettings

	General needs £	Supported accomm £	Shared ownership £	2012 Total £	Restated 2011 Total £
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	872,671	11,298	20,902	904,871	864,056
Service charges	11,045	30,689	-	41,734	38,895
<b>Gross income from rents and service charges</b>	<b>883,716</b>	<b>41,987</b>	<b>20,902</b>	<b>946,605</b>	<b>902,951</b>
Less : voids	( 2,674 )	-	-	( 2,674 )	( 1,780 )
<b>Total turnover from social letting activities</b>	<b>881,042</b>	<b>41,987</b>	<b>20,902</b>	<b>943,931</b>	<b>901,171</b>
<b>Expenditure on lettings</b>					
Management and maintenance admin costs	303,592	3,930	7,272	314,794	290,783
Reactive maintenance	108,230	-	-	108,230	71,497
Planned maintenance	105,451	-	-	105,451	91,012
Bad debts - rents and service charges	7,014	-	-	7,014	7,109
Depreciation of social housing property	84,498	1,129	1,563	87,190	83,348
Service charges	11,045	30,689	-	41,734	38,896
<b>Total expenditure on lettings</b>	<b>619,830</b>	<b>35,748</b>	<b>8,835</b>	<b>664,413</b>	<b>582,645</b>
<b>Operating surplus for social lettings for 2012</b>	<b>261,212</b>	<b>6,239</b>	<b>12,067</b>	<b>279,518</b>	<b>318,526</b>
<b>Operating surplus for social lettings for 2011 - Restated</b>	<b>298,554</b>	<b>5,953</b>	<b>14,019</b>	<b>318,526</b>	

No service charges were receivable on housing accommodation not eligible for housing benefit (2011 - £nil).



KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...

4. Particulars of turnover, operating costs and surpluses from other activities

	Scottish Ministers' Grants £	Other Income £	Total Turnover £	Operating Costs £	2012 Total £	Restated 2011 Total £
Factoring services	-	420	420	420	-	-
Wider role	7,824	-	7,824	18,436	( 10,612)	( 10,249)
<b>Total for other activities for 2012</b>	<u>7,824</u>	<u>420</u>	<u>8,244</u>	<u>18,856</u>	<u>( 10,612)</u>	<u>( 10,249)</u>
<b>Total for other activities for 2011</b>	<u>6,000</u>	<u>420</u>	<u>6,420</u>	<u>16,669</u>	<u>( 10,249)</u>	

5. Operating surplus

	2012 £	2011 £
Operating surplus is stated after charging:-		
Operating lease	11,785	10,373
Depreciation/loss on sale - tangible other fixed assets	3,305	2,972
Depreciation - tangible land & buildings fixed assets - restated	87,190	83,348
Auditors' remuneration (excl. VAT)	3,760	3,630
Bad debts	<u>7,014</u>	<u>7,109</u>

6. Interest payable and similar charges

On property loans payable by instalments	<u>66,127</u>	<u>64,525</u>
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7. Directors emoluments

The remuneration paid to the directors (defined as the Committee of Management and chief executive of Kingsridge Cleddans Housing Association Limited) was:-

	2012 £	2011 £
Total emoluments (including pension contributions and benefits in kind)	<u>57,727</u>	<u>54,502</u>
Total Emoluments (excluding pension contributions) to the highest paid director amounted to	<u>47,916</u>	<u>47,229</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>266</u>	<u>320</u>

Contributions totalling £9,811 (2011 - £7,273) were made to the pension scheme of the director. His pension arrangements are on the same basis as other members of staff, with no enhanced or special terms.

None of the committee members received any remuneration during the year.



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**8. Employee information**

The average full time equivalent of persons employed during the year was:-

	2012	2011
	<u>5</u>	<u>5</u>
	£	£
Staff costs (including Executive Emoluments)		
Wages and Salaries	159,638	156,801
Social Security Costs	12,904	12,193
Pension Contributions	29,319	21,649
	<u>201,861</u>	<u>190,643</u>

**9. Taxation**

The Association was recognised as a charity with effect from 15<sup>th</sup> May 2007 and as such is no longer subject to taxation.

**10. Tangible Fixed Assets**

**a) Housing properties**

	Housing property held for letting £	Shared ownership held for letting £	Total £
<b>Cost</b>			
At 01.04.11 - restated	19,543,666	976,599	20,520,265
Additions	81,629	-	81,629
Disposals	(41,993)	-	(41,993)
At 31.03.12	<u>19,583,302</u>	<u>976,599</u>	<u>20,559,901</u>
<b>Housing Association and capital grants</b>			
At 01.04.11 - restated	15,651,276	645,314	16,296,590
Received	16,821	-	16,821
Disposals	(35,274)	-	(35,274)
At 31.03.12	<u>15,632,823</u>	<u>645,314</u>	<u>16,278,137</u>
<b>Depreciation</b>			
At 01.04.11 - restated	744,081	14,120	758,201
Charge for year	85,627	1,563	87,190
Disposals	(6,719)	-	(6,719)
At 31.03.12	<u>822,989</u>	<u>15,683</u>	<u>838,672</u>
<b>Net book value at 31.03.12</b>	<u>3,127,490</u>	<u>315,602</u>	<u>3,443,092</u>
<b>Net book value at 31.03.11 - restated</b>	<u>3,148,309</u>	<u>317,165</u>	<u>3,465,474</u>

All properties are freehold.

10. /Cont...



**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**b) Other fixed assets**

	Furniture & fittings £	Office equipment £	Total £
<b>Cost</b>			
At 01.04.11	34,970	30,992	65,962
Additions	1,422	2,698	4,120
Disposals	-	( 5,488)	( 5,488)
At 31.03.12	<u>36,392</u>	<u>28,202</u>	<u>64,594</u>
<b>Depreciation</b>			
At 01.04.11	31,707	27,489	59,196
Charge for year	636	2,134	2,770
Disposals	-	( 4,953)	( 4,953)
At 31.03.12	<u>32,343</u>	<u>24,670</u>	<u>57,013</u>
<b>Net book value at 31.03.12</b>	<u>4,049</u>	<u>3,532</u>	<u>7,581</u>
<b>Net book value at 31.03.11</b>	<u>3,263</u>	<u>3,503</u>	<u>6,766</u>

**11. Debtors**

	<b>2012</b> £	<b>2011</b> £
Rental arrears	20,525	26,470
Development funding receivable	-	11,052
Other debtors and prepayments	23,632	28,235
	<u>44,157</u>	<u>65,757</u>

Housing benefit in the sum of £9,436 (2011 - £9,556) is included within rent arrears. Rental arrears are stated net of a provision for bad debts amounting to £16,210 (2011 - £16,447).

**12. Creditors due within one year**

	<b>2012</b> £	<b>2011</b> £
Current instalments of loans	131,275	149,104
Trade creditors	19,662	18,013
Other creditors	139,861	135,062
Rent in advance	15,191	11,370
	<u>305,989</u>	<u>313,549</u>

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**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

<b>13. Creditors - amounts falling due after more than one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Loans	<u>2,778,000</u>	<u>2,903,416</u>

Loans (which will mature over a period of fourteen to twenty one years) are secured by specific charges on the Association properties. They are repayable at rates varying from 1.25% to 6.54% of interest in instalments due as follows :-

	<b>2012</b>	<b>2011</b>
	£	£
Due within one year	<u>131,275</u>	<u>149,104</u>
Between one and two years	134,529	151,780
Between two and five years	424,335	474,419
In five years or more	<u>2,219,136</u>	<u>2,277,217</u>
	<u>2,778,000</u>	<u>2,903,416</u>

<b>14. Share capital</b>	<b>2012</b>	<b>2011</b>
Shares of £1 each issued and fully paid		
As at 01.04.11	94	93
Shares issued at par during the year	<u>1</u>	<u>2</u>
	95	95
Shares forfeited	( 2 )	( 1 )
As at 31.03.12	<u>93</u>	<u>94</u>

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to dividend or distribution on a winding up. When a shareholder ceases to be a member that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at member meetings.

<b>15. Designated reserves</b>	<b>Major repairs</b>	<b>Cyclical maintenance</b>	<b>Total</b>
	£	£	£
As at 01.04.11	803,029	74,201	877,230
Transfer from revenue reserve	172,704	-	172,704
As at 31.03.12	<u>975,733</u>	<u>74,201</u>	<u>1,049,934</u>

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**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**21. Pensions/Cont...**

The last formal valuation of the Scheme was performed as at 30<sup>th</sup> 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<sup>th</sup> September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performances, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA scheme based on the financial position of the scheme as at 30<sup>th</sup> September 2011. As of that date the estimated employer debt for the Association was £271,053.

**22. Legislative Provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965.

**23. Reconciliation of movement in accumulated surplus**

	2012	Restated 2011
	£	£
Revenue reserve b/fwd - restated	460,588	351,426
Surplus for the year	220,231	260,455
Transfer to designated reserves	( 172,704)	( 151,293)
	<u>508,115</u>	<u>460,588</u>

**24. Prior Year Adjustment**

During the year the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs that relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard - Accounting Policies as follows:

Major repairs capitalised	£71,002
Social Housing Grant written off	£94,422
Additional depreciation charged	£158,956

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**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH, 2012/Cont...**

**24. Prior Year Adjustment/Cont...**

The overall effect of these adjustments has been to increase the net book value of housing properties and increase revenue reserves brought forward at 1st April 2011 by £6,468. Revenue reserves have increased from £454,120 to £460,588 and the net book value of housing properties has increased from £3,459,006 to £3,465,474.

Of the prior year adjustment, £58,732 related to 2011 in respect of major repairs capitalised of £72,080 and additional property depreciation charged of £13,348. This resulted in the surplus reported for the year ended 31st March 2011 increasing from £201,723 to £260,455.

