

LINTHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Financial Services Authority No. 1800 R S

Registered Housing Association No. XH 149

Charity No. 028161

BAKER TILLY UK AUDIT LLP

Chartered Accountants

Glasgow

LINTHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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Registration Particulars:

Financial Services Authority	Industrial and Provident Societies Act 1965 Registered Number 1800 R S
Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered Number XH 149
Scottish Charity	Charity and Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC 028161

LINTHOUSE HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2012

Chairperson

A Guthrie

Secretary

J McDougall

Registered Office

1 Cressy Street
Glasgow G51 4RB

Bankers

Bank of Scotland
816 Govan Road
Glasgow G51 3UP

The Royal Bank of Scotland plc
Glasgow Govan Branch
788 Govan Road
Glasgow G51 2YL

Anglo Irish Bank
10 Old Jewry
London
EC2R 8DN

Scottish Widows Bank
67 Morrison Street
Edinburgh
EH3 8YJ

Solicitors

Hennessy Bowie & Co
2 Kenmure Lane
Bishopbriggs
Glasgow, G64 2RA

Strefford Tulips
118 Cadzow Street
Hamilton ML3 6HP

McGrigor Donald
Pacific House
70 Wellington Street
Glasgow G2 6SB

Harper Macleod
The Ca'd'oro
45 Gordon Street
Glasgow G1 3PE

T.C. Young
7 West George Street
Glasgow
G2 1BA

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

The Committee of Management present their report and audited financial statements for the year ended 31 March 2012.

Principal activity

The principal activity of Linthouse HA is the development, management and maintenance of housing for people in housing need.

Linthouse HA is registered with the Financial Services Authority as an Industrial & Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own:

	2012	2011
Managed Property Numbers		
Tenanted Property	1,134	1,136
Shared Ownership Properties	49	49
Total	1,183	1,185
Developing Property Numbers		
Tenanted Property	-	-
Shared Ownership Properties	-	-
Total	-	-

Financial review

Linthouse HA showed a deficit of £1,217,215 for the year (2011: restated £106,627 surplus). Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. The 2011 comparative figures have been restated. This is further explained in Note 24 to the financial statements.

Deficit for the year

The results for the year are shown in the Income and Expenditure Account on page 15. The deficit for the year to 31 March 2012 is £1,217,215 (2011: restated surplus £106,627).

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2012 were as follows:

Mrs Alison Guthrie (Chairperson)	
Mrs Agnes Cormack (Honorary President)	
Mr John McDougall (Secretary)	Mrs Pamela Devoy
Councillor Stephen Dornan	Mr Thomas McMahan
Mrs Agnes McCusker (deceased Dec 2011)	Miss Roisin McMahan
Mr John O'Connor	Mr Alexander Leishman
Mr Christopher Kernachan (resigned Dec 2011)	Mr Andreas Elmecker
Mrs Mary Patterson	Mr Kenneth Harvey (resigned Dec 2011)

Each member of the Committee of Management holds one fully paid share of £1 in Linthouse. The executive officers of Linthouse hold no interest in Linthouse's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

Executive Team

The Executive Team of Linthouse during the year to 31 March 2012 was as follows:

John McBride	Executive Director
Kenneth MacLeod	Depute Director
Andrea McDowall	Finance Manager
David Cowan	Maintenance Manager

Business Review

Linthouse made a deficit of £1,217,215 (2011 – surplus restated £106,627) during the year.

Our Strategic Aims

Linthouse HA has as its Strategic Aims:

- Dedication to offering housing solutions and routes in to social inclusion by building, managing and maintaining a range of affordable housing, and providing support for varying needs
- Contributing to community sustainability and regeneration, through innovation and relationships built on trust with our customers and partners
- Ensure we are an employer of choice, and that we deliver quality service and standards throughout our activities including customer involvement

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

Our Strategic Aims (Continued)

- Ensure that the Association is financially and operationally viable
- Respect for diversity, and ensuring accountability, openness, integrity and compliance in the governance of our activities.

Our vision is one of diverse communities in which people can expand their opportunities, exercise choice and maximise their potential. To help achieve this, we want to help to drive innovation and quality in accessible housing and support in Scotland. Some of the main objectives which we think can help achieve this aim include:

- demonstrating innovation in barrier free housing design, where possible influencing the practice of others and helping to raise standards generally
- rethinking models of residential support, moving from traditional patterns to new models where appropriate
- achieving continuous improvement in all the services we deliver, and achieving and maintaining high standards of business efficiency and effectiveness
- creating opportunities for significant levels of user involvement in what we do
- being recognised by regulators and strategic partners as delivering excellent performance

We see these as challenging objectives, which will change the way we deliver our core services of housing, housing support, personal support, advice, and consultancy. In particular, we seek to challenge what we currently do and look to improve, rather than simply carry on with existing patterns of work.

The Association is committed to a Wider Role of social and economic regeneration for the area and supports the LUV Café as part of this aim.

Operational Review

1 Corporate Governance

Linthouse HA has a Committee of Management who are elected by the members of the Association. It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Management Team of Linthouse HA are responsible for achieving the strategy set, undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Members of the Committee of Management serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by Linthouse HA.

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

2 Corporate Issues

Tenant involvement and participation is a major part of Linthouse HA's Aims and Objectives and the Association has grant aided the Langlands Residents Association for a number of years as part of the commitment to tenant participation. Staff members also attend regular meetings of this residents association.

Performance Management

Service delivery is underpinned by staff performance and performance management. This continues to be a high priority for us and we continue to promote a culture of performance improvement through professionalism and training.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have an ongoing programme of major investment in our housing stock, which is by far our highest expense. This includes carrying out major repairs, and large scale energy efficiency measures. We continually update our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We are continuing with our programme of best value reviews, to look for efficiencies and economies in the way that we deliver services.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. Inspections of our supported schemes by the Social Care and Social Work Improvement (Scotland) (SCSWIS) continued to confirm that we have a good standard of service, with few suggestions being made for improvement.

We introduced an improved complaints procedure, and developed a business recovery procedure so that we are better prepared for coping with disasters that may happen. Our rent arrears management improved, with clearer information to tenants on the wide range of payment methods available.

We have a Welfare Rights Officer who has successfully maximised the benefit income of many of our tenants and this has contributed to the reduction in arrears. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

3 Development Issues

The Association currently has no development programme.

4 Housing Issues

Linthouse HA continues to work on reducing the period of time taken to re-let or let new properties to ensure that we maximize our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £31,623 (2011 - £28,948). Work is continuing to reduce the number of days to relet.

Linthouse HA continues to review its' rent collection methods.

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

4 **Housing Issues (continued)**

Our collection performance with regard to current tenants has improved. A new Arrears Recovery Procedure has been put in place and shows a marked improvement on previous performance. Each member of Housing Management staff is committed to ensuring that this trend continues.

The overall collection rate is 94% and our outstanding net arrears at the year end represent 5.19% of the total rent roll. The collection rate includes a high level of prepayments by tenants and cases where tenants' arrears repayment agreements exceed their monthly debit.

5 **Communities Issues**

Linthouse HA continues to actively promote its role in Community Regeneration. A range of Community Regeneration Projects is being undertaken through the LUV project from arts and crafts to sewing bees and bringing people together in worthwhile activities. The Association has recently set up LUV Enterprises Limited to take these activities and other social and economic regeneration activities forward. This is in addition the LUV Café referred to on page 4.

6 **Property Maintenance**

The last inspection carried out by the Housing Regulator highlighted strengths in customer consultation and satisfaction.

We have now implemented the recommendations from the best value review; better access and programming for gas safety checks to ensure we comply with legislation; more pre and post inspections to monitor cost and quality of works.

We have in place a robust Performance Management Framework to continually monitor our performance against key indicators.

7 **Support Services Issues**

During the year the SCSWIS undertook an inspection of the service. The report was very favourable and where recommendations have been made these have been adopted

On 23rd May 2006, the Association was accepted onto Glasgow City Council's Restricted Standing List (s) of accredited providers. This allows the Association to receive Supporting People funding for our Sheltered and Very Sheltered developments. Due to severe cuts in the social work budget there have been no increases in the contract values for a number of years. The Association has presented a strong case for increases and will continue to pressure social work for a favourable outcome.

8 **Finance and IT Issues**

A new ICT system has been purchased which is being implemented with the aim of producing the high quality information required for performance monitoring and reporting.

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

9. **Component Accounting**

Linthouse has adopted Component Accounting into its financial statements this year in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur. There are resulting prior year adjustments shown to the relevant notes to the accounts and detailed in Note 24.

10. **Other Areas**

Risk Management Policy

The Committee have introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

Volunteers

The Association is grateful for the unstinting efforts of volunteers who are involved in the management committee. It is estimated that over 540 volunteer hours were provided during the year. If this is conservatively valued at £10.00 an hour the volunteer effort amounts to over £5,400.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Rental Income

The Association's method of rent setting is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. Scottish Secure Tenancy rents are reviewed and normally increased annually to cover the Association's projected costs for the forthcoming year.

Maintenance Policies

Linthouse HA seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term. It is expected that the cost of all such repairs will be charged to the Income and Expenditure Account.

In addition, Linthouse HA has a long term programme of major repairs to cover for work which has become necessary since the original development was completed, including works required for subsequent legislative changes. This includes replacement of components of the properties which have come to the end of their economic lives. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Treasury Management

Linthouse HA has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way Linthouse HA manages its investment and borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Linthouse HA, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2012 Linthouse HA has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Executive Director.

General Reserves Policy

Linthouse HA has a healthy level of general reserves at £5,830,408 (2011 – restated £7,047,623). Linthouse HA has built general reserves to a position to cover a minimum of 1 year's total general expenditure which amounts to £3,973,413 in 2012.

Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, 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

Employee Involvement and Health and Safety

Linthouse HA takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012 (Continued)

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort will be made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Committee and officers' Insurance

Linthouse HA has purchased and maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of Linthouse HA, as authorised by the Association's rules.

Home Ownership

One property was sold under right to buy in the year.

Future developments

The Association will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

Auditors

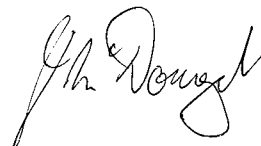
Baker Tilly UK Audit LLP have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Committee of Management

J McDougall

Secretary

Date: 27/6/12.....



LINTHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES

Under the legislation relating to Industrial and Provident Societies we are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the RSL SORP;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and;
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Association will continue in business

We are also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that the financial statements comply with the Industrial and Provident Society Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) 2007.
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of such information.

By order of the Committee of Management



J McDougall

Secretary

Date: 27/6/12.....

LINTHOUSE HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2012

The Management 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; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material mis-statement or loss. Key elements include ensuring that:

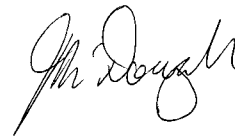
- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives and progress towards the 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 variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Committee review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

LINTHOUSE HOUSING ASSOCIATION LIMITED
COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL
FINANCIAL CONTROL

31 March 2012
(Continued)

The Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2012. No weaknesses were found in internal financial controls, which could result 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 of Management



J McDougall

Secretary

Date: 27/6/12

LINTHOUSE HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 11 and 12 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 a review in accordance with Bulletin 2006/5 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 requirements in Raising Standards, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 11 and 12 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.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Statutory Auditors
Chartered Accountants
Glasgow

Date: *2 July 2012*

LINTHOUSE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINTHOUSE HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2012 on pages 15 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 10, the 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of 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:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: *2 July 2012*

LINTHOUSE HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	2	4,056,795	5,636,371
Less: Operating costs	2	<u>5,260,966</u>	<u>5,498,189</u>
Operating (deficit)/surplus		(1,204,171)	138,182
Gain/(Loss) on disposal of fixed assets		17,835	(3,766)
Interest receivable and other income		19,566	25,544
Interest payable and other charges	4	<u>(50,445)</u>	<u>(53,333)</u>
(Deficit)/surplus on ordinary activities before taxation		(1,217,215)	106,627
Taxation on surplus on ordinary Activities	5	<u>-</u>	<u>-</u>
(Deficit)/surplus for the year		<u><u>(1,217,215)</u></u>	<u><u>106,627</u></u>

The results for 2011 and 2012 relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDING 31 MARCH 2012

	2012 £	2011 As restated £
(Deficit)/surplus for the year	(1,217,215)	106,627
Prior period adjustment (note 24)	2,917,939	-
Total surpluses recognised since last reporting period	<u><u>1,700,724</u></u>	<u><u>106,627</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Tangible Fixed Assets			
Housing properties-depreciated cost	8a	39,197,621	38,933,721
Less: HAG and other grants	8a	(31,083,503)	(31,030,485)
		8,114,118	7,903,236
Other Fixed Assets			
Investments	8b 9	715,790 6,617	602,930 5,978
		8,836,525	8,512,144
Current Assets			
Debtors	10	315,112	175,012
Cash at bank and in hand		1,922,778	3,517,168
		2,237,890	3,692,180
Creditors: amounts falling due within one year	11	(1,605,205)	(1,398,219)
Net current assets		632,685	2,293,961
Total assets less current liabilities		9,469,210	10,806,105
Creditors: amounts falling due after more than one year	12	(1,356,374)	(1,475,932)
Net Assets		8,112,836	9,330,169
Capital & Reserves			
Share capital	13	236	354
Designated Reserves	6	2,282,192	2,282,192
Revenue reserves	7	5,830,408	7,047,623
		8,112,836	9,330,169

These financial statements were approved by the Committee of Management and authorised for issue on ...27.1.12... and signed on their behalf by:

Committee Member: 

Committee Member: 

Secretary: 

LINTHOUSE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Net cash (outflow)/inflow from operating activities	17	(755,463)	1,102,184
Returns on investment and servicing of finance			
Interest received		19,566	25,544
Interest paid		<u>(50,445)</u>	<u>(53,333)</u>
Net cash (outflow) from returns on investments and servicing of finance		<u>(30,879)</u>	<u>(27,789)</u>
Investing activities			
Cash paid for construction and purchase of housing		(612,760)	(2,257,345)
Proceeds of disposals		28,493	20,309
HAG repayments		-	(20,309)
Housing association grant received		81,013	555,946
Purchase of other fixed assets		(188,275)	(24,353)
Payments for investments		<u>(639)</u>	<u>555</u>
Net cash (outflow) from investing activities		<u>(692,168)</u>	<u>(1,725,197)</u>
Net cash (outflow) before financing		(1,478,510)	(650,802)
Financing			
Loan principal repayments		(115,884)	(112,878)
Shares issued		4	3
Net cash (outflow) from financing		<u>(115,880)</u>	<u>(112,875)</u>
(Decrease) in cash and cash equivalents		<u>(1,594,390)</u>	<u>(763,677)</u>

Further information is given in note 17

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

1. Accounting Policies

Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (a) to (p) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers Update 2010" and relevant accounting standards.

(a) Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of factoring services, together with revenue grants from a grant awarding body, local authorities and other organisations.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8(a) will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments, which have been given approval for Housing Association Grant by the grant awarding body.

(d) Housing Association Grants

Housing Association Grants (HAG) are made by the grant awarding body and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time by the grant awarding body. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are determined by the grant awarding body and are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These Allowances are credited to development costs when they are receivable.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

(f) **Fixed assets - Housing land and buildings** (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by Glasgow City Council for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of completion.

The adoption of Component Accounting during the year represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Structure, Roofs, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(g)(i). The new accounting policy is compliant with the SORP 2010.

(g) **Depreciation**

(i) **Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

(g) Depreciation (continued)

- (i) Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Kitchens	Over 20 years
Bathrooms	Over 30 years
Windows	Over 35 years
Heating Boilers	Over 15 years
Radiators	Over 30 years
Lifts	Over 30 years

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Commercial & Office Premises	-	3.3% to 6.6%
Fixtures & Fittings	-	10% to 25%
Vehicles	-	25%
Office alteration	-	25%

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) 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.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the SORP.

Disposals under shared equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(i) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis 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.

(j) **Reserves**

Designated reserve - Reserves for future cyclical repairs and maintenance (note 6)

Accrued cyclical maintenance, being the Association's commitment to maintain its properties in accordance with planned programme of works, is set aside in a designated reserve, to the extent that it will not be met from revenue in the year in which it is incurred.

Designated reserve - Major repairs sinking fund (note 6)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it is not met from HAG. In the year to 31 March 2012, these reserves have been transferred to cyclical repairs as under component accounting most of these assets will be capitalised.

(k) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

(l) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(m) **Investments** (note 9)

Investments in shares are stated at market value.

(n) **Pensions**

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association 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.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(n) **Pensions (continued)**

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

(o) **Consolidation**

The Association and its subsidiary undertaking comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements due to immateriality. The accounts therefore represent the results of the Association and not of the group.

(p) **Service charges recoverable**

Service charges represent income recoverable from tenants for factoring of the properties managed by the Association.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover	Operating Costs	Operating (Deficit)	Operating Surplus/ (Deficit) As restated 2011
	£	£	£	£
Social lettings	3,807,364	4,946,720	(1,139,356)	151,279
Other activities	249,431	314,246	(64,815)	(13,097)
Total	<u>4,056,795</u>	<u>5,260,966</u>	<u>(1,204,171)</u>	<u>138,182</u>
As restated - 2011	<u>5,636,371</u>	<u>5,498,189</u>	<u>138,182</u>	

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

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

	General Needs Housing	Shared Ownership	Supported Housing	2012 Total	2011 As restated Total
	£	£	£	£	£
Rent receivable net of identifiable service charges	2,814,681	82,836	279,050	3,176,567	2,957,948
Service charges	38,609	1,980	113,372	153,961	144,260
Gross income from rents and service charges	2,853,290	84,816	392,422	3,330,528	3,102,208
Less: Rent loss from voids	(22,335)	-	(9,288)	(31,623)	(28,948)
Net income from rents and service charges	2,830,955	84,816	383,134	3,298,905	3,073,260
Grants from Scottish Ministers	90,476	-	-	90,476	-
Grants from Glasgow CC	417,983	-	-	417,983	479,998
Total turnover from social letting activities	3,339,414	84,816	383,134	3,807,364	3,553,258
Management and maintenance administration costs	1,096,887	21,270	75,528	1,193,685	978,669
Service costs	-	-	88,961	88,961	160,138
Planned and cyclical maintenance including major repairs costs	2,185,540	-	-	2,185,540	1,084,926
Reactive maintenance costs	988,980	25,509	75,944	1,090,433	816,743
Bad debts – rents and service charges	75,131	343	2,422	77,896	57,261
Depreciation of social housing	301,689	-	8,516	310,205	304,242
Total Expenditure on Lettings	4,648,227	47,122	251,371	4,946,720	3,401,979
Operating (Deficit)/Surplus on Letting Activities	(1,308,813)	37,694	131,763	(1,139,356)	151,279
As restated - 2011	(39,467)	49,772	140,974	151,279	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £34,552 (2011 - £32,680).

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or (deficit)	Operating surplus or (deficit) for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	27,483	7,200	-	100	34,783	-	122,929	(88,146)	(78,593)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	89,520	89,520	26,766	52,113	10,641	67,635
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	80,953	-	80,953	-	110,588	(29,635)	(29,329)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	20,152	20,152	-	1,850	18,302	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities – environmental works	-	24,023	-	-	24,023	-	-	24,023	(4,996)
Total from other activities	27,483	31,223	80,953	109,772	249,431	26,766	287,480	(64,815)	(13,097)
2011	1,069,670	-	80,951	932,493	2,083,114	7,312	2,088,899	(13,097)	

Income from other activities represents a grant for environmental works at Langlands. 2012: £47,175 (2011: £nil).

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

	2012 £	2011 £
4. Interest payable		
Total Interest incurred	50,445	53,333
Interest capitalised	-	-
Total interest expensed	50,445	53,333

5. Corporate Taxation

Association has charitable status and is not liable for tax on its exempt activities.

6. Designated Reserves

	At 31 March 2011 £	To Revenue Reserves £	To Cyclical Maintenance Reserve £	At 31 March 2012 £
Cyclical maintenance reserve	459,681	-	1,822,511	2,282,192
Major repairs reserve	1,822,511	-	(1,822,511)	-
	2,282,192	-	-	2,282,192

No restrictions are placed upon these reserves, but the committee has designated their use for specific purposes. Expected spend on cyclical maintenance over the next 3 years is £2,776,000.

7. Revenue Reserve

	2012 £	2011 As restated £
At 1 April 2011 as originally reported	4,129,684	5,803,560
Prior Year Adjustment (Note 24)	2,917,939	-
At 1 April 2011 as restated	7,047,623	5,803,560
Transfer from designated reserve (Note 6)	-	1,137,436
(Deficit)/Surplus for year	(1,217,215)	106,627
At 31 March 2012	5,830,408	7,047,623

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

8a. Tangible Fixed Assets

	Housing Properties Held for Letting	Housing Properties in course of construction	Completed Shared Ownership properties	Total
Cost	£	£	£	£
At 1 April 2011	35,397,898	-	2,875,064	38,272,962
Prior Period Adjustment (Note 24)	2,918,235	-	-	2,918,235
As re-stated	38,316,133	-	2,875,064	41,191,197
Additions during year	612,760	-	-	612,760
Disposals in year	(46,491)	-	-	(46,491)
At 31 March 2012	38,882,402	-	2,875,064	41,757,466
Housing Association & Other Grants				
At 1 April 2011	29,034,363	-	2,622,204	31,656,567
Prior Period Adjustment (Note 24)	(626,082)	-	-	(626,082)
As re-stated	28,408,281	-	2,622,204	31,030,485
Additions during year	81,013	-	-	81,013
Repaid and abated during year	(27,995)	-	-	(27,995)
At 31 March 2012	28,461,299	-	2,622,204	31,083,503
Depreciation				
At 1 April 2011	1,541,504	-	89,594	1,631,098
Prior Period Adjustment (Note 24)	626,378	-	-	626,378
As re-stated	2,167,882	-	89,594	2,257,476
Provided during year	301,690	-	8,516	310,206
Disposals during year	(7,837)	-	-	(7,837)
At 31 March 2012	2,461,735	-	98,110	2,559,845
Net Book Value				
At 31 March 2012	7,959,368	-	154,750	8,114,118
At 31 March 2011 as restated	7,739,970	-	163,266	7,903,236

Development administration costs capitalised amounted to £NIL (2011: £85,408) for which development allowances amounting to £NIL (2011: £48,860) were recorded in the year. Interest capitalised during the year amounted to £NIL (2011: £Nil).

None of the Association's land or properties was held under a lease.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

8b. Fixed Assets - Other

	Land and commercial properties	Freehold offices	Fixtures and Fittings	Office alterations	Motor Vehicles	Total
Cost	£	£	£	£	£	£
At 1 April 2011	156,977	563,201	784,359	51,256	17,844	1,573,637
Additions	-	-	171,109	17,166	-	188,275
At 31 March 2012	<u>156,977</u>	<u>563,201</u>	<u>955,468</u>	<u>68,422</u>	<u>17,844</u>	<u>1,761,912</u>
Housing Association & Other Grants						
At 1 April 2011	-	-	70,000	-	-	70,000
Additions	-	-	-	-	-	-
At 31 March 2012	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Depreciation						
At 1 April 2011	93,521	83,894	654,193	51,256	17,844	900,708
Charge for year	1,657	9,387	60,078	4,292	-	75,414
Disposals	-	-	-	-	-	-
At 31 March 2012	<u>95,178</u>	<u>93,281</u>	<u>714,271</u>	<u>55,548</u>	<u>17,844</u>	<u>976,122</u>
Net Book Value						
At 31 March 2012	<u>61,799</u>	<u>469,920</u>	<u>171,197</u>	<u>12,874</u>	<u>-</u>	<u>715,790</u>
At 31 March 2011	<u>63,456</u>	<u>479,307</u>	<u>60,166</u>	<u>-</u>	<u>-</u>	<u>602,929</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

9. Investments	2012	2011
	£	£
Investment in subsidiary undertaking	1	1
Shares, Standard Life (at market value)	6,616	5,977
	6,617	5,978
Investment in subsidiary undertaking	1	1

The Association holds a 100% shareholding in Linthouse Urban Village Café Limited, a company incorporated in Scotland. The above investment consists of one £1 ordinary share.

The subsidiary's results for the year and level of reserves was as follows:

Company	Capital and Holding	Turnover	(Deficit) for period	Capital and reserves
		£	£	£
Linthouse Urban Village Café Limited	100%	51,578	(167)	(3,280)

10. Debtors	2012	2011
	£	£
Amounts falling due within one year:		
Gross rents in arrears	192,658	177,726
Less bad debt provision	(103,903)	(127,032)
	88,755	50,694
Development funding receivable	97,410	38,443
Other debtors	78,907	53,183
Amounts owed to group undertakings	-	2,800
Prepayments and accrued income	50,040	29,892
	315,112	175,012

11. Creditors due within one year	2012	2011
Loans	97,337	93,659
Taxation and social security	22,215	18,527
Other creditors	305,592	283,485
Accruals and deferred income	985,473	811,128
Rents in advance	194,588	191,420
	1,605,205	1,398,219

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

12. Creditors due after more than one year

Loans	1,356,374	1,475,936
	1,356,374	1,475,936

Loans are secured by specific charges on the Association's properties. Loans are repayable at rates of interest of 1.25% to 5.09% (2011: 1.25% to 5.09%) in instalments due as follows:

Within one year		
Between one and two years	97,337	93,659
Between two and five years	84,048	97,337
In five years or more	261,510	255,029
	1,010,816	1,123,570
	1,453,711	1,569,595

13. Share Capital

	2012	2011
	£	£
Shares of £1 full paid and issued at 1 April 2011	354	351
Shares cancelled	(122)	-
Shares issued during year	4	3
Shares issued at 31 March 2012	236	354

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

14. Employees

	2012	2011
	£	£
Staff costs during year		
Wages and salaries	871,208	819,976
Social Security costs	74,946	69,459
Other pension costs	105,780	72,615
	1,051,934	962,050
	1,051,934	962,050

The average full time equivalent number of persons employed by the Association during the year were as follows:

	No	No
	29	27

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

14. Employees (continued)

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year (2011 - £60,000 per year).

	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>273,546</u>	<u>259,280</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>62,546</u>	<u>63,353</u>

The Association's contributions for the Directors in the year amounted to £45,870 (2011: £33,815). The pension contribution for the Executive Director was £13,148 (2011: £9,732).

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 were as follows

	2012	2011
	No	No
£60,001 to £65,000	1	1
£65,001 to £70,000	-	-
£70,000 to £75,000	-	-

The aggregate emoluments include 3 directors who are not disclosed in the salary bands.

15. Pension Scheme

Linthouse Housing Association Limited participates in the SFHA 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.

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

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

15. Pension Scheme (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving 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 performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Linthouse Housing Association Limited 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 September 2011. As of this date the estimated employer debt for Linthouse Housing Association Limited was £5,473,439.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Linthouse Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2011 the same benefit structure for any new entrants.

During the accounting period Linthouse Housing Association paid contributions at the rate of 9% of pensionable salaries. Member contributions were 9%.

As at the balance sheet date there were 13 active members of the Scheme employed by Linthouse Housing Association. The annual pensionable payroll in respect of these members was £471,037.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

15. Pension Scheme (continued)

Linthouse Housing Association has been notified by the Pension Trust of the Scottish Housing Association Pension Scheme (SHAPS) that past service deficit contributions payable for the year to 31 March 2013 is £59,097.

Linthouse Housing Association continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement – Non pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions*	10.4

(*expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculation the additional contributions).

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

	2012 £	2011 £		
16. Auditors' Remuneration				
The remuneration of the auditors (including expenses and including VAT for the year)	10,250	10,560		
Remuneration of the auditors in respect of services other than those of external auditors from entities related to Baker Tilly UK Audit LLP	2,500	-		
	<u>12,750</u>	<u>10,560</u>		
17. Notes to the Cash Flow Statement				
a. Reconciliation of surplus to net cash inflow from operating activities	2012	2011 As restated		
(Deficit)/Surplus for year	(1,217,215)	(106,627)		
Interest received	(19,566)	25,544		
Interest payable	50,445	53,333		
Depreciation	385,620	336,538		
Loss/(Gain) on sale of fixed assets	(17,835)	3,766		
Decrease in stocks	-	195,617		
Decrease in debtors	(140,100)	65,114		
Increase in creditors	203,310	366,733		
Decrease in share capital	(122)			
Net cash (outflow)/inflow from operating activities	<u>(755,463)</u>	<u>1,102,184</u>		
	2012 £	2011 £		
17. Notes to the Cash Flow Statement (continued)				
b. Reconciliation of net cash flow to movement in net debt				
Increase in cash for the year	(1,594,390)	(763,677)		
Loan repayments	115,884	112,878		
Change in net debt	(1,478,506)	(650,799)		
Net cash as at 1 April 2011	1,947,573	2,598,372		
Net cash as at 31 March 2012	<u>469,067</u>	<u>1,947,573</u>		
c. Analysis of Changes in net debt	As at 31 March 2011 £	Cash Flow £	Other changes £	As at 31 March 2012 £
Cash at bank and in hand	3,517,168	(1,594,390)		1,922,778
Debt due within one year	(93,659)	115,884	(119,562)	(97,337)
Debt due after one year	(1,475,936)	-	119,562	(1,356,374)
	<u>1,947,573</u>	<u>(1,478,506)</u>	-	<u>469,067</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

	2012	2011
	£	£
18 Capital Commitments		
Expenditure authorised by the committee of management contracted less certified	<u>-</u>	<u>2,072,467</u>

19. Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (g) (i)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2012 was £27,995 (2011: £626,082).

20. Housing Stock

The number of units in Management as at 31 March 2012 was as follows:

	2012	2011
	No.	No.
General Needs Housing	1059	1,061
Supported Housing Accommodation	75	75
Shared Ownership Accommodation	49	49
	<u>1,183</u>	<u>1,185</u>

21. Related parties

The Association has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transaction with group companies.

Committee members

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

Councillors

Stephen Dornan is a councillor with Glasgow City Council. Any transactions with the Glasgow City Council are made at arm's length, on normal commercial terms and councillor Stephen Dornan cannot use his position to his advantage.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

22. Group Structure

The Association is a registered housing association, registered in Scotland and forms part of a group, the other member of which is Linthouse Urban Village Café Limited, whose main activity is to provide hot and cold food and beverages.

Linthouse Housing Association Limited is considered to be the ultimate parent undertaking of the group. Separate group accounts are not required as the Registrar of Friendly Societies has exempted the group from this requirement.

23. Reconciliation of Funds

	2012 £	2011 as restated £
At 1 April 2011 as originally reported	6,412,235	9,223,501
Prior Year Adjustment (Note 24)	2,917,939	-
At 1 April 2011 as restated	<u>9,330,174</u>	<u>9,223,501</u>
(Deficit)/surplus for year	(1,217,215)	106,627
New shares issued	4	47
Shares cancelled	(122)	(1)
Net change in funds	<u>(1,217,333)</u>	<u>106,673</u>
At 31 March 2012	<u>8,112,841</u>	<u>9,330,174</u>

24. Prior Period Adjustment- Component Accounting

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their useful economic life. This has resulted in major works expenditure written off in prior years being capitalised, and an additional depreciation charge being recognised. In total this has led to an adjustment as at 31 March 2010 of an increase in fixed assets of £2,350,270. This is represented by an increase in fixed asset costs of £2,262,151, a reduction in fixed asset HAG of £626,082 and increased fixed asset depreciation of £537,963.

LINTHOUSE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

24. Prior Period Adjustment- Component Accounting (continued)

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(88,415)
Decrease major works charged against income	659,850
Loss on disposal of replaced components	<u>(3,766)</u>
Increase in the surplus for the year	<u>567,669</u>

In addition the effect upon the balance sheet has been to:

Increase fixed asset cost	2,918,235
Decrease fixed asset HAG	626,082
Increase fixed asset depreciation	<u>(626,378)</u>
Net movement in the balance sheet - increase	<u>2,917,939</u>

The overall effect of the prior period adjustment for the current financial year is an increase in deficit of £463,238.