

# Accounts 2010-153





**Loreburn Housing Association Limited**  
**Financial Statements**  
**For The Year Ended 31 March 2010**



**ARMSTRONGS**  
**Chartered Accountants**  
**Glasgow**

Loreburn Housing Association Limited  
Financial Statements  
For The Year Ended 31 March 2010

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**Registration Particulars:**

Financial Services Authority:	Industrial and Provident Societies Act 1965 Registration Number 2110R(S)
Scottish Housing Regulator:	Housing (Scotland) Act 2001 Registered Number HAL 153
Scottish Charity No:	SC029917
Registered Office:	139 Irish Street Dumfries DG1 2QE

**Principal Professional Advisers:**

Auditors:	Armstrongs Chartered Accountants Victoria Chambers 142 West Nile Street Glasgow G1 2RQ	Bankers:	Bank of Scotland Corporate Pentland House 2nd Floor 8 Lochside Avenue Edinburgh Park South Gyle Edinburgh EH12 9DJ
Internal Auditors:	TIAA Ltd 87-91 Newman Street London W1T 3EY	Solicitors:	T C Young 7 West George Street Glasgow G2 1BA

**Loreburn Housing Association Limited  
Report of Committee of Management  
For The Year Ended 31 March 2010**

The Committee of Management have pleasure in submitting their report and the Financial Statements for the year ended 31 March 2010.

**Principal Activities**

The principal activity of the Association is the provision of rented accommodation for those in housing need. In addition, the Association develops housing for sale in schemes of shared ownership. The Association is a not for profit organisation.

**Business Review**

The Committee of Management are satisfied with the Association's performance during the year in all of the above activities, and are pleased to report that, over the last twelve months, the Association's Development Programme has achieved the completion of 39 units of rented accommodation at Isle of Whithorn, Lockerbie and Crossmichael. The Association's Development Programme will continue during the next twelve months and it is hoped to achieve the completion of a further 57 units of rented accommodation at Lockerbie, Wigtown, Dumfries and Ae.

**Surplus for the Year**

The results for the year are shown in the Income & Expenditure Account on Page 10.

**Changes in Fixed Assets**

Details of movements in fixed assets are shown in Note 11.

**Executive Officer**

Ahsan Khan is the Chief Executive Officer and has been in post since 1998.

**Committee of Management**

The Committee of Management during the year to 31 March 2010 were as follows:

John R Agnew	Convener	Peter Rodger	Appointed 14/09/09
James C Hogg	Vice-Convener	Robert J Higgins	Stood Down 14/09/09
Robert S J Wishart	Secretary		Appointed 30/03/10
Maureen Farrell		Sharon Bruce	Appointed 30/03/10
Ronald J Jardine		Lynda Cameron	Appointed 30/03/10
Heather L Henderson		Edwin Sharkey	Resigned 01/01/10
James L Charters		Niall Cowan	Resigned 29/03/10
June Carroll		Stanley Stewart	Resigned 16/03/10
William Lochrie		Alexander McQueen	Appointed 14/09/09
Angela Booth	Appointed 14/09/09		Resigned 29/09/09
John R McNaught	Appointed 30/03/10		

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

**Loreburn Housing Association Limited  
Report of Committee of Management  
For The Year Ended 31 March 2010**

**Credit Payment Policy**

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

**Maintenance Policies**

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income & Expenditure Account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income & Expenditure Account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

**Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. 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.

**Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives. The Association has gained Investors in People accreditation and has successfully completed the Work Life Balance Assessment.

**Best Companies Award**

During this year Loreburn retained its outstanding 2 star rating in the Best Companies Accreditation Scheme and was also included for the second year in the prestigious Sunday Times Top 100 Best Small Companies to Work For list.

**Future Developments**

The Association intends to continue with its policy of building and improving the quality of housing within its area of operation.

**Statement as to Disclosure of Information to Auditors**

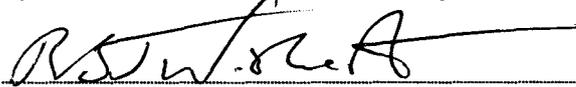
So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Association's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself to herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Loreburn Housing Association Limited  
Report of Committee of Management  
For The Year Ended 31 March 2010

**Auditors**

A resolution to appoint the auditors, Messrs Armstrongs, will be proposed at the Annual General Meeting.

By order of the Committee of Management



**Secretary**

27 July 2010

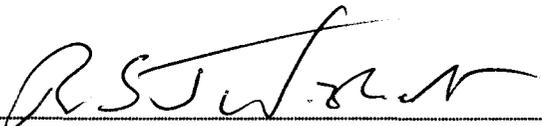
**Loreburn Housing Association Limited  
Statement of Committee Responsibilities  
For The Year Ended 31 March 2010**

Housing Association legislation requires the Committee to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ending on that date. In preparing those 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 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 and to enable it to ensure that the Financial Statements comply with the requirements of the Industrial and Provident Societies Acts 1965 – 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

By order of the Committee of Management

  
\_\_\_\_\_  
**Secretary**

27 July 2010

**Loreburn Housing Association Limited  
Committee Statement on the Association's  
System of Internal Financial Control  
For The Year Ended 31 March 2010**

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

- ▶ The reliability of financial information used within the Association or for publication;
- ▶ The maintenance of proper accounting records;
- ▶ The safeguarding of assets (against unauthorised use or disposition).

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

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

**Loreburn Housing Association Limited  
Committee Statement on the Association's  
System of Internal Financial Control  
For The Year Ended 31 March 2010**

The Committee has 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 Auditor's Report on the Financial Statements.

By order of the Committee



**Secretary**

27 July 2010

Loreburn Housing Association Limited  
Report of the Independent Auditors on the Committee Statement on the Association's  
System of Internal Financial Control  
For The Year Ended 31 March 2010

**Corporate Governance**

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

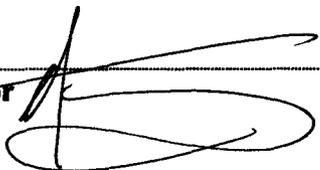
**Basis of Opinion**

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

**Opinion**

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

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

**Auditor** 

Armstrongs  
Statutory Auditors  
Chartered Accountants  
Victoria Chambers  
142 West Nile Street  
GLASGOW  
G1 2RQ

Date: 27<sup>th</sup> July 2010

**Loreburn Housing Association Limited  
Report of the Independent Auditors to  
Members of Loreburn Housing Association Limited**

We have audited the Financial Statements of Loreburn Housing Association Limited for the year ended 31 March 2010 which comprise the Income & Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Industrial and Provident Societies Act 1965. 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 Directors & Auditors**

As described on Page 4, the Association's Committee are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 relevant legislation. We also report to you if, in our opinion, the Report of the Management Committee 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 directors' remuneration and transactions with the Association is not disclosed.

We read the Report of the Management Committee and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of Audit 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 judgements 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 misstatement, 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.

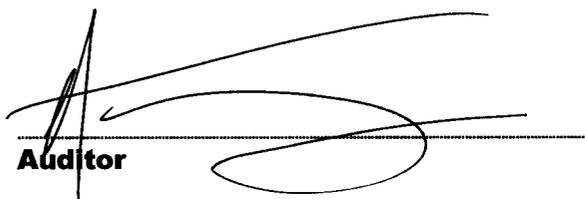
**Loreburn Housing Association Limited  
Report of the Independent Auditors to  
Members of Loreburn Housing Association Limited**

**Opinion**

It is our opinion that the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Association as at 31 March 2010 and of the income and expenditure for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1, the Housing (Scotland) Act 2001 and the Registered Social Landlords (Accounting Requirements) (Scotland) Order 2007.

In our opinion the exemption granted by the Financial Services Authority from the requirements to prepare group accounts is applicable as the amounts involved are not material.

The information given in the Report of the Committee is consistent with the Financial Statements.

  
**Auditor**

Armstrongs  
Statutory Auditors  
Chartered Accountants  
Victoria Chambers  
142 West Nile Street  
GLASGOW  
G1 2RQ

Date: 27<sup>th</sup> July 2010

**Loreburn Housing Association Limited**  
**Income & Expenditure Account**  
**For The Year Ended 31 March 2010**

	<b>Notes</b>	<b>2010</b> £	<b>2009</b> £
Turnover	1	8,973,945	8,402,381
Operating Costs	1	6,414,271	6,066,776
		<hr/>	<hr/>
Operating Surplus	1	2,559,674	2,335,605
Gain/(Loss) on Sale of Fixed Assets	4	(199,802)	177,192
Interest Receivable & Other Income	6	80,871	139,424
Gift Aid from Subsidiary Company		99,000	248,500
Interest Payable and Similar Charges	7	1,316,312	1,686,506
		<hr/>	<hr/>
<b>Surplus for the Year</b>	<b>22</b>	<b>1,223,431</b>	<b>1,214,215</b>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those included in the surpluses above, and therefore no separate statement of total recognised gains and losses has been prepared.

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

**Loreburn Housing Association Limited**  
**Balance Sheet**  
**As at 31 March 2010**

		2010	2009
		£	£
<b>Tangible Fixed Assets</b>	<b>Notes</b>		
Housing Properties (Net of Depreciation)	11a	134,863,508	128,564,763
Less : HAG & Other Grants	11a	<u>98,856,217</u>	<u>94,432,050</u>
		36,007,291	34,132,713
Other	11b	<u>476,559</u>	<u>481,369</u>
		<u>36,483,850</u>	<u>34,614,082</u>
<b>Current Assets</b>			
Stock		-	-
Shares in Subsidiary	12	3	3
Debtors	13	2,575,517	2,828,085
Cash at Bank & In Hand		<u>5,398,460</u>	<u>2,934,678</u>
		7,973,980	5,762,766
<b>Creditors: Amounts Falling Due Within One Year</b>	14	5,202,695	4,349,376
<b>Net Current Assets/(Liabilities)</b>		<u>2,771,285</u>	<u>1,413,390</u>
<b>Total Assets less Current Liabilities</b>		39,255,135	36,027,472
<b>Creditors: Amounts Falling Due After More Than One Year</b>	15	26,693,131	24,688,923
<b>Net Assets</b>		<u>12,562,004</u>	<u>11,338,549</u>
<b>Capital &amp; Reserves</b>			
Share Capital	16	597	604
Designated Reserves	17	11,694,681	10,551,791
Accumulated Surplus	22	<u>866,726</u>	<u>786,154</u>
		<u>12,562,004</u>	<u>11,338,549</u>

These financial statements were approved by the Committee on the 27/7/10 and signed on their behalf by:

  
 \_\_\_\_\_ Convener  
  
 \_\_\_\_\_ Committee Member  
  
 \_\_\_\_\_ Secretary

Loreburn Housing Association Limited  
Cashflow Statement  
For The Year Ended 31 March 2010

	2010 £	2009 £
<b>Net Cash Inflow from Operating Activities</b>	<u>5,370,426</u>	<u>1,716,637</u>
<b>Returns on Investments &amp; Servicing of Finance</b>		
Interest Received	61,351	142,514
Interest Paid	<u>(1,317,301)</u>	<u>(1,682,542)</u>
	<u>(1,255,950)</u>	<u>(1,540,028)</u>
<b>Taxation</b>		
Taxation Paid	-	-
S54 Grant Received	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Capital Expenditure &amp; Financial Investment</b>		
Payments to Acquire & Develop Housing Properties	(7,045,643)	(9,787,825)
Payments to Acquire Other Fixed Assets	(28,511)	(173,554)
Grants Received	3,236,210	6,016,822
Grants Repaid	(13,882)	(1,215,060)
Receipts from Sales of Housing Properties	47,046	297,712
Receipts from Sales of Other Fixed Assets	-	79
Investment in Subsidiary	-	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<u>(3,804,780)</u>	<u>(4,861,826)</u>
<b>Net Cash Inflow/(Outflow) Before Financing</b>	<u>309,696</u>	<u>(4,685,217)</u>
<b>Financing</b>		
Share Capital Issued	24	28
Housing Loans - Received	2,904,313	4,980,000
Repaid	<u>(750,251)</u>	<u>(548,379)</u>
	<u>2,154,086</u>	<u>4,431,649</u>
<b>Increase/(Decrease) in Cash</b>	<u>2,463,782</u>	<u>(253,568)</u>
<b>Reconciliation of Net Cashflow to Movement in Net Debt</b>		
Increase/(Decrease) in Cash in the Year	2,463,782	(253,568)
Loans Repaid	750,251	548,379
Loans Received	<u>(2,904,312)</u>	<u>(4,980,000)</u>
<b>Change in Net Debt</b>	<u>309,721</u>	<u>(4,685,189)</u>
Net debt at 1 April 2009	(22,412,270)	(17,727,081)
<b>Net debt at 31 March 2010</b>	<u>(22,102,549)</u>	<u>(22,412,270)</u>

Loreburn Housing Association Limited  
Notes To The Cashflow Statement  
For The Year Ended 31 March 2010

**1. Reconciliation of Surplus for the Year to Net Cashflow from Operating Surpluses**

	2010 £	2009 £
Operating Surplus	2,559,674	2,335,605
Received from Subsidiary Company	99,000	248,500
Depreciation	772,432	841,529
(Increase)/Decrease in Stock	-	2,959
(Increase)/Decrease in Debtors	1,460,044	(120,787)
Increase/(Decrease) in Creditors	479,276	(1,591,169)
	<u>5,370,426</u>	<u>1,716,637</u>

**2. Analysis of the Net Debt**

	2009 £	Cashflows £	Non-Cash Changes £	2010 £
Cash in Hand & At Bank	2,934,678	2,463,782	-	5,398,460
Overdrafts	-	-	-	-
Debt Due Within 1 Year	(658,025)	658,025	(807,879)	(807,879)
Due After 1 Year	(24,688,923)	(2,812,086)	807,879	(26,693,130)
	<u>(22,412,270)</u>	<u>309,721</u>	<u>-</u>	<u>(22,102,549)</u>

	2008 £	Cashflows £	Non-Cash Changes £	2009 £
Cash in Hand & At Bank	4,641,017	(1,706,339)	-	2,934,678
Overdrafts	(1,452,769)	1,452,769	-	-
Debt Due Within 1 Year	(505,735)	505,735	(658,025)	(658,025)
Due After 1 Year	(20,409,594)	(4,937,354)	658,025	(24,688,923)
	<u>(17,727,081)</u>	<u>(4,685,189)</u>	<u>-</u>	<u>(22,412,270)</u>

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2010**

**Principal Accounting Policies**

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by the Financial Services Authority. The Financial Statements have been prepared under the historical cost convention, and in compliance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) 2008, Accounting by Registered Social Landlords and applicable Accounting Standards. A summary of the more important accounting policies is set out below.

Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of feuing services, together with revenue grants from the Scottish Executive, local authorities and other organisations.

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 at an annual rate of 2% (50 years). No depreciation is charged on the cost of land.

Capital costs incurred after scheme completion in respect of housing properties are included in the historic cost of the scheme in the year they are incurred and subsequently depreciated on a straight line basis over the expected economic useful life of these assets, at annual rates of 6.7% (15 years).

The Statement of Recommended Practice 2008 states that the disposal of shared-ownership properties first tranche sales be included in turnover at completion with the balance being classified as fixed assets. Due to Loreburn's last shared-ownership scheme being off-site in 2000 and records only being required to be held for six years, this exercise has not been carried out.

Other Fixed Assets

The Association's assets are written off evenly over the expected economic useful lives using the following rates and methods:

- ▶ Premises - 2% straight line per annum
- ▶ Office Equipment - 20% straight line per annum
- ▶ Fixtures & Fittings - 20% straight line per annum
- ▶ Tenant Improvements - 10% straight line per annum
- ▶ Motor Vehicles - 25% straight line per annum

Housing Association Grants

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

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2010**

Acquisition & Development Allowances are determined by the Scottish Executive and are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These allowances are credited against development costs in the Association's Income & Expenditure Account when they are receivable.

**Finance**

The Financial Statements have been prepared on the basis that the capital expenditure will be grant aided, funded by loans, met out of reserves or from proceeds of sales.

**Mortgages**

Mortgage loans and development overdrafts are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme, or on a portfolio basis. Advances are only sought for those developments which have been given approval for HAG by the Scottish Executive.

**Housing Land & Buildings**

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

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

These costs are either termed "qualifying costs" by the Scottish Executive for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities, or they are met out of the Association's reserves. All invoices and architect's certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

**Development Administration Costs**

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

**Capitalisation of Interest**

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

**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.

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

Designated Reserves

The Association has designated part of its long term obligations.

- ▶ Major Repairs Reserve and Service Equipment Reserve. Accrued major revenue expenditure, being the Association's commitment to undertake future repairs to its properties or to purchase service equipment, is set aside in designated reserves to the extent that it is not expected to be met from HAG.
- ▶ Support Service Contingency Reserve. Monies have been set aside in Designated Reserves to provide for various activities and contingencies in relation to the Housing Support Service following the introduction of Supporting People Legislation.

Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the Income & 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.

Value Added Tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

Pension Costs

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 & Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

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 & 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 cashflows from these units. Impairment of assets would be recognised in the Income & Expenditure Account.

**Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010**

**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, 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 & Expenditure account.

**Consolidation**

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

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

**1. Particulars of Turnover, Operating Costs & Operating Surpluses**

	Notes	Turnover £	2010 Operating Costs £	Operating Surplus £
Social Lettings	2	7,465,632	4,979,462	2,486,170
Other Activities	3	1,508,313	1,434,809	73,504
<b>Total</b>		<b>8,973,945</b>	<b>6,414,271</b>	<b>2,559,674</b>

	Notes	Turnover £	2009 Operating Costs £	Operating Surplus £
Social Lettings	2	6,967,963	4,593,761	2,374,202
Other Activities	3	1,434,418	1,473,015	(38,597)
<b>Total</b>		<b>8,402,381</b>	<b>6,066,776</b>	<b>2,335,605</b>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

**2. Particulars of Turnover, Operating Costs & Operating Surplus from Social Letting Activities**

	General Needs Housing £	Supported Housing £	Shared Ownership £	2010 Total £	2009 Total £
Rent Receivable Net of Service Charges	5,563,055	1,289,581	309,882	7,162,518	6,523,313
Service Charges	66,402	257,682	-	324,084	465,822
Gross Income from Rent & Service Charges	5,629,457	1,547,263	309,882	7,486,602	6,989,135
Less Voids	15,777	5,193	-	20,970	21,172
<b>Net Income from Rents &amp; Service Charges</b>	<b>5,613,680</b>	<b>1,542,070</b>	<b>309,882</b>	<b>7,465,632</b>	<b>6,967,963</b>
Grants from Scottish Ministers					-
Other Revenue Grants					-
<b>Total Turnover from Social Letting Activities</b>	<b>5,613,680</b>	<b>1,542,070</b>	<b>309,882</b>	<b>7,465,632</b>	<b>6,967,963</b>
Management & Maintenance Administration Costs	1,082,159	239,510	111,023	1,432,692	1,382,509
Service Costs	66,402	257,682	-	324,084	465,822
Planned & Cyclical Maintenance including Major Repairs Costs	1,290,517	431,589	-	1,722,106	1,259,812
Reactive Maintenance Costs	618,798	130,362	-	749,160	662,139
Bad Debts – Rents & Service Charges	12,148	162	-	12,310	12,238
Depreciation of Social Housing	558,275	123,560	57,275	739,110	811,241
<b>Operating Costs for Social Letting Activities</b>	<b>3,628,299</b>	<b>1,182,865</b>	<b>168,298</b>	<b>4,979,462</b>	<b>4,593,761</b>
<b>Operating Surplus for Social Lettings 2010</b>	<b>1,985,381</b>	<b>359,206</b>	<b>141,584</b>	<b>2,486,170</b>	
<b>Operating Surplus for Social Lettings 2009</b>	<b>1,824,569</b>	<b>426,748</b>	<b>122,885</b>	<b>-</b>	<b>2,374,202</b>

Service charges were receivable on housing accommodation not eligible for Housing Benefit £25,359 (2009 - £22,442).

Loreburn Housing Association Limited  
Notes To The Financial Statements  
As At 31 March 2010

**3. Particulars of Turnover, Operating Costs & Surpluses or Deficits From Other Activities**

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs: Bad Debts £	Other Operating Costs £	Operating Surplus or Deficit 2010 £	Operating Surplus or Deficit 2009 £
Wider Action Role	12,011				12,011		12,011	-	-
Care & Repair		173,210			173,210		173,210	-	-
Factoring					-		-	-	-
Development Activities	165,850				165,850		145,530	20,320	(81,086)
Support Activities		683,536	158,013		841,549		841,549	-	-
Care Activities					-		-	-	-
Other Management Services				22,748	22,748		22,748	-	-
Aids & Adaptations	230,965				230,965		230,965	-	-
Other Activities				61,980	61,980		8,796	53,184	42,489
<b>Total from Other Activities 2010</b>	<b>408,826</b>	<b>856,746</b>	<b>158,013</b>	<b>84,728</b>	<b>1,508,313</b>	<b>-</b>	<b>1,434,809</b>	<b>73,504</b>	
<b>Total from Other Activities 2009</b>	<b>321,882</b>	<b>888,229</b>	<b>158,013</b>	<b>66,294</b>	<b>1,434,418</b>	<b>-</b>	<b>1,473,015</b>		<b>(38,597)</b>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

**4. Gain/(Loss) on Sale of Fixed Assets**

	2010	2009
	£	£
Proceeds from the Sale of Fixed Assets	47,501	300,079
Less: Cost of Sales		
Historic Cost	252,144	130,891
Grant Received	(18,331)	(64,629)
Accumulated Depreciation	(847)	(10,292)
Grant Repayable	13,882	64,629
Legal & Valuation Costs	455	2,288
	247,303	122,887
	(199,802)	177,192

**5. Operating Surplus**

	2010	2009
	£	£
Operating Surplus is stated after charging:		
Depreciation	772,432	841,529
External Auditors' Remuneration (inc. VAT)	6,739	6,440
Internal Auditors' Remuneration (inc. VAT)	5,289	11,234

In addition, the External Auditors were paid £Nil (2009 - £Nil) in respect of accountancy, taxation and investigative services and the Internal Auditors were paid £Nil (2009 - £Nil) in respect of consultancy work.

**6. Interest Receivable & Other Income**

	2010	2009
	£	£
Bank Interest Received	68,773	103,056
Interest from Loans to Subsidiary	12,098	36,368
	80,871	139,424

**7. Interest Payable & Similar Charges**

	2010	2009
	£	£
Loan Interest	1,321,525	1,323,405
Interest Capitalised in Housing Properties	(5,213)	(31,281)
Bank Interest & Charges	-	-
Other Interest Payable	-	394,382
	1,316,312	1,686,506

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

**8. Officers Emoluments**

The Officers are defined as the members of the Management Committee, the Chief Executive Officer and any other person reporting directly to the directors or the Management Committee whose total emoluments exceed £60,000 per year excluding employer's pension contributions:

The only Officer with total emoluments in excess of £60,000 excluding pension contributions was the Chief Executive Officer as noted below.

None of the Committee Members received any remuneration during the year.

	2010 £	2009 £
Total Emoluments received by the Chief Executive Officer excluding employer's pension contributions	<u>62,993</u>	<u>60,454</u>

**9. Employee Information**

	2010	2009
The monthly average number of employees during the year was	87	84
The full time equivalent number of staff	<u>81</u>	<u>78</u>
Staff Costs (including Executive Emoluments)	£	£
Wages & Salaries	1,805,042	1,681,400
Social Security Costs	121,906	111,121
Pension Contributions	202,462	196,905
Temporary, Seconded or Agency Staff Costs	-	-
	<u>2,129,410</u>	<u>1,989,426</u>

**10. Taxation**

The Association was granted charitable status on 9 March 2001 and as such is no longer subject to taxation.

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2010

**11. Tangible Fixed Assets**

a. Housing Properties

	Housing Property Held for Letting £	Housing Property in Course of Construction £	Shared Ownership Held for Letting £	Total £
<b>Cost</b>				
At 01/04/09	122,536,762	5,603,041	5,150,786	133,290,589
Additions	100,930	7,210,621	-	7,311,551
Transfers	5,532,887	(5,590,120)	57,233	-
Disposals	(22,500)	(233,234)	(18,808)	(274,542)
At 31/03/10	<u>128,148,079</u>	<u>6,990,308</u>	<u>5,189,211</u>	<u>140,327,598</u>
<b>Depreciation</b>				
At 01/04/09	4,485,702	-	240,124	4,725,826
Charge for Year	718,951	-	20,160	739,111
Transfers	(9,780)	-	9,780	-
Disposals	-	-	(847)	(847)
At 31/03/10	<u>5,194,873</u>	<u>-</u>	<u>269,217</u>	<u>5,464,090</u>
<b>Housing Properties (Net of Depreciation)</b>	<u>122,953,206</u>	<u>6,990,308</u>	<u>4,919,994</u>	<u>134,863,508</u>
<b>Housing Association &amp; Capital Grants</b>				
At 01/04/09	85,723,500	4,964,359	3,744,191	94,432,050
Received	37,523	4,400,526	-	4,438,049
Transfers	3,275,896	(3,275,896)	22,206	22,206
Repaid/Disposals	(22,206)	-	(13,882)	(36,088)
At 31/03/10	<u>89,014,713</u>	<u>6,088,989</u>	<u>3,752,515</u>	<u>98,856,217</u>
<b>Net Book Value at 31/03/10</b>	<u>33,938,493</u>	<u>901,319</u>	<u>1,167,479</u>	<u>36,007,291</u>
Net Book Value at 31/03/09	<u>32,327,560</u>	<u>638,682</u>	<u>1,166,471</u>	<u>34,132,713</u>

Development administration costs amounted to £304,924 (2009 - £304,328) for which HAG amounting to £165,850 (2009 - £81,276) was received during the year resulting in a deficit. From the deficit £159,394 (2009 - £141,966) was capitalised in accordance with the SORP. Interest capitalised during the year amounted to £5,213 (2009 - £31,281).

All properties are freehold.

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**As At 31 March 2010**

**b. Other Fixed Assets**

	<b>Office Premises £</b>	<b>Office Equipment £</b>	<b>Furnishings &amp; Fittings £</b>	<b>Tenant Improvements £</b>	<b>Wider Action £</b>	<b>Let Property Furnishings £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>								
At 01/04/09	490,424	452,300	150,989	50,798	6,544	188,402	4,500	1,343,957
Additions		20,136	8,376					28,512
Disposals								-
At 31/03/10	<u>490,424</u>	<u>472,436</u>	<u>159,365</u>	<u>50,798</u>	<u>6,544</u>	<u>188,402</u>	<u>4,500</u>	<u>1,372,469</u>
<b>HAG &amp; Other Grants</b>								
At 01/04/09	-	-	-	-	6,544	188,402	-	194,946
Received in Year								
Disposals								
At 31/03/10	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,544</u>	<u>188,402</u>	<u>-</u>	<u>194,946</u>
<b>Depreciation</b>								
At 01/04/09	52,485	421,050	141,059	50,798	-	-	2,250	667,642
Disposals								
Charge for Year	9,808	18,231	4,158	-	-	-	1,125	33,322
At 31/03/10	<u>62,293</u>	<u>439,281</u>	<u>145,217</u>	<u>50,798</u>	<u>-</u>	<u>-</u>	<u>3,375</u>	<u>700,964</u>
<b>Net Book Value</b>								
At 31/03/10	<u>428,131</u>	<u>33,155</u>	<u>14,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125</u>	<u>476,559</u>
At 31/03/09	<u>437,939</u>	<u>31,250</u>	<u>9,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>481,369</u>

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2010**

**12. Share in Subsidiary**

The Association holds 100% of the share capital issued by its subsidiary, Dumfries & Galloway Homes Limited, a company registered in Scotland whose main activities are the provision of homes for rent and to carry out activities outside the scope of Loreburn Housing Association Limited.

**13. Debtors**

	2010	2009
	£	£
Rental Arrears	83,528	74,494
Bad Debt Provision	(17,392)	(17,365)
Net Rent Arrears	<u>66,136</u>	<u>57,129</u>
Other Debtors & Prepayments	357,293	269,732
HAG Receivable	1,187,957	1,582,348
Prepayments & Accrued Income	83,193	79,542
Loans to Group Undertaking	<u>880,938</u>	<u>839,334</u>
	<u>2,575,517</u>	<u>2,828,085</u>

**14. Creditors: Amounts Falling Due Within One Year**

	2010	2009
	£	£
Bank Overdraft	-	-
Current Instalments of Loans	807,879	658,025
Trade Creditors	1,471,627	420,481
Other Taxes & Social Security	43,706	37,190
Accruals & Deferred Income	835,208	1,085,692
Services Equalisation	717,839	675,851
Other Creditors	1,107,660	1,256,937
Amounts Due to Group Undertakings	30,325	44,359
Rent in Advance	<u>188,451</u>	<u>170,841</u>
	<u>5,202,695</u>	<u>4,349,376</u>

**15. Creditors: Amounts Falling Due After More Than One Year**

	2010	2009
	£	£
Loans	<u>26,693,131</u>	<u>24,688,923</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest ranging from 0.985% to 6.9% and will mature over a period of 12 to 29 years, in instalments due as follows:

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
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	2010	2009
	£	£
Between 1 – 2 Years	843,411	694,608
Between 2 – 5 Years	2,765,082	2,317,144
5 Years or More	23,084,638	21,677,171
	26,693,131	24,688,923

Further loan facilities have been arranged totalling £9.193m to finance future acquisitions and developments.

**16. Share Capital**

	2010	2009
	£	£
Shares of £1 Each Issued & Fully Paid		
As at 1 April 2009	604	603
Shares Issued	24	29
	628	632
Shares Forfeited	(31)	(28)
As at 31 March 2010	597	604

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to interest, dividend or bonus. When a shareholder ceases to be a member, their share is cancelled and the amount paid thereon becomes the property of the Association.

**17. Designated Reserves**

	Support Service Contingency Reserve £	Major Repairs Reserve £	Total £
As at 01/04/09	27,612	10,524,179	10,551,791
Transfers to Revenue Reserve	-	(1,169,870)	(1,169,870)
Transfer from Revenue Reserve	-	2,312,760	2,312,760
As at 31/03/10	27,612	11,667,069	11,694,681

**18. Housing Stock**

	2010	2009
The number of units of accommodation in management at the year end was:		
General Needs Housing	1,735	1,698
Supported Housing Accommodation	384	382
Shared Ownership	178	179
Accommodation Managed on Behalf of Another Body	51	50
	2,348	2,309

Loreburn Housing Association Limited  
Notes To The Financial Statements  
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**19. Capital Commitments**

	2010 £	2009 £
Expenditure Contracted Less Certified	3,869,623	9,402,124

Private Finance will be arranged in the form of a portfolio of development funding as and when required.

**20. Contingent Liabilities**

The Association has no known contingent liabilities at 31 March 2010 (2009 - £Nil).

**21. Pensions**

Loreburn participates in the SFHA Pension Scheme ("the Scheme"). The Scheme is funded and is contracted-out of the state 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.

**Loreburn Housing Association Limited**  
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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, ie. 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.

Loreburn has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt was £3,752,837.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6 million to £160 million. The funding level of liabilities, based on these figures, would be 68.4% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit option structures from April 2011.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Scheme offers three benefit structures to employers, namely:

- ▶ Final salary with a 1/60th accrual rate
- ▶ Career average revalued earnings with a 1/60th accrual rate
- ▶ Career average revalued earnings with a 1/70th accrual rate

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

Loreburn has elected to operate the final salary with a 1/60th accrual rate benefit structure for active and new members.

During the accounting period Loreburn paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

**Loreburn Housing Association Limited**  
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As at the Balance Sheet date there were 58 active members of the Scheme.

The total pension cost for the Association was £202,462 (2009 - £196,905).

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

Investment Return Pre-Retirement	7.2
Investment Return Post Retirement	4.9
Rate of Salary Increases	4.6
Rate of Pension Increases	
- Pension Accrued pre 6 April 2005	2.6
- Pension Accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of Price Inflation	2.6

Non-Pensioners	PA92C2025 Short
Pensioners	PA92C2013 Short

Final Salary 1/60ths	17.8
Career Average Revalued Earnings 1/60ths	14.6
Career Average Revalued Earnings 1/70ths	12.6
Additional Rate for Deficit Contributions	5.3

**22. Reconciliation of Movement in Accumulated Surplus**

	2010 £	2009 £
Revenue Reserve Brought Forward	786,154	820,805
Shares Cancelled	31	28
Surplus for the Year	1,223,431	1,214,215
Transfer to Designated & Restricted Reserves	<u>(1,142,890)</u>	<u>(1,248,894)</u>
	<u>866,726</u>	<u>786,154</u>

**23. Scottish Secure Tenancy Rents**

	2010 £	2009 £
Average Scottish Secure Tenancy Rent for Housing Accommodation	<u>3,273</u>	<u>3,077</u>
Percentage Increase from Previous Year	<u>5.70%</u>	<u>5.50%</u>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
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#### **24. Related Party Transactions**

Some members of the Management Committee are tenants or sharing owners of the Association. Their transactions with the Association are all done on standard terms, as applicable to all tenants and they cannot use their position to their advantage.

One Management Committee member is a Councillor with Dumfries & Galloway Council. Any transactions with the Council are made at arms length, on normal commercial terms and the said board member cannot use their position to their advantage.

The Chief Executive Officer is a member of the SFHA Committee and the SFHA Pensions Committee. Transactions with both organisations are on standard terms. The value of services provided by the SFHA in the year was £4,725 (2009 - £18,075) and payments to the Pensions Trust totalled £302,232 (2009 - £294,773).

Dumfries & Galloway Homes Limited, a subsidiary of the Association, made a Gift Aid payment of £99,000 (2009 - £248,500) to Loreburn Housing Association Limited. This payment was made in accordance with the Association's policies and procedures and is recorded in the appropriate register.

During the year the Association was in receipt of Management Charges from Dumfries & Galloway Homes Limited in the sum of £22,748 (2009 - £21,872).

The value of works and services provided by Dumfries & Galloway Homes during the year was £277,056 (2009 - £368,940).

At the end of the financial year the Association was owed £40,655 (2009 - £32,098) by Dumfries & Galloway Homes Limited and owed £30,425 (2009 - £113,700) to Dumfries & Galloway Homes Limited.

Dumfries & Galloway Homes Limited also owed the Association £880,938 (2009 - £839,334) the balance of loans outstanding at that date. The loans were made at arms length and at commercial rates. The Association received £12,098 (2009 - £36,368) in interest on the loans during the year.

#### **25. Group Structure**

Loreburn is a housing association, registered in Scotland, and forms part of a group. The other members are Dumfries & Galloway Homes Limited, a company registered in Scotland, whose main activities are the provision of homes for rent and to carry out activities outside the scope of Loreburn Housing Association Limited and Loreburn Un Limited which is currently a dormant company.

Loreburn Housing Association Limited is considered to be the ultimate parent undertaking of the group. Separate group accounts are not prepared, as the Financial Services Authority has exempted the group from this requirement.