
LOCHABER HOUSING ASSOCIATION LIMITED
Financial Statements

For the year ended 31 March 2010

Registered Housing Association Number HAL151
Financial Services Authority Number 2289R(S)
Charity Number SC030951



LOCHABER HOUSING ASSOCIATION LIMITED

Index to Financial Statements For the year ended 31 March 2010

Information	1
Report of Committee of Management	2
Statement on Internal Financial Controls	6
Auditors' Report on Governance	7
Auditors' Report	8
Income and Expenditure Account	10
Statement of Total Recognised Surpluses and Deficits	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Financial Statements	14

LOCHABER HOUSING ASSOCIATION LIMITED

INFORMATION as at 31 March 2010

Registered Office

101 High Street, Fort William, PH33 6DG

Registration Numbers

Industrial & Provident Society number	2289R(S)
The Scottish Housing Regulator	HAL151
Scottish Charity number	SC030951

Management Committee

Alison Gainsford	Chairman	
John MacLeod	Vice-chairman	
Dion Alexander	Secretary	
Hugh Donaldson	Treasurer	
Neil Clark		(resigned May 2009)
Alex Farquar		(appointed September 2009)
Keith Gadsby	Tenant	(resigned March 2010)
Donald Gillies		
Catriona Hunter		
Patricia Jordan		(resigned September 2009)
Drew MacFarlane-Slack		
Ann Martin		
Jean Sinclair	Tenant	
Allan Henderson	Councillor Co-optee	
Brian Murphy	Councillor Co-optee	

Director (not a member of the committee)

Blair Allan

Auditors

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

Accountant

David Smith, Chartered Accountant
Keppoch
Croft Road
Oban

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT 31 March 2010

The management committee presents its report and audited financial statements for the year ended 31 March 2010.

Organisation

The association is a non-profit making body registered with the Financial Services Authority as an Industrial and Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

The association's constitution is a variation of the Model Rules for a Charitable Housing Association and provides for its governance by voluntary management committee. One third of the management committee are elected each year at the Annual General Meeting and the association is keen to support tenant participation on the management committee. In addition to the elected members, the management committee includes representatives nominated by Highland Council.

The main source of funding for the association's development activities is the Scottish Government by way of Housing Association Grant.

Principal activity

The principal activity of Lochaber Housing Association is the development, management and maintenance of housing for people in housing need.

Strategic Aims

The association's mission statement is to provide good quality, truly affordable housing opportunities and services for local people in their preferred communities, thereby identifying and meeting local needs and helping to maintain and develop thriving communities throughout Lochaber.

This mission is underpinned by 5 strategic objectives. These are:

- We will provide increasing numbers of high quality affordable housing solutions throughout Lochaber
- We will develop and manage a high quality range of services that meet the needs and preferences of service users
- We will ensure that we manage and govern our affairs effectively and prudently and in doing so we will operate accountably and openly in all that we do
- We will ensure that our financial management and planning will deliver medium and long term financial viability
- We will support, train and develop our staff in the furtherance of our objectives

Corporate governance

The association's governing body is the management committee, which is elected by and is responsible to the members of the association. It is the responsibility of the management committee to determine the strategy for the association together with its overall direction and policies.

The members of the management committee serve in a voluntary capacity and are unpaid.

The executive team are led by the association's Director and are responsible for implementing the strategy set out by the management committee and managing the operational activities in line with laid down policies and procedures.

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT 31 March 2010

Development

One of the association's major objectives is the development of new affordable properties. During the year we completed 25 new properties in Fort William and Arisaig and started on site with a further 46 homes. Our total capital spend on development activity was £4,396,876. The association's Committee of Management has continued to engage, with limited success, in dialogue with the Scottish Government for the amendment of its decision in 2008 to reduce grant subsidy for each house built by the association. While we will be trying to get a further 32 units on site during 2010/11, in Fort William and Acharacle, these are the residual approvals that the association agreed to develop in 2010/11. So, while the grant regime remains so unfavourable, the association will be unable to continue to develop beyond this, although talks with the government remain on-going in an attempt to find solutions. In addition, the Committee of Management is trying to find ways to generate additional income through the potential of the trading activities of its subsidiary, in order to cross-subsidise the affordable new build programme.

Property maintenance

The association has in place cyclical and planned maintenance programmes that will ensure that we achieve the completion of our Scottish Housing Quality Standard delivery plan prior to 2015. Our planned maintenance programme included fitting new kitchens, bathrooms and exhaust air heat pumps on a pilot basis, which will result in a roll out of these renewable and efficient installations in the coming year and beyond.

The significant procurement development, however, has been the establishment and operation of the association's new maintenance subsidiary, Lochaber Housing Association Property Services C.I.C. This has effectively enabled the association to take its maintenance responsibilities in-house in order to provide more efficient, responsive and cost effective services. To date, the change over has been successful with improved performance indicators and the generation of surplus funds for re-investment in the planned maintenance programme.

Financing and liquidity

The association manages its borrowings and cash investments in accordance with the Treasury Management Policy approved by the management committee. In this way the association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The association does not enter into transactions of a speculative nature. At 31 March 2010, the association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Reserves policy

The management committee consider that the main purpose in the association maintaining and building reserves is to provide funding for future major repairs. To this end a substantial proportion of surpluses earned has been designated for transfer to the Major Repairs Reserve which now stands at £1,851,513.

In addition the association maintains a general reserve which is intended to provide sufficient working capital to ensure the smooth operation of the association's services.

Budgetary process

The association prepares a detailed annual budget which is seen as a key element in the financial management of the association and the monitoring of performance. Quarterly management accounts provide the management committee with a detailed breakdown of actual performance against budget, highlighting problem areas and allowing remedial action to be taken as appropriate.

In line with regulatory requirements the association also prepares a 5 year budget and financial projections for submission to the Scottish Housing Regulator.

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT 31 March 2010

Risk management policy

The management committee is responsible for establishing and maintaining the association's system of internal control. Internal control systems are designed to meet the particular needs of the association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the management committee has established with a view to providing effective internal financial control are outlined in the Statement on Internal Financial Control.

Statement of management committee's responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation require the committee to prepare financial statements for each financial year which give a true and fair view of the association's state of affairs and of the surplus or deficit for that period. 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 the 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. The committee must ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and are based on the Statement of Recommended Practice for Registered Social Landlords. They are responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the association's suppliers are paid promptly.

Review of the year

The main focus of the association throughout the year has been the successful establishment, referred to above, of the new maintenance subsidiary, LHA Property Services, a Community Interest Company. In addition to delivering us more effective and cost efficient maintenance services, the new company has been engaged in employing apprentices across the trades to support the work of our more experienced team of tradesmen and operatives, which, in these financially straightened times has been a significant achievement. Progress in relation to our new build development ambitions has been less promising, as discussions with the Scottish Government in relation to the unsustainability of the current grant regime have not as yet borne sufficient fruit to enable us to progress further development plans with confidence. Despite this, we are on site or about to go on site with a total of another 69 units of affordable housing, including low cost home ownership opportunities. The continuous improvement of services across our key performance indicators has been pleasing with particularly good results in the management of rent arrears and responsive maintenance times.

LOCHABER HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT 31 March 2010

Future plans

In the coming year the association will take stock of its strategic objectives in order to find a viable way to continue to provide new build housing throughout Lochaber, possibly in partnership with the Highland Council and its emerging preferred developer strategy. We will continue to establish and grow the capacity of LHA Property Services C.I.C. so that it can assist in supporting this aim and review our medium and long term financial viability through the 30 year financial projections, tested in the light of the continuing reduced grant levels and the consequences of the overall economic down turn. Throughout this we will not lessen our drive to continuously improve across our key performance indicators.

Information for Auditors

As far as the committee are aware, there is no relevant audit information of which the auditors are unaware and the committee 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 any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Dion Alexander
Date: 5 July 2010

On behalf of the Management Committee



LOCHABER HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS 31 March 2010

The committee acknowledges its ultimate responsibility for ensuring that the association has in place a system of controls that is appropriate for the business environment 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 mis-statement or loss. Key elements of the association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, 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 of Management 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 of Management members and others.
- the Committee of Management review reports from management, from directors, staff and from the internal and external 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 of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2010 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 auditors' report on the financial statements.

Dion Alexander
Date: 5 July 2010

On behalf of the Management Committee



LOGHABER HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS 31 March 2010

Corporate Governance

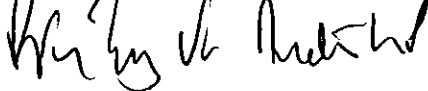
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 6 concerning the association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 1999/5 that was 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 on page 6 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
Registered Auditors
Glasgow

Date: 12.7.10

LOCHABER HOUSING ASSOCIATION LIMITED

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

We have audited the financial statements on pages 10 to 30, which have been prepared under the accounting policies set out on pages 14 to 17.

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 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 opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent mis-statements within it or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

LOCHABER HOUSING ASSOCIATION LIMITED

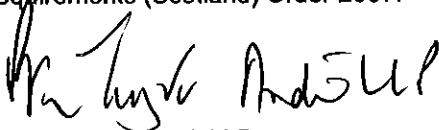
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHABER HOUSING ASSOCIATION LIMITED

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Committee of Management of the association that it would be of no real value to the members of the association to consolidate or include the accounts of the association's subsidiary, in the group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2010, because the business of the association and that of the subsidiary are so different they cannot be treated as a single undertaking.

Opinion

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



Baker Tilly UK Audit LLP
Registered Auditors
Glasgow

Date: 12.7.10

LOCHABER HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	2,453,295	1,810,073
Less Operating Costs	2	<u>(1,907,055)</u>	<u>(1,351,109)</u>
Operating Surplus	2	546,240	458,964
Gain on sale of fixed assets		<u>46,607</u>	<u>-</u>
		592,847	458,964
Interest receivable		9,480	36,747
Interest payable and similar charges	8	<u>(351,822)</u>	<u>(476,344)</u>
Surplus on ordinary activities before tax		<u>(342,342)</u>	<u>(439,597)</u>
		250,505	19,367
Taxation	9	<u>-</u>	<u>-</u>
Surplus for year		<u><u>250,505</u></u>	<u><u>19,367</u></u>

All activities relate to continuing activities within the year.

LOCHABER HOUSING ASSOCIATION LIMITED

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
for the year ended 31 March 2010**

	Notes	2010 £	2009 £
Surplus for the year and total recognised surpluses and deficits for the year			
Surplus for the year before restatement		<u>250,505</u>	<u>19,367</u>
Total recognised surpluses and deficits for the year		250,505	19,367
Prior year adjustment		<u>-</u>	<u>(168,832)</u>
Total surpluses and deficits recognised since last financial statements		<u>250,505</u>	<u>(149,465)</u>

DOGHABER HOUSING ASSOCIATION LIMITED

BALANCE SHEET as at 31 March 2010

	Notes	£	2010 £	£	2009 £
Tangible Fixed Assets					
Housing property	10		49,046,341		44,835,043
less Grant	10		<u>(37,837,170)</u>		<u>(34,552,360)</u>
			11,209,171		10,282,683
Other tangible fixed assets	11		<u>604,733</u>		<u>622,593</u>
			11,813,904		10,905,276
Intangible Fixed Assets					
Investments	.12		<u>10,000</u>		<u>-</u>
			11,823,904		10,905,276
Current Assets					
Stocks	13	146,374		81,022	
Debtors	14	505,986		1,013,214	
Bank and cash		<u>1,248,398</u>		<u>814,374</u>	
		1,900,758		1,908,610	
Current Liabilities					
Creditors due within one year	15		<u>1,412,245</u>	<u>1,481,391</u>	
Net Current Assets					
			<u>488,513</u>		<u>427,219</u>
Creditors due after one year	16		12,312,417		11,332,495
			<u>(10,018,940)</u>		<u>(9,289,525)</u>
Net Assets			<u>£ 2,293,477</u>		<u>£ 2,042,970</u>
Capital and Reserves					
Share capital	17		90		88
Major repairs reserve	18		1,851,513		1,651,513
Revaluation reserve	18		133,942		133,942
Revenue reserve	18		<u>307,932</u>		<u>257,427</u>
			<u>£ 2,293,477</u>		<u>£ 2,042,970</u>

These financial statements were approved by the Committee of Management on 5 July 2010 and authorised for issue on 5 July 2010 and signed on their behalf by:

Committee Member

Aileen Gausford

Committee Member

E J Sinclair

Secretary

Diana Alexander

LOCHABER HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT for the year ended 31 March 2010

	Notes	£	2010 £	£	2009 £
Net cash inflow from operating activities	19.1		657,527		(770,785)
Returns on investments and servicing of finance					
Interest received		9,480		36,747	
Interest paid		<u>(351,822)</u>		<u>(476,344)</u>	
			(342,342)		(439,597)
Investing activities					
Cash paid for construction and purchases		(4,396,876)		(3,205,197)	
Housing Association Grant received		3,330,250		2,675,923	
Sales of housing properties		101,931		-	
Purchase of other fixed asset		(11,392)		(297,780)	
Sale of other fixed assets		-		2,009	
Increase in investments		(10,000)		-	
Housing Association Grant repaid		<u>(45,440)</u>		<u>-</u>	
Net cash outflow from investing			(1,031,527)		(825,045)
Financing					
Loans received		1,353,562		676,147	
Loan principal repaid		(203,198)		(147,049)	
Increase/(Decrease) in share capital		<u>2</u>		<u>(6)</u>	
Net cash inflow on financing			<u>1,150,366</u>		<u>529,092</u>
Increase/(Decrease) in cash			<u><u>434,024</u></u>		<u><u>(1,506,335)</u></u>

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

1. Accounting Policies

1.1 Introduction and accounting basis

The principal accounting policies of the Association are set out below.

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by The Financial Services Authority. These financial statements are prepared under the historical cost convention and are based on the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice "Accounting by Registered Social Landlords", and in accordance with applicable accounting standards.

1.2 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 Scottish Housing Regulator.

1.3 Housing Association Grants

Housing Association Grants (HAG) 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 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.

1.4 Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances 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.

1.5 Fixed assets - Housing land and buildings

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" 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.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

1.5 Fixed assets - Housing land and buildings (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year at 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, where such costs are not felt to be excessive.

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 HAG completion.

The proportion of the development cost of shared ownership properties expected to be disposed as first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset.

1.6 Depreciation

(i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties, which is stated to be 50 years.

No depreciation is charged on the cost of land.

(ii) Other fixed assets

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

Leasehold improvements	over the period of the lease
Office Property -	over 50 years (straightline basis)
Furniture & equipment -	between 20% and 33% (reducing balance basis)

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.

1.7 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.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

1.8 Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

1.9 Stock and work in progress

Completed properties and property under construction for outright sale are valued at the lower of costs and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

1.10 Reserves

Designated reserve - reserve for major repairs

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.

1.11 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.

1.12 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, except for first tranche sales. 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 shown in the income and expenditure account, in accordance with the SORP

Disposals under shared equity schemes are accounted for in the income and expenditure account.

1.13 Low Cost Initiatives for First Time buyers (previously known as Homestake)

LIFT transactions are grants received from the grant awarding body and passed onto an eligible beneficiary. The grant awarding body has a benefit of a fixed charge on the property. This entitles the grant awarding body to a share of the proceeds on the sale of the property by the beneficiary.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

1.14 Lease obligations

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

1.15 Value added tax

The association became VAT registered during the year to 31 March 2010. As the major part of the association's income is exempt, expenditure is shown inclusive of VAT.

1.16 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.

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.

1.17 Turnover

Turnover represents rental, service and management charges from properties, agency fees, revenue grants from Scottish Ministers and other grant awarding bodies and sale of first tranche shared ownership properties and sale of shared equity properties

1.18 Consolidation

The association and its subsidiary undertakings comprise a group. Application has been made to the Financial Services Authority for exemption from preparing group accounts. The accounts represent the results of the association and not of the group.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

2. Particulars of turnover, operating costs and operating surplus and surplus before taxation by class of business

	Turnover £	Operating Costs £	Operating Surplus £	2009 Total £
Income and expenditure from letting	2,029,528	(1,441,807)	587,721	499,893
Income and expenditure from other activities	<u>423,767</u>	<u>(465,248)</u>	<u>(41,481)</u>	<u>(40,929)</u>
Current year total	<u>2,453,295</u>	<u>(1,907,055)</u>	<u>546,240</u>	<u>458,964</u>
Total for previous year	<u>1,810,073</u>	<u>(1,351,109)</u>	<u>458,964</u>	

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

3 Particulars of income and expenditure from lettings

	Housing Accommo- dation	Shared Ownership	Garages	Total	2009 Total
	£	£	£	£	£
Income from lettings					
Rent receivable net of service charges	1,878,552	106,161	13,768	1,998,481	1,821,941
Service charges receivable	<u>37,029</u>	<u>23,631</u>	-	<u>60,660</u>	-
Gross income from rents and service charges	1,915,581	129,792	13,768	2,059,141	1,821,941
Rent losses from voids	<u>(23,312)</u>	-	<u>(6,301)</u>	<u>(29,613)</u>	<u>(17,090)</u>
Total turnover from lettings	<u>1,892,269</u>	<u>129,792</u>	<u>7,467</u>	<u>2,029,528</u>	<u>1,804,851</u>
Expenditure on letting activities					
Management and maintenance administration costs	601,146	22,266	2,076	625,488	631,761
Service costs	37,246	23,631	-	60,877	4,085
Planned and cyclical maintenance including major repairs costs	357,799	-	-	357,799	315,156
Reactive maintenance costs	248,055	-	-	248,055	228,924
Bad debts rents and service charges	19,335	-	-	19,335	7,424
Depreciation of social housing	<u>127,502</u>	<u>2,751</u>	-	<u>130,253</u>	<u>117,608</u>
Operating costs for social letting activities	<u>1,391,083</u>	<u>48,648</u>	<u>2,076</u>	<u>1,441,807</u>	<u>1,304,958</u>
Operating Surplus for social lettings	<u>501,186</u>	<u>81,144</u>	<u>5,391</u>	<u>587,721</u>	<u>499,893</u>
Operating surplus for social letting for previous period of account	<u>420,606</u>	<u>71,509</u>	<u>7,778</u>	<u>499,893</u>	

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

4 Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit £	Operating surplus or deficit for previous period £
Care and repair	-	-	-	-	-	37,540	(37,540)	(36,859)
Rural home ownership grants	-	-	-	-	-	3,941	(3,941)	(4,070)
Administration charges	-	-	25,299	25,299	-	25,299	-	-
Development administration	93,094	-	-	93,094	-	149,819	(56,725)	(79,884)
Development administration capitalised	(93,094)	-	-	(93,094)	-	(149,819)	56,725	79,884
Other income	-	-	4,235	4,235	-	4,235	-	-
Homestake sales	-	-	394,233	394,233	-	394,233	-	-
			<u>423,767</u>	<u>423,767</u>		<u>465,248</u>	<u>(41,481)</u>	<u>(40,929)</u>
Year ended 31 March 2009			<u>5,222</u>	<u>5,222</u>		<u>46,151</u>	<u>(40,929)</u>	

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

5 AUDITOR'S REMUNERATION

	2010 £	2009 £
Remuneration of auditors for audit services	8,380	7,641
Remuneration of auditors for services other than those as external auditors	-	-
	8,380	7,641

6 EMPLOYEE INFORMATION

	2010 £	2009 £
Staff Costs during year		
Wages and salaries	328,537	441,248
Social security costs	134,122	35,387
Other pension costs	61,727	59,193
	524,386	535,828

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

Administration and Maintenance	14	14
--------------------------------	----	----

7 DIRECTORS' REMUNERATION

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 exceed £60,000 per year. During the year there were no officers of the association whose emoluments, excluding pension contributions, exceeded £60,000.

	2010 £	2009 £
Emoluments paid to highest paid director(excluding pension contributions)	57,016	56,016
Director's pension contributions	7,975	7,838
Aggregate emoluments payable to directors (including pension contributions)	64,991	63,854
Expenses paid to director and committee members	7,444	8,798

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

8 INTEREST PAYABLE

	2010	2009
	£	£
Loan interest payable	351,822	476,344
less: Development loan interest capitalised	-	-
	<u>351,822</u>	<u>476,344</u>

9 TAXATION

The association has charitable status and is not liable for Corporation Tax on its exempt activities.

10 TANGIBLE FIXED ASSETS HOUSING PROPERTY

	Letting properties				Total
	Complete	Under construction	Shared ownership	Leased property	
	£	£	£	£	£
Cost					
As at 1 April 2009	38,987,023	3,371,631	2,866,540	185,102	45,410,296
Additions during the year	335,950	4,060,926	-	-	4,396,876
Transfer	3,308,433	(3,308,433)	-	-	-
Disposals during the year	-	-	(55,765)	-	(55,765)
As at 31 March 2010	<u>42,631,406</u>	<u>4,124,124</u>	<u>2,810,775</u>	<u>185,102</u>	<u>49,751,407</u>
Depreciation					
As at 1 April 2009	536,305	-	22,630	16,318	575,253
Provided for year	124,394	-	2,751	3,108	130,253
Eliminated on disposals	-	-	(440)	-	(440)
As at 31 March 2010	<u>660,699</u>	<u>-</u>	<u>24,941</u>	<u>19,426</u>	<u>705,066</u>
Cost less depreciation					
As at 31 March 2010	<u>41,970,707</u>	<u>4,124,124</u>	<u>2,785,834</u>	<u>165,676</u>	<u>49,046,341</u>
As at 1 April 2009 restated	<u>38,450,718</u>	<u>3,371,631</u>	<u>2,843,910</u>	<u>168,784</u>	<u>44,835,043</u>
Housing grant					
As at 1 April 2009	28,648,204	3,347,251	2,433,957	122,948	34,552,360
Additions during year	22,785	3,307,465	-	-	3,330,250
Transfers	2,873,971	(2,873,971)	-	-	-
Repaid and abated in year	-	-	(45,440)	-	(45,440)
As at 31 March 2010	<u>31,544,960</u>	<u>3,780,745</u>	<u>2,388,517</u>	<u>122,948</u>	<u>37,837,170</u>
Net book Value					
As at 31 March 2010	<u>10,425,747</u>	<u>343,379</u>	<u>397,317</u>	<u>42,728</u>	<u>11,209,171</u>
As at 1 April 2009	<u>9,802,514</u>	<u>24,380</u>	<u>409,953</u>	<u>45,836</u>	<u>10,282,683</u>

The net book amount at 31 March 2010 includes land cost of £5,151,481 (2009 : £5,024,737) which has not been depreciated

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

11 OTHER TANGIBLE FIXED ASSETS

	Office property £	Office equipment £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation					
As at 1 April 2009	571,465	170,955	11,154	8,108	761,682
Additions	4,035	7,357	-	-	11,392
Disposals	-	-	-	-	-
As at 31 March 2010	<u>575,500</u>	<u>178,312</u>	<u>11,154</u>	<u>8,108</u>	<u>773,074</u>
Depreciation					
As at 1 April 2009	13,808	109,401	9,126	6,754	139,089
Charge for year	18,719	9,519	676	338	29,252
Eliminated on disposals	-	-	-	-	-
As at 31 March 2010	<u>32,527</u>	<u>118,920</u>	<u>9,802</u>	<u>7,092</u>	<u>168,341</u>
Net book value					
As at 31 March 2010	<u>542,973</u>	<u>59,392</u>	<u>1,352</u>	<u>1,016</u>	<u>604,733</u>
As at 1 April 2009	<u>557,657</u>	<u>61,554</u>	<u>2,028</u>	<u>1,354</u>	<u>622,593</u>

The office premises were revalued on an open market basis by Samuels and Partners, Chartered Surveyors in June 2008.

At 31 March 2010, included within the net book value of land and buildings is £295,000 (2009: £295,000) relating to freehold land and buildings, £247,973 (2009: £262,567) relating to leasehold land and buildings.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

12 INVESTMENTS

	2010 £	2009 £
As at 1 April 2009	-	-
Added in year	10,000	-
As at 31 March 2010	<u>10,000</u>	<u>-</u>

The association has two wholly owned subsidiaries Lochaber Care and Repair Limited and Lochaber Housing Association Property Services CIC. Details of transactions during the year and balances due to the association are given in note 23.

Lochaber Care and Repair Limited is a charitable company limited by guarantee. During the year the company had a net increase in resources of £57,739 (2009: £3,089) and as at 31 March 2010 carries forward total funds of £70,242 (2009: £12,502).

Lochaber Housing Association Property Services CIC is a community interest company with a share capital of £10,000. During the year the company made profits of £13,775 and this figure has been carried forward to reserves.

In the opinion of the management committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amount at which those assets are stated in the association's balance sheet.

13 STOCK AND WORK IN PROGRESS

	2010 £	2009 £
Stock	146,374	3,351
Work in progress	-	77,671
	<u>146,374</u>	<u>81,022</u>

Stock includes the costs of construction less attributable housing grant in respect of properties intended for sale under low cost home ownership schemes.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

14	DEBTORS	2010	2009
		£	£
	Gross rent arrears	57,230	79,546
	Bad debt provision	<u>(28,847)</u>	<u>(47,246)</u>
		28,383	32,300
	Amounts due by group companies	67,918	-
	Other debtors	318,010	878,947
	Prepayments and accrued income	<u>91,675</u>	<u>101,967</u>
		<u>505,986</u>	<u>1,013,214</u>
15	CREDITORS DUE WITHIN ONE YEAR	2010	2009
		£	£
	Loans	704,200	283,251
	Trade creditors	115,503	354,696
	Rent paid in advance	48,016	50,444
	Social security and other taxes	-	11,809
	Other creditors	465,325	737,275
	Accruals and deferred income	<u>79,201</u>	<u>43,916</u>
		<u>1,412,245</u>	<u>1,481,391</u>
16	CREDITORS DUE AFTER ONE YEAR	2010	2009
		£	£
	Housing loans	<u>10,018,940</u>	<u>9,289,525</u>
	In respect of loans above:		
	Amounts payable by instalments		
	within one year	704,200	283,251
	within two to five years	951,313	959,805
	in five years or more	<u>9,067,627</u>	<u>8,329,720</u>
		10,723,140	9,572,776
	Less amount due within one year	<u>(704,200)</u>	<u>(283,251)</u>
		<u>10,018,940</u>	<u>9,289,525</u>

The above loans are secured by specific charges on the association's properties. Loans are repayable at varying rates of interest from 0.75% to 5.87% (2009 0.75% to 5.87%).

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

17 SHARE CAPITAL

	2010 £	2009 £
Shares of £1 fully paid and issued		
As at 1 April 2009	88	94
Issued in year	3	-
Cancelled in year	(1)	(6)
As at 31 March 2010	90	88

Each member of the association holds one share of £1 in the association. These shares carry no rights to a dividend or distributions on 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.

18 RESERVES

18.1 Major repairs reserve

	2010 £	2009 £
As at 1 April 2009	1,651,513	1,651,513
Transfer from Revenue reserve	200,000	-
As at 31 March 2010	1,851,513	1,651,513

There are no restrictions on this reserve

18.2 Revaluation reserve

	2010 £	2009 £
As at 1 April 2009	133,942	133,942
Movement in year	-	-
As at 31 March 2010	133,942	133,942

This reserve represents the unrealised gain on the revaluation of commercial property

18.3 Revenue reserve

	2010 £	2009 £
As at 1 April 2009	257,427	238,060
Surplus for the year	250,505	19,367
Transfer to major repairs reserve	(200,000)	-
As at 31 March 2010	307,932	257,427

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

19 NOTES TO THE CASH FLOW STATEMENT

19.1 Reconciliation of surplus to net cash inflow from operating activities

	2010	2009
	£	£
Surplus for the year	250,505	19,367
Net interest payable	<u>342,342</u>	<u>439,597</u>
Operating surplus excluding interest	592,847	458,964
Depreciation	159,506	148,268
Gain on sale of property	(46,607)	-
Increase in stock	(65,352)	(78,387)
Decrease/(Increase) in debtors	507,228	(369,915)
Decrease in creditors	<u>(490,095)</u>	<u>(929,715)</u>
	<u><u>657,527</u></u>	<u><u>(770,785)</u></u>

19.2 Reconciliation of movement in net debt

Increase/(Decrease) in cash	434,024	(1,506,335)
Loans received	(1,353,562)	(676,147)
Loan repayments	<u>203,198</u>	<u>147,049</u>
Change in net debt	(716,340)	(2,035,433)
Net debt at 1 April 2009	<u>(8,758,402)</u>	<u>(6,722,969)</u>
Net debt at 31 March 2010	<u><u>(9,474,742)</u></u>	<u><u>(8,758,402)</u></u>

19.3 Analysis of change in net debt

	As at 01/04/09	Cash Flow	Other changes	As at 31/03/10
	£	£	£	£
Cash at bank and in hand	814,374	434,024	-	1,248,398
Overdraft	-	-	-	-
Debt due within one year	(283,251)	(420,949)	-	(704,200)
Debt due after one year	<u>(9,289,525)</u>	<u>(729,415)</u>	-	<u>10,018,940</u>
	<u><u>(8,758,402)</u></u>	<u><u>(716,340)</u></u>	<u><u>-</u></u>	<u><u>(9,474,742)</u></u>

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

20 PENSIONS

Lochaber Housing Association 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 as at 30 September 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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 the 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 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.

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

19 PENSIONS (continued)

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 September 2009. As at this date the estimated employer debt for the association was £849,410.70.

In addition, the association has contributed to defined contribution schemes for one employee who has elected for this option. The assets of this scheme are held separately from those of the association are independently administered funds. At the balance sheet date unpaid contributions amounted to £nil (2009: £nil).

21 CAPITAL COMMITMENTS

As at the year end the association had capital commitments in respect of amounts contracted for but not provided for in these financial statements as follows:

	2010 £	2009 £
Contracted but not provided for	<u>4,190,865</u>	<u>4,727,164</u>

22 HOUSING STOCK

The number of units in management at 31 March 2010 was as follows:-

	2010 No.	2009 No.
Property for rent	582	563
Shared ownership	60	62
Property for rent managed for others	<u>7</u>	<u>9</u>
	<u>649</u>	<u>634</u>

23 RELATED PARTIES

Various members of the Management Committee are tenants of the association. Their transactions with the association are all done on standard terms, as applicable to all tenants.

Lochaber Care and Repair is a charitable company limited by guarantee and controlled by Lochaber Housing Association. During the year the association contributed £25,000 (2009: £23,438) towards Lochaber Care and Repair's running costs. In addition, where the association incurs expenditure on behalf of Lochaber Care and Repair this has been recharged. As at 31 March 2010 the amount due to the association was £40,964 (2009: £20,147).

Lochaber Housing Association Property Services CIC is a community interest company which is wholly owned by Lochaber Housing Association. In the period to 31 March 2010, Lochaber Housing Association Property Services provided repairs services to the association amounting to £280,101 (2009: nil). Where the association has incurred expenditure on behalf of Lochaber Housing Association Property Services this has been recharged. As at 31 March the amount due to the association was £26,953 (2009: nil).

LOCHABER HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2010

24 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2010 the association has annual commitments under non-cancellable operating leases as follows:

Expiry	2010		2009	
	£ Land and buildings	£ Other	£ Land and buildings	£ Other
Within 1 year	-	-	-	-
2 to 5 years	-	7,288	-	7,133
over 5 years	39,000	-	39,000	-
	<u>39,000</u>	<u>7,288</u>	<u>39,000</u>	<u>7,133</u>

LOCHABER HOUSING ASSOCIATION LIMITED

DETAILED ANALYSIS OF INCOME AND EXPENDITURE ACCOUNT (not part of the statutory financial statements) for the year ended 31 March 2010

Rental income	2010		2009	
	£	£	£	£
Scottish Secure Tenancy rents	1,861,825		1,695,280	
Shared ownership rents	106,161		101,489	
Other rents	16,727		10,900	
Garage rents	<u>13,768</u>		<u>14,272</u>	
		1,998,481		1,821,941
Voids		<u>(29,613)</u>		<u>(17,090)</u>
		1,968,868		1,804,851
Service charges receivable		<u>60,660</u>		<u>-</u>
		<u>2,029,528</u>		<u>1,804,851</u>
Other Income				
Administration fees	25,299		5,181	
Homestake sales	394,233		-	
Other income	<u>4,235</u>		<u>41</u>	
		<u>423,767</u>		<u>5,222</u>
Direct property costs				
Reactive repairs	164,413		195,829	
Cyclical repairs	66,679		91,188	
Major repairs	291,120		223,968	
Void repairs	83,642		33,095	
Service costs	60,877		3,940	
Rents payable	4,665		4,219	
Bad debts	19,335		7,424	
Legal fees	5,129		9,558	
Insurance	19,466		14,700	
Other housing management costs	1,736		145	
Property depreciation	<u>130,253</u>		<u>117,608</u>	
		<u>847,315</u>		<u>701,674</u>
Homestake cost of sales		<u>394,233</u>		<u>-</u>

LOGHABER HOUSING ASSOCIATION LIMITED

DETAILED ANALYSIS OF INCOME AND EXPENDITURE ACCOUNT
(not part of the statutory financial statements)
for the year ended 31 March 2010

Administration costs	2010		2009	
	£	£	£	£
Staff salaries	462,659		476,635	
Staff pension	61,727		59,193	
Recruitment and relocation	-		-	
Other staff costs	1,704		1,612	
Training and library	11,884		12,671	
Motor and travel expenses	13,186		16,481	
Committee and directors expenses	7,444		8,798	
Affiliation fees and subscriptions	12,376		14,026	
Postage and stationery	21,539		20,585	
Telephone	7,769		7,390	
Equipment rental	5,637		5,115	
Computer and IT costs	11,995		10,758	
Office rent	29,188		21,938	
Rates	899		1,077	
Insurance	12,005		10,373	
Heat and Light	5,232		8,704	
Repairs	2,695		2,279	
Cleaning	5,482		6,030	
Accountancy fees	6,830		6,450	
Audit fee	8,380		7,641	
Internal audit fees	7,050		3,328	
Consultancy fees	38,095		28,183	
Legal fees	-		435	
Bank charges	14,196		6,018	
Sundry expenses	7,179		11,870	
Advertising, PR and hospitality	4,204		4,138	
Care and repair costs	25,000		23,439	
Donations	1,718		1,050	
Depreciation	29,253		30,660	
	<u>815,326</u>		<u>806,877</u>	
Capitalised overhead	<u>(149,819)</u>		<u>(157,442)</u>	
		<u>665,507</u>		<u>649,435</u>
Operating surplus		<u>546,240</u>		<u>458,964</u>