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**LOCHABER HOUSING ASSOCIATION LIMITED**  
**Financial Statements**

**For the year ended 31 March 2011**

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

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# LOCHABER HOUSING ASSOCIATION LIMITED

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## INFORMATION as at 31 March 2011

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### 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

Di Alexander	Chair
John MacLeod	Vice-chair
DrewMcFarlane Slack	Secretary
Hugh Donaldson	Treasurer
Alex Farquar	
Alison Gainsford	
Catriona Hunter	
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

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE 31 March 2011

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The management committee presents its report and audited financial statements for the year ended 31 March 2011.

### **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.

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE 31 March 2011

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### Development

Historically, one of the association's major objectives has been the development of new affordable properties. During the year we completed 24 new properties in Fort William and Morar, and started on site with a further 53 homes. Our total capital spend on development activity was £4,697,776. These units will be the residue of approvals obtained for funding under the previous grant regime, which was much less sustainable for the association than the regime that had existed prior to 2009. As a consequence, these properties represent the last that the Management Committee had agreed to support following the revised housing association grant financial appraisal system that was put in place in 2009.

However, the Scottish Government's document entitled "Homes Fit for the 21st Century" was published in February 2011 and heralded the reduction in government support for affordable housing as a result of the continuing decline in the state of the public finances. The precise shape of government funding from 2011/12 is not yet entirely clear, however, as a consequence of the Scottish Government having introduced a bidding system under its Investment and Innovation Fund regime. What is clear though is that overall grant support per property built will be substantially below historical levels. However, as a result of a change of approach by the government in connection with scheme appraisals, and through potential partnerships with developers and the Highland Council, the association is still attempting to construct viable bids for a further two possible developments.

### 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 for 2015. Our planned maintenance programme again mainly included fitting new kitchens, bathrooms and replacement heating systems. Our maintenance and improvement spend for 2010/11 exceeded £1.million and is projected to be maintained at a similar level for the next three years.

The association's subsidiary maintenance company, LHA Property Services CIC continues to serve us well through achieving most spending targets, providing customer responsive and efficient service standards through which we are improving performance in relation to our key indicators and by generating surpluses for re-investment in tenants' homes

### Housing Management

Our housing management services have managed to continue to effectively manage the maintenance and improvement of its key performance indicators. In relation to rent arrears, while there has been a small increase in the arrears level at the end of the year compared to that at the end of the previous year, our performance stands favourably in comparison with our peers, in the top one-third nationally and the best performer within the local benchmarking club for the Highlands & Islands.

We have improved our performance in relation to the re-letting of properties during the year, achieving an overall average re-let time of 12 days. While this is an improvement which has been maintained constantly throughout the year, we still recognise that this improvement needs to be continuous for the current year and beyond. We will monitor performance closely.

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE 31 March 2011

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### Review of the year

In terms of the constraints presented by a less favourable and challenging grant regime on the association's ability to plan future new build activity, this year has again been a frustrating one. Paradoxically, however, because of the timeline for housing development, we completed and put on site more new units of accommodation than any other previous year.

Much has been vested in the success and growth of our subsidiary companies, which have thrived despite the financial downturn, being able to contemplate further expansion of services that will, in the case of LHA Property Services, deliver sustained surpluses to the housing association and, in the case of Lochaber Care & Repair, extend the nature and breadth of service to older and disabled people throughout Lochaber.

Customer feedback is important for all businesses. Ours is no different. Accordingly, in 2011 we undertook a comprehensive customer satisfaction survey, which showed high overall levels of satisfaction among our customers. The results of the survey have been reviewed by the Management Committee, which has agreed an action plan to be implemented by the internal Customer Care Staff Working Group.

We also carried out a comprehensive governance review during the year, which has also resulted in the production of an action plan, the implementation of which has carried forward to the current year, but has included the drafting of revised Rules, a reconstituted Management Committee membership and recruitment policy and recruitment strategy, as well as a revised code of conduct and role descriptions for members of the Management Committee.

### Future plans

In the coming year the association will review what it is possible to deliver in new affordable housing provision, and assess how we might contribute too to meeting housing needs in Lochaber without the use of government subsidy. It will be a year during which we will also strive to grow the capacity of LHA Property Services C.I.C. so that it can further assist in supporting this aim as well as continuing to provide employment and training opportunities. By the end of the coming year we will have completed a review of our rent setting policy which will bring it up to date to reflect tenant priorities and to ensure that we are sufficiently funded to carry on with the planned maintenance programmes that will continue to support our tenants in comfortable and safe homes. As always, we will continue to strive to deliver services more effectively and efficiently within a realistic yet ambitious performance framework. We will continue to be mindful of our costs and of our responsibility to our tenants and other stakeholders to increase efficiencies and value for money

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE 31 March 2011

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### **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 2011, 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 historical surpluses earned has been designated for transfer to the Major Repairs Reserve which now stands at £1,851,513. No transfer has been made in the year to 31 March 2011 (2010: £200,000).

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.

### **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.

### **Going Concern**

The Management Committee has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements

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# LOCHABER HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE 31 March 2011

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### 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.

### 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: 22 August 2011

On behalf of the Management Committee





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## LOCHABER HOUSING ASSOCIATION LIMITED

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### MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS 31 March 2011

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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 Management Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Management Committee members and others.
- the Management Committee 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 Management Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2011 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: 22 August 2011

On behalf of the Management Committee



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## LOCHABER HOUSING ASSOCIATION LIMITED

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### AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS 31 March 2011

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#### Corporate Governance

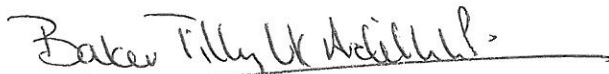
In addition to our audit of the financial statements, we have reviewed the Management Committee's statement on page 7 concerning the association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

#### Basis of Opinion

We carried out our review having regard to Bulletin 2006/05 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 7 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  
Statutory Auditor  
Glasgow

Date: 06/04/11

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# LOCHABER HOUSING ASSOCIATION LIMITED

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

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We have audited the financial statements of Lochaber Housing Association for the year ended 31 March 2011 on pages 10 to 29. 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 6, the Committee are 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](http://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 2011 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

Statutory Auditor  
Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

Date 06/09/11

## LOCHABER HOUSING ASSOCIATION LIMITED

### INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2011

	Notes	2011 £		2010 £
Turnover	2	2,475,559		2,453,295
Less Operating Costs	2	<u>(2,038,890)</u>		<u>(1,907,055)</u>
Operating Surplus	2	436,669		546,240
Gain on sale of fixed assets		<u>12,884</u>		<u>46,607</u>
		449,553		592,847
Income from gift aid		120,000	-	
Interest receivable		9,287	9,480	
Interest payable and similar charges	8	<u>(431,420)</u>	<u>(351,822)</u>	
		<u>(302,133)</u>		<u>(342,342)</u>
Surplus on ordinary activities before tax		147,420		250,505
Taxation	9	<u>-</u>		<u>-</u>
Surplus for year		<u><u>147,420</u></u>		<u><u>250,505</u></u>

All activities relate to continuing activities within the year.

# LOCHABER HOUSING ASSOCIATION LIMITED

## BALANCE SHEET as at 31 March 2011

	Notes	£	2011 £	£	2010 £
<b>Tangible Fixed Assets</b>					
Housing property	10		53,128,614		49,046,341
less Grant	10		<u>(40,386,637)</u>		<u>(37,837,170)</u>
			12,741,977		11,209,171
Other tangible fixed assets	11		<u>596,169</u>		<u>604,733</u>
			13,338,146		11,813,904
Investments	12		<u>10,000</u>		<u>10,000</u>
			13,348,146		11,823,904
<b>Current Assets</b>					
Stocks	13	145,478		146,374	
Debtors	14	701,546		505,986	
Bank and cash		<u>1,233,770</u>		<u>1,248,398</u>	
		<u>2,080,794</u>		<u>1,900,758</u>	
<b>Current Liabilities</b>					
Creditors due within one year	15	<u>1,573,194</u>		<u>1,412,245</u>	
<b>Net Current Assets</b>					
			<u>507,600</u>		<u>488,513</u>
			13,855,746		12,312,417
Creditors due after one year	16		<u>(11,414,851)</u>		<u>(10,018,940)</u>
<b>Net Assets</b>			<u>£ 2,440,895</u>		<u>£ 2,293,477</u>
<b>Capital and Reserves</b>					
Share capital	17		88		90
Major repairs reserve	18		1,851,513		1,851,513
Revaluation reserve	18		133,942		133,942
Revenue reserve	18		<u>455,352</u>		<u>307,932</u>
			<u>£ 2,440,895</u>		<u>£ 2,293,477</u>

These financial statements were approved by the Committee of Management on 22 August 2011 and authorised for issue on 22 August 2011 and signed on their behalf by:

Committee Member



Committee Member



Secretary



# LOCHABER HOUSING ASSOCIATION LIMITED

## CASH FLOW STATEMENT for the year ended 31 March 2011

	Notes	£	2011 £	£	2010 £
<b>Net cash inflow from operating activities</b>	19.1		847,218		657,527
<b>Returns on investments and servicing of finance</b>					
Income from shares in group undertakings		120,000		-	
Interest received		9,287		9,480	
Interest paid		<u>(431,420)</u>		<u>(351,822)</u>	
			(302,133)		(342,342)
<b>Investing activities</b>					
Cash paid for construction and purchases		(4,249,430)		(4,396,876)	
Housing Association Grant received		2,549,467		3,330,250	
Sales of housing properties		31,161		101,931	
Purchase of other fixed asset		(28,273)		(11,392)	
Sale of other fixed assets		2,368		-	
Increase in investments		-		(10,000)	
Housing Association Grant repaid		<u>-</u>		<u>(45,440)</u>	
<b>Net cash outflow from investing</b>			(1,694,707)		(1,031,527)
<b>Financing</b>					
Loans received		1,744,610		1,353,562	
Loan principal repaid		(609,614)		(203,198)	
(Decrease)/increase in share capital		<u>(2)</u>		<u>2</u>	
<b>Net cash inflow on financing</b>			<u>1,134,994</u>		<u>1,150,366</u>
<b>(Decrease)/Increase in cash</b>			<u>(14,628)</u>		<u>434,024</u>

# LOCHABER HOUSING ASSOCIATION LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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### 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, except for office premises which are included at valuation, and are based on the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice "Accounting by Registered Social Landlords" 2008, 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 shown as HAG additions 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

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## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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### 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

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## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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### 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 cost 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.

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.

### 1.10 Reserves

Designated reserve - reserve for major repairs

Future 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.

# LOCHABER HOUSING ASSOCIATION LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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### 1.13 Lease obligations

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

### 1.14 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.

### 1.15 Pensions

The association participates in the centralised Scottish Housing Association 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.

### 1.16 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

### 1.17 Consolidation

The association and its subsidiary undertakings comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements. The financial statements represent the results of the association and not the group.

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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

	Turnover £	Operating Costs £	Operating Surplus £	2010 Total £
Income and expenditure from letting	2,206,187	(1,730,424)	475,763	587,721
Income and expenditure from other activities	<u>269,372</u>	<u>(308,466)</u>	<u>(39,094)</u>	<u>(41,481)</u>
Current year total	<u>2,475,559</u>	<u>(2,038,890)</u>	<u>436,669</u>	<u>546,240</u>
Total for previous year	<u>2,453,295</u>	<u>(1,907,055)</u>	<u>546,240</u>	

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 3 Particulars of income and expenditure from lettings

	Housing Accommo- dation	Shared Ownership	Garages	Total	2010 Total
	£	£	£	£	£
<b>Income from lettings</b>					
Rent receivable net of service charges	2,046,242	111,130	945	2,158,317	1,998,481
Service charges receivable	<u>39,853</u>	<u>23,730</u>	-	<u>63,583</u>	<u>60,660</u>
Gross income from rents and service charges	2,086,095	134,860	945	2,221,900	2,059,141
Rent losses from voids	<u>(15,474)</u>	-	<u>(239)</u>	<u>(15,713)</u>	<u>(29,613)</u>
<b>Total turnover from lettings</b>	<u><u>2,070,621</u></u>	<u><u>134,860</u></u>	<u><u>706</u></u>	<u><u>2,206,187</u></u>	<u><u>2,029,528</u></u>
<b>Expenditure on letting activities</b>					
Management and maintenance administration costs	591,912	23,314	145	615,371	625,488
Service costs	52,119	4,074	-	56,193	60,877
Planned and cyclical maintenance including major repairs costs	545,823	-	-	545,823	357,799
Reactive maintenance costs	344,460	-	-	344,460	248,055
Bad debts rents and service charges	19,697	-	-	19,697	19,335
Depreciation of social housing	<u>146,129</u>	<u>2,751</u>	-	<u>148,880</u>	<u>130,253</u>
<b>Operating costs for social letting activities</b>	<u><u>1,700,140</u></u>	<u><u>30,139</u></u>	<u><u>145</u></u>	<u><u>1,730,424</u></u>	<u><u>1,441,807</u></u>
<b>Operating Surplus for social lettings</b>	<u><u>370,481</u></u>	<u><u>104,721</u></u>	<u><u>561</u></u>	<u><u>475,763</u></u>	<u><u>587,721</u></u>
<b>Operating surplus for social letting for previous period of account</b>	<u><u>501,186</u></u>	<u><u>81,144</u></u>	<u><u>5,391</u></u>	<u><u>587,721</u></u>	

The total major repairs expenditure incurred in the year was £634,558 (2010: £345,496). Included within this amount was £132,895 (2010: £54,376) which was capitalised in the year."

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 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	-	-	-	-	-	39,094	(39,094)	(37,540)
Rural home ownership grants	-	-	-	-	-	-	-	(3,941)
Administration charges	-	-	43,616	43,616	-	43,616	-	-
Other income	-	-	13,375	13,375	-	13,375	-	-
Homestake sales	-	-	212,381	212,381	-	212,381	-	-
	-	-	<u>269,372</u>	<u>269,372</u>	-	<u>308,466</u>	<u>(39,094)</u>	<u>(41,481)</u>
Year ended 31 March 2010	-	-	<u>423,767</u>	<u>423,767</u>	-	<u>465,248</u>	<u>(41,481)</u>	

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 5 AUDITOR'S REMUNERATION

	2011 £	2010 £
Remuneration of auditors for audit services	8,566	8,380
Remuneration of auditors for services other than those as external auditors	-	-
	<u>8,566</u>	<u>8,380</u>

### 6 EMPLOYEE INFORMATION

	2011 £	2010 £
Staff Costs during year		
Wages and salaries	417,400	425,779
Social security costs	39,934	36,880
Other pension costs	65,424	61,727
	<u>522,758</u>	<u>524,386</u>

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

Full time equivalent	<u>15</u>	<u>14</u>
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### 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 .

	2011 £	2010 £
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>61,551</u>	<u>57,016</u>
Emoluments paid to highest paid director (excluding pension contributions)	<u>61,551</u>	<u>57,016</u>
Director's pension contributions	<u>8,683</u>	<u>7,975</u>

Emoluments paid to directors excluding pensions can be analysed as:

£60,001 to £70,000	No. 1	No. -
Expenses paid to director and committee members	<u>6,950</u>	<u>7,444</u>

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 8 INTEREST PAYABLE

	2011	2010
	£	£
Loan interest payable	454,293	351,822
less: Development loan interest capitalised	<u>(22,873)</u>	<u>-</u>
	<u>431,420</u>	<u>351,822</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	
	£	£	£	£	£
<b>Cost</b>					
As at 1 April 2010	42,631,406	4,124,124	2,810,775	185,102	49,751,407
Additions during the year	371,394	3,878,036	-	-	4,249,430
Transfer	4,465,128	(4,465,128)	-	-	-
Disposals during the year	<u>(19,299)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,299)</u>
As at 31 March 2011	<u>47,448,629</u>	<u>3,537,032</u>	<u>2,810,775</u>	<u>185,102</u>	<u>53,981,538</u>
<b>Depreciation</b>					
As at 1 April 2010	660,699	-	24,941	19,426	705,066
Provided for year	143,021	-	2,751	3,108	148,880
Eliminated on disposals	<u>(1,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,022)</u>
As at 31 March 2011	<u>802,698</u>	<u>-</u>	<u>27,692</u>	<u>22,534</u>	<u>852,924</u>
<b>Cost less depreciation</b>					
As at 31 March 2011	<u>46,645,931</u>	<u>3,537,032</u>	<u>2,783,083</u>	<u>162,568</u>	<u>53,128,614</u>
As at 1 April 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>
<b>Housing grant</b>					
As at 1 April 2010	31,544,960	3,780,745	2,388,517	122,948	37,837,170
Additions during year	33,066	2,516,401	-	-	2,549,467
Transfers	3,706,716	(3,706,716)	-	-	-
Repaid and abated in year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 March 2011	<u>35,284,742</u>	<u>2,590,430</u>	<u>2,388,517</u>	<u>122,948</u>	<u>40,386,637</u>
<b>Net book Value</b>					
As at 31 March 2011	<u>11,361,189</u>	<u>946,602</u>	<u>394,566</u>	<u>39,620</u>	<u>12,741,977</u>
As at 1 April 2010	<u>10,425,747</u>	<u>343,379</u>	<u>397,317</u>	<u>42,728</u>	<u>11,209,171</u>

The net book amount at 31 March 2011 includes land cost of £5,294,331 (2010 : £5,151,481) which has not been depreciated

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 11 OTHER TANGIBLE FIXED ASSETS

	Office property £	Office equipment £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
As at 1 April 2010	575,500	178,312	11,154	8,108	773,074
Additions	13,879	14,394	-	-	28,273
Disposals	-	-	(11,154)	(8,108)	(19,262)
As at 31 March 2011	<u>589,379</u>	<u>192,706</u>	<u>-</u>	<u>-</u>	<u>782,085</u>
<b>Depreciation</b>					
As at 1 April 2010	32,527	118,920	9,802	7,092	168,341
Charge for year	19,711	14,757	-	-	34,468
Eliminated on disposals	-	-	(9,802)	(7,092)	(16,894)
As at 31 March 2011	<u>52,238</u>	<u>133,677</u>	<u>-</u>	<u>-</u>	<u>185,915</u>
<b>Net book value</b>					
As at 31 March 2011	<u>537,141</u>	<u>59,029</u>	<u>-</u>	<u>-</u>	<u>596,170</u>
As at 1 April 2010	<u>542,973</u>	<u>59,392</u>	<u>1,352</u>	<u>1,016</u>	<u>604,733</u>

Office property includes office premises which were revalued at £295,000 on an open market basis by Samuels and Partners, Chartered Surveyors in June 2008. It is Management Committees' opinion that the current value of the land and buildings is consistent with the valuation included within the financial statements

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2011 £	2010 £
Cost	202,956	202,956
Accumulated depreciation	(28,818)	(25,855)
Net book value	<u>174,138</u>	<u>177,101</u>

At 31 March 2011, included within the net book value of land and buildings is £295,000 (2010: £295,000) relating to freehold land and buildings, £242,141 (2010: £247,973) relating to leasehold land and buildings.



# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 12 INVESTMENTS

	2011 £	2010 £
As at 1 April 2010	10,000	10,000
Added in year	-	-
As at 31 March 2011	<u>10,000</u>	<u>10,000</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 decrease in resources of £6,643 (2010: increase £57,739) and as at 31 March 2011 carries forward total funds of £63,598 (2010: £70,241).

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 £127,347 (2010: £13,775) and has gifted £120,000 to Lochaber Housing Association with £7,347 (2010: £13,775) being carried forward to reserves.

In the opinion of the management committee the aggregate value of the assets of the subsidiaries 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

	2011 £	2010 £
Stock	107,262	146,374
Work in progress	<u>38,216</u>	<u>-</u>
	<u>145,478</u>	<u>146,374</u>
Stock is analysed as follows:		
Materials intended for future major repairs	22,284	-
Development cost on completed properties held for sale	212,380	414,036
Housing Association Grant on completed properties held for sale	<u>(127,402)</u>	<u>(267,662)</u>
	<u>107,262</u>	<u>146,374</u>
Work in progress is made up as follows:		
Development costs	567,436	-
Housing Association Grant received	<u>(529,219)</u>	<u>-</u>
	<u>38,217</u>	<u>-</u>

Stock and work in progress 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 2011

#### 14 DEBTORS

	2011 £	2010 £
Gross rent arrears	61,595	57,230
Bad debt provision	<u>(25,955)</u>	<u>(28,847)</u>
	35,640	28,383
Amounts due by group companies	240,014	67,918
Other debtors	245,031	318,010
Prepayments and accrued income	<u>180,861</u>	<u>91,675</u>
	<u>701,546</u>	<u>505,986</u>

#### 15 CREDITORS DUE WITHIN ONE YEAR

	2011 £	2010 £
Loans	443,285	704,200
Trade creditors	319,294	115,503
Rent paid in advance	213,359	48,016
Other creditors	465,325	465,325
Accruals and deferred income	<u>131,931</u>	<u>79,201</u>
	<u>1,573,194</u>	<u>1,412,245</u>

#### 16 CREDITORS DUE AFTER ONE YEAR

	2011 £	2010 £
Housing loans	<u>11,414,851</u>	<u>10,018,940</u>
In respect of loans above:		
Amounts payable by instalments		
within one year	443,285	704,200
within one to two years	279,148	223,290
within two to five years	902,608	728,023
in five years or more	<u>10,233,095</u>	<u>9,067,627</u>
	11,858,136	10,723,140
Less amount due within one year	<u>(443,285)</u>	<u>(704,200)</u>
	<u>11,414,851</u>	<u>10,018,940</u>

The above loans are secured by specific charges on the association's properties. Loans are repayable at varying rates of interest from 1.11% to 6.01% (2010 0.75% to 5.87%).

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 17 SHARE CAPITAL

	2011 £	2010 £
Shares of £1 fully paid and issued		
As at 1 April 2010	90	88
Issued in year	1	3
Cancelled in year	(3)	(1)
As at 31 March 2011	88	90

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

	2011 £	2010 £
As at 1 April 2010	1,851,513	1,651,513
Transfer from Revenue reserve	-	200,000
As at 31 March 2011	1,851,513	1,851,513

There are no restrictions on this reserve

#### 18.2 Revaluation reserve

	2011 £	2010 £
As at 1 April 2010	133,942	133,942
Movement in year	-	-
As at 31 March 2011	133,942	133,942

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

#### 18.3 Revenue reserve

	2011 £	2010 £
As at 1 April 2010	307,932	257,427
Surplus for the year	147,420	250,505
Transfer to major repairs reserve	-	(200,000)
As at 31 March 2011	455,352	307,932

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 19 NOTES TO THE CASH FLOW STATEMENT

#### 19.1 Reconciliation of surplus to net cash inflow from operating activities

	2011	2010
	£	£
Operating surplus for the year	436,669	546,240
Depreciation	183,348	159,506
Increase in stock	896	(65,352)
Decrease/(Increase) in debtors	(195,560)	507,228
Decrease in creditors	421,865	(490,095)
	<u>847,218</u>	<u>657,527</u>

#### 19.2 Reconciliation of movement in net debt

Increase/(Decrease) in cash	(14,628)	434,024
Loans received	(1,744,610)	(1,353,562)
Loan repayments	609,614	203,198
Change in net debt	(1,149,624)	(716,340)
Net debt at 1 April 2010	(9,474,742)	(8,758,402)
Net debt at 31 March 2011	<u>10,624,366</u>	<u>(9,474,742)</u>

#### 19.3 Analysis of change in net debt

	As at 01/04/10	Cash Flow	Other changes	As at 31/03/11
	£	£	£	£
Cash at bank and in hand	1,248,398	(14,628)	-	1,233,770
Overdraft	-	-	-	-
Debt due within one year	(704,200)	260,915	-	(443,285)
Debt due after one year	(10,018,940)	(1,395,911)	-	(11,414,851)
	<u>(9,474,742)</u>	<u>(1,149,624)</u>	<u>-</u>	<u>10,624,366</u>

# LOCHABER HOUSING ASSOCIATION LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

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### 20 PENSIONS

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

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due. The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

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

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.

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 20 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 2010. As at this date the estimated employer debt for the association was £891,316.

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 (2010 £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:

	2011	2010
	£	£
Contracted but not provided for	<u>4,542,253</u>	<u>4,190,865</u>

This expenditure will be partly funded by Housing Association Grant of £1,709,600 (2010: £2,014,845) with the balance being funded by private finance.

### 22 HOUSING STOCK

The number of units in management at 31 March 2011 was as follows:-

	2011	2010
	No.	No.
Property for rent	605	582
Shared ownership	60	60
Property for rent managed for others	<u>7</u>	<u>7</u>
	<u>672</u>	<u>649</u>

# LOCHABER HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS as at 31 March 2011

### 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.

Councillors who are members of the Management Committee declare their interests relating to relevant decisions taken by the association.

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 (2010: £25,000) 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 2011 the amount due to the association was £15,387 (2010: £40,964).

Lochaber Housing Association Property Services CIC is a community interest company which is wholly owned by Lochaber Housing Association. In the year to 31 March 2011, Lochaber Housing Association Property Services provided repairs services to the association amounting to £854,780 (2010: £280,101). Where the association has incurred expenditure on behalf of Lochaber Housing Association Property Services this has been recharged. As at 31 March 2011 the amount due to the association was £222,193 (2010: £26,953).

During the year Lochaber Housing Association Property Services CIC made a gift aid payment to the association amounting to £120,000 (2010: nil).

### 24 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2011 the association has annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	£	£	£	£
Expiry	Land and buildings	Other	Land and buildings	Other
Within 1 year	-	993	-	-
2 to 5 years	-	3,473	-	7,288
over 5 years	39,000	-	39,000	-
	<u>39,000</u>	<u>4,466</u>	<u>39,000</u>	<u>7,288</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 2011

<b>Rental income</b>	<b>2011</b>		<b>2010</b>	
	£	£	£	£
Scottish Secure Tenancy rents	2,030,697		1,861,825	
Shared ownership rents	111,130		106,161	
Other rents	15,545		16,727	
Garage rents	<u>945</u>		<u>13,768</u>	
		2,158,317		1,998,481
Voids		<u>(15,713)</u>		<u>(29,613)</u>
		2,142,604		1,968,868
Service charges receivable		<u>63,583</u>		<u>60,660</u>
		<u><u>2,206,187</u></u>		<u><u>2,029,528</u></u>
 <b>Other Income</b>				
Administration fees	43,616		25,299	
LIFT property sales	212,381		394,233	
Other income	<u>13,375</u>		<u>4,235</u>	
		<u><u>269,372</u></u>		<u><u>423,767</u></u>
 <b>Direct property costs</b>				
Reactive repairs	279,201		164,413	
Cyclical repairs	44,160		66,679	
Major repairs	501,663		291,120	
Void repairs	65,259		83,642	
Service costs	56,193		60,877	
Rents payable	3,699		4,665	
Bad debts	19,697		19,335	
Legal fees	6,006		5,129	
Insurance	21,160		19,466	
Other housing management costs	2,379		1,736	
Property depreciation	<u>148,880</u>		<u>130,253</u>	
		<u><u>1,148,297</u></u>		<u><u>847,315</u></u>
 LIFT property cost of sales		 <u><u>212,381</u></u>		 <u><u>394,233</u></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 2011

Administration costs	2011		2010	
	£	£	£	£
Staff salaries	457,334		462,659	
Staff pension	65,424		61,727	
Other staff costs	2,512		1,704	
Training and library	20,962		11,884	
Motor and travel expenses	12,978		13,186	
Committee and directors expenses	6,950		7,444	
Affiliation fees and subscriptions	14,025		12,376	
Postage and stationery	17,937		21,539	
Telephone	7,077		7,769	
Equipment rental	6,263		5,637	
Computer and IT costs	14,447		11,995	
Office rent	28,525		29,188	
Rates	1,016		899	
Insurance	11,903		12,005	
Heat and Light	5,663		5,232	
Repairs	7,391		2,695	
Cleaning	6,939		5,482	
Accountancy fees	6,880		6,830	
Audit fee	8,566		8,380	
Internal audit fees	7,267		7,050	
Consultancy fees	25,681		38,095	
Bank charges	8,722		14,196	
Sundry expenses	4,903		7,179	
Advertising, PR and hospitality	5,425		4,204	
Care and repair costs	25,000		25,000	
Donations	1,030		1,718	
Depreciation	<u>34,468</u>		<u>29,253</u>	
	815,288		815,326	
Capitalised overhead	<u>(137,076)</u>		<u>(149,819)</u>	
		<u>678,212</u>		<u>665,507</u>
Operating surplus		<u>436,669</u>		<u>546,240</u>