



Loreburn Housing Association Limited  
Financial Statements  
For The Year Ended 31 March 2013

ARMSTRONGS  
Chartered Accountants  
Glasgow

**Loreburn Housing Association Limited**  
**Financial Statements**  
**For The Year Ended 31 March 2013**

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**Registration Particulars:**

Financial Conduct 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:	Huntingdon 27 Moffat Road Dumfries DG1 1NN

**Principal Professional Advisers:**

Auditors:	Armstrongs Chartered Accountants Victoria Chambers 142 West Nile Street Glasgow G1 2RQ	Bankers:	Royal Bank of Scotland UK Corporate Banking Kirkstane House 139 St Vincent Street Glasgow G2 5JF
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 2013**

The Committee of Management have pleasure in submitting their report and the Financial Statements for the year ended 31 March 2013.

**Principal Activities**

The principal activity of the Association is the provision of rented accommodation for those in housing need. In addition, the Association has developed 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 25 units of rented accommodation in Dumfries. The Association's Development Programme will continue during the next twelve months and it is hoped to achieve the completion of a further 29 units of rented accommodation at Dalbeattie, Dumfries and Beeswing.

**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 was the Chief Executive from 1998 to 30 April 2013. Wendy McCracken has been appointed as Interim Chief Executive and continues to be so at the signing date of the financial statements.

**Committee of Management**

The Committee of Management during the year to 31 March 2013 were as follows:

John R McNaught	Convener	Helen Forsyth	Co-opted 30/10/12
Brian S Pattinson	Vice-Convener	Charles Lunn	Co-opted 30/10/12
Derek Rodgers	Secretary	Julia Mulloy	Co-opted 30/10/12
Maureen Farrell		Heather L Graham	Resigned 31/05/13
Ronald J Jardine		Norman Fitzpatrick	Co-opted Stood Down 11/09/12
James C Hogg		Patrick McGrath	Co-opted Stood Down 11/09/12
Lynda Cameron		John R Agnew	Resigned 05/09/12
John P Tarry	Appointed 11/09/12	Geoff Lewis	Appointed 11/09/12 Resigned 29/01/13

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 2013**

**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**

In 2011 Loreburn achieved the Investors in People Gold standard and retained its outstanding 2 Star rating in the Best Companies Accreditation Scheme. Loreburn was also listed at #15 in the prestigious Sunday Times Top 100 Companies to Work For list (Third & Public Sector), ranking number 1 in the UK for Wellbeing.

**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 or 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 2013

**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**

**Loreburn Housing Association Limited**  
**Statement of Committee Responsibilities**  
**For The Year Ended 31 March 2013**

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 2010 and the Registered Social Landlords Determination of Accounting Requirements – April 2012. 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**

**Loreburn Housing Association Limited**  
**Committee Statement on the Association's**  
**System of Internal Financial Control**  
**For The Year Ended 31 March 2013**

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).

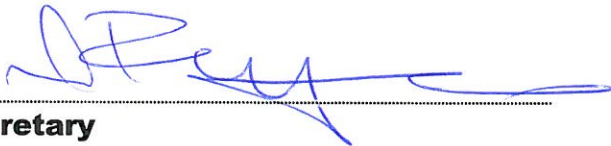
It is the Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- ▶ 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 2013**

The Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2013 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**



**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 2013**

**Corporate Governance**

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

**Basis of Opinion**

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

**Opinion**

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

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



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

Date: 11<sup>th</sup> September 2013

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

We have audited the Financial Statements of Loreburn Housing Association Limited for the year ended 31 March 2013 which comprise the Income & Expenditure Account, the Statement of Realised Gains & Losses, the Balance Sheet and the related notes one to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and the Registered Social Landlords Determination of Accounting Requirements - April 2012.

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, and to the charity's trustees as a body, in accordance with Section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Committee & Auditors**

As explained more fully in the Statement of Committee's Responsibilities set out on page three, the Committee are responsible for the preparation of Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

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

**Opinion on Financial Statements**

In our opinion the Financial Statements:

- ▶ give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its surplus for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and
- ▶ have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 1, the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements - April 2012, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

**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, or the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- ▶ a satisfactory system of control over transactions has not been maintained; or
- ▶ the information given in the Report of the Management Committee is inconsistent in any material respect with the Financial Statements; or
- ▶ the Association has not kept proper accounting records; or
- ▶ the Financial Statements are not in agreement with the books of account; or
- ▶ we have not received all the information and explanations we need for our audit.



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

Dated : 11<sup>th</sup> September 2013

**Loreburn Housing Association Limited**  
**Income & Expenditure Account**  
**For The Year Ended 31 March 2013**

	Notes	2013 £	2012 £
Turnover	1	10,813,120	10,214,127
Operating Costs	1	7,978,489	7,541,935
		<hr/>	<hr/>
Operating Surplus	1	2,834,631	2,672,192
Gain/(Loss) on Sale of Fixed Assets	4	(14,411)	390,416
Interest Receivable & Other Income	6	98,221	67,644
Gift Aid from Subsidiary Company		20,000	170,000
Interest Payable and Similar Charges	7	1,218,669	1,257,082
		<hr/>	<hr/>
<b>Surplus for the Year</b>	<b>22</b>	<b>1,719,772</b>	<b>2,043,170</b>

The results for the year relate wholly to continuing activities.

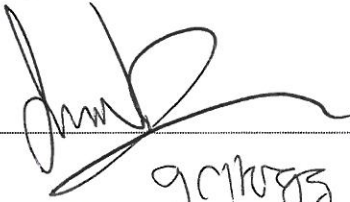
The Association has no recognised gains and losses other than those included in the surpluses above, and therefore no separate statement of total recognised gains and losses has been prepared.


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 2013

		2013 £	2012 £
<b>Tangible Fixed Assets</b>	<b>Notes</b>		
Housing Properties (Net of Depreciation)	11a	139,572,595	137,112,013
Less : HAG & Other Grants	11a	<u>102,019,395</u>	<u>100,627,927</u>
		37,553,200	36,484,086
Other	11b	<u>1,904,934</u>	<u>1,970,930</u>
		<u>39,458,134</u>	<u>38,455,016</u>
 <b>Current Assets</b>			
Stock		-	-
Shares in Subsidiary	12	3	3
Debtors	13	2,408,122	1,987,577
Cash at Bank & In Hand		<u>4,050,418</u>	<u>4,811,802</u>
		6,458,543	6,799,382
 <b>Creditors: Amounts Falling Due Within One Year</b>	14	4,798,188	4,733,012
		<u>1,660,355</u>	<u>2,066,370</u>
Net Current Assets/(Liabilities)			
		41,118,489	40,521,386
 <b>Creditors: Amounts Falling Due After More Than One Year</b>	15	26,362,042	27,484,717
		<u>14,756,447</u>	<u>13,036,669</u>
Net Assets			
		14,756,447	13,036,669
 <b>Capital &amp; Reserves</b>			
Share Capital	16	558	587
Designated Reserves	17	27,612	27,612
Accumulated Surplus	22	<u>14,728,277</u>	<u>13,008,470</u>
		<u>14,756,447</u>	<u>13,036,669</u>

These Financial Statements were approved by the Committee on the 27/8/13 and signed on their behalf by:

  
\_\_\_\_\_  
Convener

  
\_\_\_\_\_  
Committee Member

  
\_\_\_\_\_  
Secretary

**Loreburn Housing Association Limited**  
**Cashflow Statement**  
**For The Year Ended 31 March 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Net Cash Inflow from Operating Activities</b>	<u>4,121,318</u>	<u>3,311,528</u>
<b>Returns on Investments &amp; Servicing of Finance</b>		
Interest Received	91,282	59,360
Interest Paid	<u>(1,213,194)</u>	<u>(1,260,907)</u>
	<u>(1,121,912)</u>	<u>(1,201,547)</u>
<b>Capital Expenditure &amp; Financial Investment</b>		
Payments to Acquire & Develop Housing Properties	(4,353,174)	(4,854,618)
Payments to Acquire Other Fixed Assets	(27,301)	(577,137)
Grants Received	828,657	1,455,083
Grants Repaid	(95,207)	(39,829)
Receipts from Sales of Housing Properties	386,899	104,220
Receipts from Sales of Other Fixed Assets	-	209,578
Other Grants	562,810	-
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>	<u>(2,697,316)</u>	<u>(3,702,703)</u>
<b>Net Cash Inflow/(Outflow) Before Financing</b>	<u>302,096</u>	<u>(1,592,722)</u>
<b>Financing</b>		
Share Capital Issued	6	5
Housing Loans - Received	-	2,500,000
Repaid	<u>(1,063,480)</u>	<u>(791,595)</u>
	<u>(1,063,474)</u>	<u>1,708,410</u>
<b>Increase/(Decrease) in Cash</b>	<u>(761,384)</u>	<u>115,688</u>
<b>Reconciliation of Net Cashflow to Movement in Net Debt</b>		
Increase/(Decrease) in Cash in the Year	(761,384)	115,688
Loans Repaid	1,063,480	791,595
Loans Received	-	(2,500,000)
Change in Net Debt	<u>302,096</u>	<u>(1,592,717)</u>
Net debt at 1 April 2012	(23,631,857)	(22,039,140)
Net debt at 31 March 2013	<u>(23,329,761)</u>	<u>(23,631,857)</u>

Loreburn Housing Association Limited  
Notes To The Cashflow Statement  
For The Year Ended 31 March 2013

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

	2013 £	2012 £
Operating Surplus	2,834,621	2,672,192
Received from Subsidiary Company	20,000	170,000
Depreciation	1,945,912	1,650,597
(Increase)/Decrease in Stock	-	803
(Increase)/Decrease in Debtors	(413,628)	(157,837)
Increase/(Decrease) in Creditors	(265,597)	(1,024,227)
	<u>4,121,318</u>	<u>3,311,528</u>

**2. Analysis of the Net Debt**

	2012 £	Cashflows £	Non-Cash Changes £	2013 £
Cash in Hand & At Bank	4,811,802	(761,384)	-	4,050,418
Overdrafts	-	-	-	-
Debt Due Within 1 Year	(958,941)	958,941	(1,018,135)	(1,018,135)
Due After 1 Year	(27,484,718)	104,539	1,018,135	(26,362,044)
	<u>(23,631,857)</u>	<u>302,096</u>	<u>-</u>	<u>(23,329,761)</u>

	2011 £	Cashflows £	Non-Cash Changes £	2012 £
Cash in Hand & At Bank	4,696,114	115,688	-	4,811,802
Overdrafts	-	-	-	-
Debt Due Within 1 Year	(840,280)	840,280	(958,941)	(958,941)
Due After 1 Year	(25,894,974)	(2,548,685)	958,941	(27,484,718)
	<u>(22,039,140)</u>	<u>(1,592,717)</u>	<u>-</u>	<u>(23,631,857)</u>

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

**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 Determination of Accounting Requirements – April 2012 and the Statement of Recommended Practice (SORP) 2010, 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.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property.

Such enhancements 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 and Expenditure Account.

Depreciation – Housing Properties

The Association adopted Component Accounting during the financial year. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated.

The components identified and their estimated useful life of each is shown below:

Structure	100 Years	Communal Entry	20 Years
Roof	60 Years	Kitchens	15 Years
Electrics	40 Years	Bathrooms	15 Years
Windows & External Doors	25 Years	Heating ex Boilers	15 Years

From the year to 31 March 2012 saw the first full year of the implementation of Component Accounting. Prior to this, only three components were recognised - land, building and grants.



**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

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 |
| ▶ Shared Ownership Properties | - | 2% straight line per annum  |

Due to the incorporation of FRS15, shared ownership properties are now classed as Other Fixed Assets. Prior to this they were included within Housing property. Shared ownership properties are shown at historical cost, less land cost and grants received based on the tranche in ownership.

Statement of Recommended Practice 2010 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.

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.

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.

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

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 their historic component 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.

Stock

The Association at different times may hold a stock of maintenance parts. Stock is valued at the lower of cost or net realisable value.

Designated Reserves

The Association has designated part of its long term obligations to a Support Service Contingency Reserve.

Monies have been set aside in this Designated Reserves to provide for various activities and contingencies in relation to the Housing Support Service following the introduction of Supporting People Legislation.

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

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.

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 2013

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

		<b>2013</b>	<b>Operating</b>	<b>Operating</b>
	<b>Notes</b>	<b>Turnover</b>	<b>Costs</b>	<b>Surplus</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Social Lettings	2	9,186,697	6,304,877	2,881,820
Other Activities	3	1,626,423	1,673,612	(47,189)
<b>Total</b>		<u>10,813,120</u>	<u>7,978,489</u>	<u>2,834,631</u>
<b>2012</b>				
	<b>Notes</b>	<b>Turnover</b>	<b>Operating</b>	<b>Operating</b>
		<b>£</b>	<b>Costs</b>	<b>Surplus</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Social Lettings	2	8,637,939	5,914,327	2,723,612
Other Activities	3	1,576,188	1,627,608	(51,420)
<b>Total</b>		<u>10,214,127</u>	<u>7,541,935</u>	<u>2,672,192</u>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2013

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2013 Total £	2012 Total £
Rent Receivable Net of Service Charges	6,782,542	1,699,166	326,837	8,808,545	8,278,848
Service Charges	90,226	317,388	-	407,614	386,183
Gross Income from Rent & Service Charges	<u>6,872,768</u>	<u>2,016,554</u>	<u>326,837</u>	<u>9,216,159</u>	<u>8,665,031</u>
Less Voids	18,989	10,473	-	29,462	27,092
<b>Net Income from Rents &amp; Service Charges</b>	<b>6,853,779</b>	<b>2,006,081</b>	<b>326,837</b>	<b>9,186,697</b>	<b>8,637,939</b>
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue Grants	-	-	-	-	-
<b>Total Turnover from Social Letting Activities</b>	<b>6,853,779</b>	<b>2,006,081</b>	<b>326,837</b>	<b>9,186,697</b>	<b>8,637,939</b>
Management & Maintenance Administration Costs	1,558,490	364,789	143,861	2,067,140	2,074,763
Service Costs	90,225	317,388	-	407,613	386,183
Planned & Cyclical Maintenance including Major Repairs Costs	404,446	576,432	-	980,878	912,514
Reactive Maintenance Costs	740,916	159,997	-	900,913	907,963
Bad Debts – Rents & Service Charges	40,688	428	-	41,116	22,656
Depreciation of Social Housing	1,532,189	361,743	13,285	1,907,217	1,610,248
<b>Operating Costs for Social Letting Activities</b>	<b>4,366,954</b>	<b>1,780,777</b>	<b>157,146</b>	<b>6,304,877</b>	<b>5,914,327</b>
<b>Operating Surplus for Social Lettings 2013</b>	<b>2,486,825</b>	<b>225,304</b>	<b>169,691</b>	<b>2,881,820</b>	
<b>Operating Surplus for Social Lettings 2012</b>	<b>1,786,662</b>	<b>790,677</b>	<b>146,273</b>	-	<b>2,723,612</b>

Service charges were receivable on housing accommodation not eligible for Housing Benefit £21,439 (2012 - £23,082).

Loreburn Housing Association Limited  
Notes To The Financial Statements  
As At 31 March 2013

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

Wider Action Role	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 2013 £	Operating Surplus or Deficit 2012 £
Care & Repair	402,232				402,232		402,232	-	-
Factoring					0		-	-	-
Development Activities					0		86,738	(86,738)	(85,912)
Support Activities		736,441	157,457		893,898		893,898	0	-
Care Activities					0			-	-
Other Management Services				40,562	40,562		40,562	0	-
Aids & Adaptations	214,086				214,086		214,086	0	-
Other Activities	19,402			56,243	75,645		36,096	39,549	34,492
<b>Total from Other Activities 2013</b>	<b>635,720</b>	<b>736,441</b>	<b>157,457</b>	<b>96,805</b>	<b>1,626,423</b>	<b>-</b>	<b>1,673,612</b>	<b>(47,189)</b>	
<b>Total from Other Activities 2012</b>	<b>614,270</b>	<b>733,482</b>	<b>157,867</b>	<b>70,569</b>	<b>1,576,188</b>	<b>-</b>	<b>1,627,608</b>		<b>(51,420)</b>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2013

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

	2013 £	2012 £
Proceeds from the Sale of Fixed Assets	361,676	640,500
Less: Cost of Sales		
Historic Cost	386,899	313,798
Grant Received	(107,520)	(39,829)
Accumulated Depreciation	(6,191)	(71,513)
Grant Repayable	95,207	39,829
Legal & Valuation Costs	<u>7,692</u>	<u>7,799</u>
	<u>376,087</u>	<u>250,084</u>
	<u>(14,411)</u>	<u>390,416</u>

**5. Operating Surplus**

	2013 £	2012 £
Operating Surplus is stated after charging:		
Depreciation	1,945,913	1,650,597
External Auditors' Remuneration (inc. VAT)	7,440	7,225
Internal Auditors' Remuneration (inc. VAT)	7,134	5,829

In addition, the External Auditors were paid £Nil (2012 - £Nil) in respect of accountancy, taxation and investigative services and the Internal Auditors were paid £Nil (2012 - £Nil) in respect of consultancy work.

**6. Interest Receivable & Other Income**

	2013 £	2012 £
Bank Interest Received	60,815	41,922
Interest from Loans to Subsidiary	<u>37,406</u>	<u>25,722</u>
	<u>98,221</u>	<u>67,644</u>

**7. Interest Payable & Similar Charges**

	2013 £	2012 £
Loan Interest	1,219,654	1,262,965
Interest Capitalised in Housing Properties	(985)	(5,883)
Bank Interest & Charges	-	-
Other Interest Payable	-	-
	<u>1,218,669</u>	<u>1,257,082</u>

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

**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 as noted below.

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Total Emoluments received by the Chief Executive Officer excluding employer's pension contributions	<u>68,350</u>	<u>69,524</u>

**9. Employee Information**

	<b>2013</b>	<b>2012</b>
The monthly average number of employees during the year was	84	87
The full time equivalent number of staff	<u>93</u>	<u>79</u>
Staff Costs (including Executive Emoluments)	<b>£</b>	<b>£</b>
Wages & Salaries	2,007,070	1,891,152
Social Security Costs	136,005	118,901
Pension Contributions	300,775	297,821
Temporary, Seconded or Agency Staff Costs	-	-
	<u>2,443,850</u>	<u>2,307,874</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 2013

**11. Tangible Fixed Assets**

a. Housing Properties

	Housing Property Held for Letting £	Housing Property in Course of Construction £	Total £
<b>Cost</b>			
At 01/04/12	145,834,104	3,779,377	149,613,481
Additions	1,446,376	3,149,805	4,596,181
Transfers	4,217,134	(4,217,134)	-
Disposals	(352,472)	(264,007)	(616,479)
At 31/03/13	<u>151,145,142</u>	<u>2,448,041</u>	<u>153,593,183</u>
<b>Depreciation</b>			
At 01/04/12	12,501,468	-	12,501,468
Charge for Year	1,519,120		1,519,120
Transfers			
Disposals			
At 31/03/13	<u>14,020,588</u>	<u>-</u>	<u>14,020,588</u>
<b>Housing Properties (Net of Depreciation)</b>	<u>137,124,554</u>	<u>2,448,041</u>	<u>139,572,595</u>
<b>Housing Association &amp; Capital Grants</b>			
At 01/04/12	97,369,458	3,258,469	100,627,927
Received	94,043	1,297,425	1,391,468
Transfers	2,462,491	(2,462,491)	-
Repaid/Disposals			
At 31/03/13	<u>99,925,992</u>	<u>2,093,403</u>	<u>102,019,395</u>
<b>Net Book Value at 31/03/13</b>	<u>37,198,562</u>	<u>354,638</u>	<u>37,553,200</u>
Net Book Value at 31/03/12	<u>35,963,178</u>	<u>520,908</u>	<u>36,484,086</u>

Development administration costs amounted to £173,126 (2012 - £177,281) for which HAG amounting to £nil (2012 - £nil) was received during the year resulting in a deficit. From the deficit £86,389 (2012 - £93,369) was capitalised in accordance with the SORP. Interest capitalised during the year amounted to £985 (2012 - £5,883).

All properties are freehold.

Loreburn Housing Association Limited  
Notes To The Financial Statements  
As At 31 March 2013

b. Other Fixed Assets

	Office Premises £	Office Equipment £	Furnishings & Fittings £	Tenant Improvements £	Wider Action £	Let Property Furnishings £	Motor Vehicles £	Other Property Shared Ownership £	Total £
<b>Cost</b>									
At 01/04/12	880,768	508,194	159,365	50,798	6,544	195,989	4,500	5,014,050	6,820,208
Additions	2,544	14,943							17,487
Disposals								(122,891)	(122,891)
At 31/03/13	883,312	523,137	159,365	50,798	6,544	195,989	4,500	4,891,159	6,714,804
<b>HAG &amp; Other Grants</b>									
At 01/04/12	-	-	-	-	6,544	188,402	-	3,624,757	3,819,703
Received in Year									
Disposals								(95,204)	(95,204)
At 31/03/13	-	-	-	-	6,544	188,402	-	3,529,553	3,724,499
<b>Depreciation</b>									
At 01/04/12	39,996	471,213	153,533	50,798	-	1,517	4,500	308,018	1,029,575
Disposals								(6,191)	(6,191)
Charge for Year	17,615	15,404	4,158	-	-	1,517	-	23,293	61,987
At 31/03/13	57,611	486,617	157,691	50,798	-	3,034	4,500	325,120	1,085,371
<b>Net Book Value</b>									
At 31/03/13	825,701	36,520	1,674	-	-	4,553	-	1,036,486	1,904,934
At 31/03/12	840,772	36,981	5,832	-	-	6,070	-	1,081,275	1,970,930

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2013

**12. Share in Subsidiary Companies**

The Association holds 100% of the share capital issued by its two subsidiaries. Dumfries & Galloway Homes Limited is 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. Loreburn Un Limited is a company registered in Scotland whose main activity is to operate a Direct Labour Organisation providing a maintenance service to Loreburn Housing Association Limited.

**13. Debtors**

	2013	2012
	£	£
Rental Arrears	99,223	91,095
Bad Debt Provision	(39,075)	(24,024)
Net Rent Arrears	<u>60,148</u>	<u>67,071</u>
Other Debtors & Prepayments	380,633	375,031
HAG Receivable	57,555	52,456
Prepayments & Accrued Income	119,015	146,743
Loans to Group Undertaking	1,790,771	1,346,276
	<u>2,408,122</u>	<u>1,987,577</u>

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

	2013	2012
	£	£
Bank Overdraft	-	-
Current Instalments of Loans	1,018,135	958,941
Trade Creditors	911,151	679,419
Other Taxes & Social Security	45,276	41,428
Accruals & Deferred Income	498,576	840,541
Services Equalisation	811,232	761,826
Other Creditors	1,296,114	1,185,984
Amounts Due to Group Undertakings	31,734	65,306
Rent in Advance	185,970	199,567
	<u>4,798,188</u>	<u>4,733,012</u>

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

	2013	2012
	£	£
Loans	<u>26,362,042</u>	<u>27,484,717</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest ranging from 1.0% to 6.9% and will mature over a period of 9 to 26 years, in instalments due as follows:

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Between 1 – 2 Years	1,060,740	1,000,817
Between 2 – 5 Years	3,463,892	3,278,572
5 Years or More	<u>21,837,410</u>	<u>23,205,328</u>
	<u><u>26,362,042</u></u>	<u><u>27,484,717</u></u>

Further loan facilities have been arranged totalling £6.979m to finance future acquisitions and developments.

**16. Share Capital**

	<b>2012</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Shares of £1 Each Issued & Fully Paid		
As at 1 April 2011	587	604
Shares Issued	<u>6</u>	<u>5</u>
Shares Forfeited	593	609
As at 31 March 2012	<u>(35)</u>	<u>(22)</u>
	<u><u>558</u></u>	<u><u>587</u></u>

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to 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**

	<b>Support Service Contingency Reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
As at 31/03/13	<u>27,612</u>	<u>27,612</u>

**18. Housing Stock**

	<b>2013</b>	<b>2012</b>
The number of units of accommodation in management at the year end was:		
General Needs Housing	2,062	1,848
Supported Housing Accommodation	163	372
Shared Ownership	167	171
Accommodation Managed on Behalf of Another Body	<u>64</u>	<u>64</u>
	<u><u>2,456</u></u>	<u><u>2,455</u></u>

Loreburn Housing Association Limited  
Notes To The Financial Statements  
For The Year Ended 31 March 2013

**19. Capital Commitments**

	2013 £	2012 £
Expenditure Contracted Less Certified	210,304	1,361,567

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 2013 (2012 - £Nil).

**21. Pensions**

Disclosure to Meet the Requirements of FRS17

Loreburn 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 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

Employer Debt Regulations

1. The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.
2. An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:
  - a. The commencement of winding up of the Scheme.
  - b. An employer becomes insolvent.
  - c. An Employer Cessation Event.
3. An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, ie. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme.
4. The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme.
5. The Scheme Actuary has calculated the employer debt that would have been payable if your organisation had withdrawn from the Scottish Housing Associations' Pension Scheme as at 30 September 2011.
6. The suggested Pension Obligations Disclosure Note includes conditional paragraphs. The appropriate choice of paragraph for each employer will depend on the accounting treatment adopted by the employer, in particular whether or not a provision is made for the employer debt.
7. Under FRS17 an employer should only provide in the Balance Sheet for the potential debt on withdrawal if it was demonstrably committed as at the Balance Sheet date to an event that would make the liability crystallise. For example, if an employer had made the decision prior to the Balance Sheet date to close the Scheme to future accrual at some date in the future, then this would crystallise an employer debt on the date that the Scheme was closed to future accrual (unless the Scheme was fully funded on a buy-out basis as at the date the Scheme closed to future accrual).

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
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Disclosure in Respect of Employer Debt

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 for the Scheme based on the financial position of the Scheme at 30 September 2012. As of this date the estimated employer debt for Loreburn was £8.953 Million.

Further Disclosures

Loreburn operates the Final Salary scheme with a 1/60<sup>th</sup> accrual rate.

From April 2011 Loreburn added the career average re-valued earnings scheme with a 1/80<sup>th</sup> accrual rate. No-one has taken up this option to date.

During the accounting period Loreburn paid contributions at the rate of 9.6% of pensionable salaries in addition to the Past Scheme payment of £159,572. Member contributions were also at 9.6%.

As at the Balance Sheet date there were 57 (2012 – 59) active members of the Scheme. The annual pensionable payroll in respect of these members was £1,434,470 (2012 - £1,438,623).

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

<b>2009 Valuation Assumptions</b>	<b>% pa</b>
Investment Return Pre Retirement	7.4
Investment Return Post Retirement - Non-Pensioners	4.6
Investment Return Post Retirement - Pensioners	4.8
Rate of Salary Increases	4.5

Loreburn Housing Association Limited  
Notes To The Financial Statements  
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Rate of Pension Increases	
Pension Accrued pre 6 April 2005 in Excess of GMP	2.9
Pension Accrued post 6 April 2005 (for leavers before 1 October 1993 Pension Increases are 5.0%)	2.2
Rate of Price Inflation	3.0
Mortality Tables	
Non-Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% pa minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% pa minimum improvement
Contribution Rates for Future Service (payable from 1 April 2011)	
	%
Final Salary 1/60ths	19.2
Career Average Revalued Earnings 1/60ths	17.1
Career Average Revalued Earnings 1/70ths	14.9
Career Average Revalued Earnings 1/80ths	13.2
Career Average Revalued Earnings 1/120ths	9.4
Additional Rate for Deficit Contributions *	10.4

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

## 22. Reconciliation of Movement in Accumulated Surplus

	2013 £	2012 £
Revenue Reserve Brought Forward	13,008,470	10,965,278
Shares Cancelled	35	22
Surplus for the Year	1,719,772	2,043,170
Transfer to Designated & Restricted Reserves	-	-
	14,728,277	13,008,470

## 23. Scottish Secure Tenancy Rents

	2013 £	2012 £
Average Scottish Secure Tenancy Rent for Housing Accommodation	3,699	3,535
Percentage Increase from Previous Year	4.7%	6%



**Loreburn Housing Association Limited**  
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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.

Dumfries & Galloway Homes

Dumfries & Galloway Homes Limited, a subsidiary of the Association, made a Gift Aid payment of £20,000 (2012 - £170,000) 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 £24,556 (2012 - £23,796).

The value of works and services provided by Dumfries & Galloway Homes during the year was £6,086. (2012 - £144,968).

At the end of the financial year the Association was owed £29,997 (2012 - £44,243) by Dumfries & Galloway Homes Limited and owed £2,951 (2012 - £10,279) to Dumfries & Galloway Homes Limited.

In addition to the above Dumfries & Galloway Homes Limited also owed the Association £1,790,771 (2012 - £1,346,278) the balance of loans outstanding at that date. The loans were made at arms length and at commercial rates. The Association received £37,406 (2012 - £25,722) in interest on the loans during the year.

One member of the Management Committee was a tenant of Dumfries & Galloway Homes. The rental agreement was on standard terms applicable to all Dumfries & Galloway Homes tenants. The income derived from the tenancy was £1,744.

During the year Loreburn sold a property to Dumfries & Galloway Homes Limited in the sum of £200,000. A loan was provided from the Association and is included in the loan balances above. The Scottish Housing Regulator granted consent for this disposal.

Loreburn Un Limited

During the year the Association was in receipt of Management Charges from Loreburn Un Limited in the sum of £16,006 (2012 - £Nil).

The value of works and services provided by Loreburn Un Limited during the year was £393,252. (2012 - £458,328).

At the end of the financial year the Association was owed £Nil (2012 - £120) by Loreburn Un Limited and owed £25,871 (2012 - £83,537) to Loreburn Un Limited.

**Loreburn Housing Association Limited**  
**Notes To The Financial Statements**  
**For The Year Ended 31 March 2013**

**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 from May 2011 and mainly provides maintenance services to Loreburn Housing Association Limited.

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.