



OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2011

RSL NO 213

FSA NO 2310 R (S)

CHARITY NO SCO33130

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

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OCHIL VIEW HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVE AND ADVISERS

Management Committee

Ewen Cameron (Vice Chairperson to August 2010,
Chairperson – From August 2010)
Teresa McNally (Chairperson to August 2010,
Vice Chairperson – from August 2010)
Tom Brown (Treasurer)
John Gallagher
Anna Forbes
Frank Riggs
Doreen Skelton
Graham McMurdo
Aileen Crichton
Bob Dunbar (Elected - August 2010)
Duncan Stirling (Elected - September 2010)
Alice Airnes (Elected – September 2010)
Helen Sullivan (Elected – September 2010)
Margaret Baxter (Elected – August 2010)
Morag Lister (Resigned - June 2010)
Toby Bundy (Resigned - August 2010)
Robert Sommerville (Resigned – August 2010)
Clackmannanshire Council Representative

Director and Secretary

George Tainsh M.A. (Hons.)

Registered Office

Ochil House,
Marshall,
Alloa,
Clackmannanshire
FK10 1AB

Auditors

Findlay & Company,
Chartered Accountants,
11 Dudhope Terrace,
Dundee
DD3 6TS

Principal Bankers

The Royal Bank of Scotland,
19 High Street,
Alloa.
FK10 1JF

Solicitors

Savage Law Practice,
1 Coalgate,
Alloa.
FK10 1EH

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

J.R. Stevenson & Marshall,
East Port,
Dunfermline.
KY12 7LG

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2011.

Principal activity

The principal activity of the Association is the provision, management and maintenance of quality rented accommodation throughout Clackmannanshire and West Fife.

Review of business and future business

Development

At the end of the year the Association had a total of 47 rented units under construction at Greygoran, Sauchie (20), Todds Yard Ph 1, Sauchie (25) and Acorn Lane, Tullibody (2).

During the year the Association completed 19 rented units at Ash Grove, Alloa (3), Cambus (16) and 8 shared equity units at The Glen Ph 2, Coalsnaughton.

Maintenance

The Association continues to maintain its housing properties to a very high standard and during 2010/2011 undertook considerable work installing a combination of new bathrooms, boilers, windows and external doors and door entry systems to many of our properties. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for almost £2m. As a result the Association continues to be on track to achieve the Scottish Housing Quality Standard (SHQS) by 2015.

Former Scottish Homes Properties

Following consultation with tenants the large scale voluntary transfer (LSVT) contract associated with the properties transferred from Scottish Homes in January 1998 in Tullibody was set aside in October 2010.

Corporate Performance

The Association continues to achieve a high level of performance against its objectives and targets for the year with a combination of 89% Key Performance Indicators and 88% of the annual work plan achieved during 2010/2011 compared to 82% and 88% respectively in 2009/2010. This represents excellent performance in both these measurable areas.

Risk Management

The Associations risk management process continues to quantify and compare the relative significance of a wide variety of risks facing the organisation and these are reviewed by the Management Committee each quarter. Risks associated with development and funding activities due to reduced public subsidy, increasing and more expensive private finance and the uncertain economic environment continue to dominate the agenda in this regard. Emerging risks relating to proposed welfare reform are also now being reflected through such a process.

Investors in People

In March 2011 the Association achieved a 10 year award from Investor in People to reflect 10 years of continued accreditation.

Future Business Growth and Activities

The Associations Corporate Management Plan, approved in May 2011, sets out the primary themes it believes will be key to organisational stability and future prosperity as follows; increased joint working, enhanced value for money, concentrating on core activities, continuous improvement of key services, increased tenant satisfaction and maintaining or improving financial strength.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

for the year ended 31 March 2011

As a result of the introduction of a competitive low subsidy regime in relation to new build development, by the Scottish Government and Clackmannanshire Councils plan to tender the care and repair service currently managed by the Association, we will review whether or not we continue to provide new build housing and carry out an options appraisal for the care & repair project during 2011/2012.

It is likely, therefore, that the next 2 to 3 years will be a period of consolidation for the Association following 22 years of growth as the protection of the Associations assets over the long term is considered of greater importance than any short term benefit likely to be gained through "innovative development".

Collaborative Working

Collaborative working arrangements with our Strath For Housing Alliance partners (Forth and Rural Stirling Housing Associations) progressed during 2010/2011 and included within the list of tangible outputs of this relationship were a shared design guide, a business continuity co-operation agreement, a joint tenant attitude survey, a joint tenant conference and joint staff training.

This new collaborative way of working will continue to be developed over the next few years and it is hoped that this forward thinking approach will bring meaningful and tangible benefits for the Associations, their tenants and the communities they serve whilst maintaining constitutional independence of each Association.

Donations

During the year the Association made charitable donations of £1,603.

Financial Management

The budget for 2011/2012 was approved by the Management Committee at their meeting on 31st March 2011. The committee made a decision to make a below inflation increase on rents of 3.75%. Despite this, the budget shows substantial investment in our properties and services during the year with total maintenance expenditure anticipated of £2.15m.

The budget for 2011/2012 shows that a surplus (before transfer to designated reserves) of £883,756 is expected to arise and net assets will increase to £7.3m.

Tenants Attitude Survey

The Association, in collaboration with Forth and Rural Stirling Housing Associations and Stirling Council, undertook a comprehensive independent tenant attitude survey during summer/autumn 2010 and although generally very positive this highlighted a couple of key service areas requiring improvement, namely repairs and overall value for money.

A detailed action plan has recently been approved by the Management Committee and this will form part of the Associations work plan for 2011/2012.

APSR Validation Visit

The Association received a formal APSR validation inspection from the Scottish Housing Regulator in September 2010 and with the exception of some aspects of the reactive maintenance response times supporting documentation the Regulator was satisfied with its findings and the accuracy of the information provided as part of the verification process.

Pensions Review

During the year the Association made important decisions about what benefit options to offer current and new staff members. Following a full staff consultation exercise and overwhelming support of all staff to continue with the Final Salary 60th scheme, the Management Committee also agreed to continue to offer the Final Salary 60th scheme to current and new staff members. The Committee also decided to introduce the CARE 1/60th pension option as an alternative to the Final Salary 1/60th scheme, should any existing staff or new staff prefer this pension option.

OCHIL VIEW HOUSING ASSOCIATION LIMITED
REPORT OF THE COMMITTEE OF MANAGEMENT
for the year ended 31 March 2011

Operating Financial Review

Financial Review

The Association made a surplus of £1,285,035 during the year and was higher than the budgeted surplus of £891,426. This was largely due to under spends on maintenance of which some work is deferred into 2011/12, lower priced contracts, lower interest rates and improved voids performance.

A transfer to the designated reserves was made of £119,715.

Net assets have increased significantly by £1.3m during the year to £6.3m.

The Management Committee have expressed their satisfaction with the financial results for the year.

Scottish Housing Quality Standard

In terms of long term viability of its existing stock, the Association's Standard Delivery Plan submitted to the Scottish Government as part of the Scottish Housing Quality Standard process confirms that the Association will be able to achieve the necessary standard targets on an annual basis up to completion in 2015.

The Association will continue its investment in its existing stock and for 2011/2012 this is expected to be in the region of £855,000.

Internal Audit

The Association reviewed its internal audit service provision during the year and following a competitive tender exercise and interview process appointed The Internal Audit Association as its new internal auditors. During the year the areas of payments and allocations and voids were reviewed as well as a review of outstanding action points from previous years.

The reports were considered by the Association's Audit & Corporate Governance Committee who regularly monitor progress against agreed action plans.

Voids & Re-lets

The Association re-let 102 properties during the year compared to 104 in 2010.

During 2010/11 the void rent loss was £14,802 or 0.33% of rents and service charges receivable. This is the lowest voids level in the Association's history.

Actual voids maintenance expenditure was half of the budget for the year.

Rent Arrears

The Association improved its rent arrears position during 2010/2011 with the current (non technical) rent arrears target of 2.8% being achieved with a year end position of 2.45%.

Treasury Management

The Association finalised its loan portfolio review during 2008/09 and has in place a consolidated, competitive long term lending arrangement with the Royal Bank of Scotland amounting to £27m. This includes a new £10m loan facility which will assist the Association with its future new build development and SHQS investment programme. The Association drew down £773,000 new funding during the year and plans to draw the remaining finance in April 2011 of £3.05m. During the year cash balances have been deliberately managed at a low level with loan draw downs only being made where essential. This has had an effect on the liquidity position at the end of the financial year however draw downs in the amount of £3m could have been made to boost cash balances.

The Committee of Management and Director

The Committee of Management and Director of the Association are listed on page 2.

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

Statement of Committee's responsibilities

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 ended on that date. In preparing those financial statements the Committee are required to:-

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent;
- * State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- * Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on internal financial controls

The Committee of Management 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:

- (i) The reliability of financial information used within the Association or for publication.
- (ii) The maintenance of proper accounting records, and
- (iii) The safeguarding of assets against unauthorised use or disposition.

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

- (i) 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. These policies and regulations are reviewed on a regular basis in accordance with a structured programme.
- (ii) Experienced and suitably qualified staff take responsibility for important business functions.

Statement on internal financial controls (continued)

- (iii) Forecasts and budgets are prepared which allow the Committee and Management 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.
- (iv) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management.
- (v) The Committee of Management reviews reports from management and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- (vi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2011 and also for the period up to the signing of this report. No significant control 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.

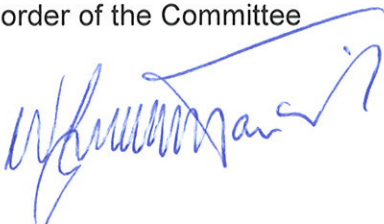
In so far as the Committee are aware:

- (i) There is no relevant audit information (information needed by the Associations auditors in connection with preparing their report) of which the Associations auditors are unaware, and
- (ii) The Committee have taken all steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Associations auditors are aware of that information.

Auditors

The auditors, Findlay & Company, have expressed their willingness to continue in office. A resolution to re-appoint the auditors will be proposed at the annual general meeting.

By order of the Committee



GEORGE TAINSH
Secretary

30 JUNE 2011

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCHIL VIEW HOUSING ASSOCIATION LIMITED

Independent Auditor's Report to the Members of Ochil View Housing Association Limited

We have audited the financial statements of Ochil View Housing Association Limited for the year ended 31 March 2011 which comprise Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the board and the auditor

As explained more fully in the Report of the Committee of Management, set out on pages 3 to 7, the Committee of Management is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 of Management 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 2011 and of its 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 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCHIL VIEW HOUSING ASSOCIATION LIMITED (continued)

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 require us to report to you if, in our opinion:

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

Joan Williamson.

JOAN WILLIAMSON, C.A. (senior statutory auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditors
11 Dudhope Terrace
Dundee
DD3 6TS

30 JUNE 2011

In addition to our audit of the financial statements for the year ended 31 March 2011, we have reviewed the Committee's statement on internal controls set out on pages 6 and 7. The object of our review is to draw attention to any non-compliance with the SFHA Publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

With respect to the Committee's statements on internal control on pages 6 and 7, in our opinion, the Committee have provided the disclosures required under the SFHA Publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Opinion

Based on enquiry of certain Committee Members and Officers of the Association, and examination of relevant documents, in our opinion the Committee's statement on pages 6 and 7 appropriately reflects the Association's compliance with the SFHA Publication "Raising Standards in Housing" specified for our review.

Joan Williamson

JOAN WILLIAMSON, C.A. (senior statutory auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditors
11 Dudhope Terrace
Dundee
DD3 6TS

30 JUNE 2011

OCHIL VIEW HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Turnover	2	4,864,629	5,945,358
Less: Operating costs	2	(3,013,385)	(4,416,196)
Operating surplus		<u>1,851,244</u>	<u>1,529,162</u>
Gain / (loss) on disposal of fixed asset	7	13,122	17,816
Interest receivable		564	405
Interest payable	8	(579,895)	(563,312)
Surplus / (deficit) on ordinary activities before taxation		<u>1,285,035</u>	<u>984,071</u>
Taxation	10	-	-
Surplus / (deficit) for the year after taxation		<u>£1,285,035</u> =====	<u>£ 984,071</u> =====

In each of the years ended 31 March 2011 and 31 March 2010, the only gain or loss recognised by the Association was the surplus or deficit for the year. All of the activities undertaken by the Association were continuing activities and the reported surplus or deficit was determined under the historical cost convention.

The notes on pages 14 to 32 form part of these financial statements

OCHIL VIEW HOUSING ASSOCIATION LIMITED

BALANCE SHEET

as at 31 March 2011

	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties - Costs less depreciation	11a	75,466,038	71,954,241
Less: HAG	11a	(44,329,388)	(42,419,328)
Less: Other Grants	11a	(1,560,245)	(1,339,296)
		<u>29,576,405</u>	<u>28,195,617</u>
Fixed Asset Investment		919,654	803,784
Less: Shared Equity Grant		(919,654)	(803,784)
		<u>-</u>	<u>-</u>
Other fixed assets	11b	499,543	514,063
Total fixed assets		<u>30,075,948</u>	<u>28,709,680</u>
Current Assets			
Debtors	12	1,314,031	1,231,865
Stock & Work In Progress	13	613,555	142,296
Cash at bank and in hand		849,808	207,476
		<u>2,777,394</u>	<u>1,581,637</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(2,612,479)	(2,108,667)
Net current assets / (liabilities)		<u>164,915</u>	<u>(527,030)</u>
Total assets less current liabilities		<u>30,240,863</u>	<u>28,182,650</u>
Creditors: amounts falling due after more than one year	15	(23,851,465)	(23,078,297)
Net assets		<u>£ 6,389,398</u>	<u>£ 5,104,353</u>
Capital and Reserves			
Called up share capital	16	66	56
Designated reserves	17	3,116,999	2,997,284
Revenue reserves	22	3,272,333	2,107,013
		<u>£ 6,389,398</u>	<u>£ 5,104,353</u>

The financial statements on pages 11 to 32 were approved by the Committee of Management on 30 June 2011 and were signed on its behalf by:

 Ewen Cameron Chairperson

 Tom Brown Treasurer

 George Tainsh Secretary

The notes on pages 14 to 32 form part of these financial statements

OCHIL VIEW HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2011

	Notes	2011 £	2010 £
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus after exceptional items		1,851,244	1,529,162
Depreciation charge		336,460	321,657
Decrease/(Increase) in debtors		(555,006)	(1,860,091)
(Decrease)/Increase in creditors		315,991	(1,244,557)
Net cash inflow from operating activities		£ 1,948,689	£ 2,466,353
CASH FLOW STATEMENT			
	25		
Net cash inflow from operating activities		1,948,689	2,466,353
Returns on investments and servicing of finance		(579,331)	(562,907)
Capital expenditure		(1,769,812)	(4,118,993)
Financing		773,178	2,810,055
(Decrease)/Increase in cash		£372,724	£ 594,508
Reconciliation of net cash flow to movement in net debt:			
	26		
(Decrease) / Increase in cash in the year		372,724	594,508
Cash inflow from increase in debt		(773,168)	(2,810,059)
Net debt at 1 April 2010		(400,444)	(2,215,551)
		(22,870,821)	(20,655,270)
Net debt at 31 March 2011		£ (23,271,265)	£ (22,870,821)

1. Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2008. A summary of the more important accounting policies which have been consistently applied are set out below.

Basis of Accounting

The financial statements are prepared on the historical cost basis of accounting.

Turnover

Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities and from The Scottish Ministers.

Mortgages

Mortgage loans are advanced by private lenders under the terms of individual mortgage deeds in respect of each property. Advances are available only in respect of those developments which have been given approval for housing association grant by The Scottish Ministers. Advances are also available for the improvement works in the Tullibody area.

Housing Association Grants

For schemes developed under the terms of the 1988 Housing Act, housing association grant (HAG) is paid directly to the Association as required, to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

Housing Association Grant - Acquisition and Development Allowances

Acquisitions and Development Allowances are intended to finance certain internal direct administrative costs relating to the acquisition and development of housing properties for approved schemes.

Tangible Fixed Assets - Housing Properties (Note 11a)

Housing properties are stated at cost less depreciation charges. The development costs of housing properties funded with traditional HAG or under earlier funding arrangements include the following:-

- i) Cost of acquiring land and buildings
- ii) Direct development expenditure
- iii) Interest charged on the mortgage loans raised to finance the scheme;

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

Depreciation

Housing Properties

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation in relation to shared ownership properties is charged on a straight line basis over the expected economic useful lives of the properties. This results in various annual depreciation rates. Depreciation is also charged on the Association's LSVT properties at the following rates :

Traditional Properties	- 2% straight line basis
Non – traditional Properties	- 2.5% straight line basis

In accordance with FRS 11, housing properties are reviewed for any impairment in value by comparing value in use as social housing with their net carrying value in the Balance Sheet, with any material difference charged to the Income and Expenditure Account.

Depreciation is not charged on new build housing properties which represents an override of Financial Reporting Standard 15. The Committee of Management consider that any depreciation charge required would be immaterial due to the long useful life and high residual value of the properties.

The Association has a policy of regular maintenance and repair (charges for which are made to the Income and Expenditure Account) such that the properties are retained at its previously assessed standard of performance. It is further considered that the properties are unlikely to suffer from technological or economic obsolescence due to changes in demand.

Shared Equity Properties (Note 13)

Grants are received from The Scottish Ministers for the construction of properties under the Shared Equity scheme. The Association holds no security over these properties. As such these are treated differently within the accounts. Whilst under construction or unsold the costs are held in Current Assets as Shared Equity for Sale or stock and work-in-progress. The corresponding grant is held in Current Liabilities as another creditor - shared equity. At the time of sale income goes through turnover and costs through cost of sales.

For properties where the first sale has been concluded, the element of the property not sold and relating grant is held as a Fixed Asset Investment and shown in the Balance Sheet.

Other Fixed Assets

Other fixed assets have been depreciated at the rates calculated to write off the costs of the assets over their anticipated useful lives using the following rates and basis:

Computer equipment	- 25% straight line basis
Office equipment	- 20% - 25 % straight line basis
Office furniture and fittings	- 20% - 25 % straight line basis
Leased office equipment	- 33% straight line basis
Office premises	- 80 years
Van	- 25% straight line basis
Property Furniture & Fittings	- 20% straight line basis
Tools	- 25% straight lien basis

Pensions (Note 20)

The Association operates a defined benefits pension scheme, the cost of which is written off on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Designated Reserves (Note 17)

(i) Major Repairs

In accordance with its policy of maintaining its properties to a high standard, the Association makes transfers to a reserve for future major repairs. Transfers to the Income and Expenditure Account from the Reserve are made to offset actual costs of major repairs which are charged to the Income and Expenditure Account when incurred. Provisions during 2010/11 have been made using the Scottish Governments guidance note HIGN 2010/04, which uses 0.8% or 0.9% of works costs for new build and rehabilitation properties respectively.

(ii) Cyclical Maintenance

An amount for future cyclical maintenance is transferred to a reserve. Transfers to the Income and Expenditure account are made to offset actual expenditure on cyclical maintenance which is charged to the Income and Expenditure account. Provisions are identified using The Scottish Governments guidance note HIGN 2010/04.

(iii) Furniture and White Goods

An amount for future purchases of furniture and white goods for the Association's properties is transferred to a reserve. Transfers to the Income and Expenditure account are made to offset actual expenditure on furniture and white goods which is charged to the Income and Expenditure account.

Leases (Note 24)

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

2. Particulars of Turnover, Operating Costs & Operating Surplus

		2011			2010	
		Turnover	Operating Costs	Operating Surplus/ (Deficit)	Operating Surplus	
		£	£	£	£	
Social Lettings	Note 3	4,421,209	2,440,785	1,980,424	1,716,045	
Other activities	Note 4	443,420	572,600	(129,180)	(186,883)	
		-----	-----	-----	-----	
		£ 4,864,629	£ 3,013,385	£ 1,851,244	£ 1,529,162	
		=====	=====	=====	=====	
		-----	-----	-----		
Total for previous period of account		£5,945,358	£4,416,196	£1,529,162		
		=====	=====	=====		

3. Particulars of Income & Expenditure from Lettings

	Housing Accommodation £	Shared Ownership £	2011 Total £	2010 Total £
Income from Lettings				
Rent receivable net of Identifiable Service Charges	4,245,288	46,807	4,292,095	4,128,959
Service charges receivable	120,027	23,889	143,916	141,533
Gross Rents Receivable	4,365,315	70,696	4,436,011	4,270,492
Less: Rent losses from voids	(14,802)	-	(14,802)	(20,517)
Total income from lettings	£ 4,350,513	£ 70,696	£ 4,421,209	£ 4,249,975
Authorities and other Agencies	-	-	-	-
Revenue grants from The Scottish Ministers	-	-	-	-
Total income from lettings	£ 4,350,513	£ 70,696	£ 4,421,209	£ 4,249,975
Expenditure on Letting Activities				
Services	122,654	22,269	144,923	148,364
Management & maintenance administration costs	1,052,441	29,143	1,081,584	1,095,676
Reactive maintenance costs	427,717	-	427,717	419,742
Planned cyclical maintenance including major repair costs	461,283	-	461,283	525,742
Depreciation of housing properties	305,467	4,088	309,555	294,007
Rent losses from bad debts	15,251	472	15,723	50,398
Total expenditure on lettings	£ 2,384,813	£ 55,972	£ 2,440,785	£ 2,533,929
Operating surplus on letting activities	£ 1,965,700	£ 14,724	£ 1,980,424	£ 1,716,045
Operating surplus on letting activities for previous year	£ 1,701,379	£ 14,667	£ 1,716,045	

Voids from completion to first letting amount to £33 (2010 - £282) in the year.

Total expenditure on works to existing properties amounted to £1,944,021 (2010 -£3,721,808) of which £1,105,021 (2010 - £2,776,324) was capitalised in the year.

OCHIL VIEW HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 for the year ended 31 March 2011

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

	2011			2010			
	Grants from Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating costs - Bad debts £	Other operating costs £	Operating Surplus/ Surplus/ (Deficit) £
Other activities							
Development and construction of property activities	-	-	-	-	-	85,374	(85,374)
Shared Equity	253,420	-	-	253,420	-	253,420	-
Care & Repair project	-	171,106	-	171,106	-	170,747	421
Other activities	-	-	18,894	18,894	63,059	-	(44,165)
TOTAL FROM OTHER ACTIVITIES	£253,420	£171,106	£18,894	£443,420	£63,059	£509,541	£(129,180)
Total for previous period of account	£1,515,331	£164,888	£15,164	£1,695,383	£119,082	£1,763,184	£(186,883)

5. Officers Emoluments

The aggregate amount of emoluments payable to, or receivable by the officers of the Association who total emoluments are £60,000 or more, excluding employer's pension contributions, during the period of account were:

	2011 £	2010 £
Aggregate emoluments payable to Officers (excluding pension contributions)	£ 65,054 =====	£ 64,319 =====
Emoluments payable to highest paid Officer (excluding pension contributions)	£ 65,054 =====	£ 64,319 =====
Pension Contributions to highest paid Officer	£ 9,211 =====	£ 9,009 =====
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:-		
£60,001 to £70,000	1	1
£71,001 to £80,000	-	-
£80,001 to £90,000	-	-

The Officers are ordinary members of the Association's pension scheme described in note 20. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's pension contributions for the Directors whose emoluments exceed £60,000 in the year amounted to £9,211. (2010 - £9,009).

No emoluments were paid to any member of the Committee of Management during the year.

6. Employee Information

The average number of persons per month employed during the year was:

	2011 No.	2010 No.
Office staff	30 =====	27 =====
	2011 £	2010 £
Staff costs (including directors' emoluments):-		
Wages and salaries	846,026	802,963
Social security cost	65,135	60,315
Pension costs (Note 20)	110,013	111,157
Temporary staff	41,179	72,914
	-----	-----
	£ 1,062,353 =====	£ 1,047,349 =====

7. Gain / (Loss) on Disposal of Fixed Assets

	2011 £	2010 £
Gross proceeds from the disposal of housing assets	68,375	159,750
Other fixed assets depreciation written off	17,954	7,327
	-----	-----
	86,329	167,077
Less:		
Cost of sales of housing assets	(56,089)	(141,897)
Other fixed assets written off during the year	(18,868)	(7,364)
Plus: Fixed Assets Adjustment	1,750	-
	-----	-----
Gain / (Loss) on Disposal of Fixed Assets	£ 13,122 =====	£ 17,816 =====

8. **Interest Payable**

	2011 £	2010 £
On loans and overdrafts	575,951	556,502
Non utilisation fees	3,944	6,810
	-----	-----
	£ 579,895	£ 563,312
	=====	=====

9. **Operating Surplus**

Operating Surplus is stated after charging:-

	2011 £	2010 £
Depreciation		
- non-housing properties	26,905	27,650
- housing properties	309,555	294,007
Auditors Remuneration	8,225	8,400
	=====	=====

10. **Taxation**

The Association has charitable status for taxation purposes and is not liable to Corporation Tax for the year.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

11a. Tangible Fixed Assets - Housing Properties

	Housing held for Letting £	Housing Properties in the Course of Construction £	Completed Shared Ownership Housing Properties £	Shared Ownership Properties in the course of Construction £	Total £
Cost					
At 1 April 2010	69,950,070	2,796,599	1,285,631	-	74,032,300
Additions	1,409,693	2,463,923	-	-	3,873,616
Transfers	2,309,934	(2,309,934)	-	-	-
Disposals	(18,933)	-	(35,291)	-	(54,224)
At 31 March 2011	73,650,764	2,950,588	1,250,340	-	77,851,692
Depreciation					
As at 1 April 2010	2,035,930	-	42,129	-	2,078,059
Adjustment for disposals	-	-	(1,960)	-	(1,960)
Charge for the year	305,467	-	4,088	-	309,555
At 31 March 2011	2,341,397	-	44,257	-	2,385,654
Cost less depreciation	71,309,367	2,950,588	1,206,083	-	75,466,038
Housing Association Grant					
As at 1 April 2010	38,899,534	2,524,388	995,406	-	42,419,328
Additions	86,649	1,847,035	-	-	1,933,684
Transfers	1,570,534	(1,570,534)	-	-	-
Disposals	-	-	(23,624)	-	(23,624)
At 31 March 2011	40,556,717	2,800,889	971,782	-	44,329,388
Other Grants					
As at 1 April 2010	1,299,656	-	39,640	-	1,339,296
Transfers	-	-	-	-	-
Grants received in year	75,355	145,594	-	-	220,949
At 31 March 2011	1,375,011	145,594	39,640	-	1,560,245
Total Grants	41,931,728	2,946,483	1,011,422	-	45,889,633
Net Book Values					
As at 31 March 2011	£ 29,377,639	£4,105	£ 194,661	£ -	£ 29,576,405
As at 31 March 2010	£ 27,714,950	£272,211	£ 208,456	£ -	£ 28,195,617

Development administration costs capitalised amounts to £72,946 (2010- £76,073) for which Housing Association Housing Grants amounting to £72,946 (2010 - £61,886) were received in the year.

OCHIL VIEW HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 for the year ended 31 March 2011

11b. Other Fixed Assets	Office Furniture & Fittings £	Office Equipment £	Computer Equipment £	Property Furniture & Fittings £	Office Premises £	Tools & Equipment £	Motor Vehicles £	Total £
Cost								
At 1 April 2010	45,973	27,897	82,471	16,900	902,230	2,189	8,815	1,086,475
Additions		1,512	10,355	1,073	-	359	-	13,299
Disposals	(497)	(1,751)	(15,642)	(978)	-	-	-	(18,868)
As at 31 March 2011	45,476	27,658	77,184	16,995	902,230	2,548	8,815	1,080,906
Depreciation								
At 1 April 2010	39,758	18,165	58,051	12,582	433,167	1,874	8,815	572,412
Charge for the year	2,092	3,706	12,928	2,047	5,937	195	-	26,905
Disposals	(460)	(1,050)	(15,466)	(978)	-	-	-	(17,954)
As at 31 March 2011	41,390	20,821	55,513	13,651	439,104	2,069	8,815	581,363
Net Book Value								
As at 31 March 2011	£ 4,086	£ 6,837	£ 21,671	£ 3,344	£ 463,126	£ 479	£ -	£ 499,543
As at 31 March 2010	£ 6,215	£ 9,732	£ 24,420	£ 4,318	£ 469,063	£ 315	£ -	£ 514,063

OCHIL VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2011

12. Debtors	2011 £	2010 £
Rents receivable	311,197	310,954
Provision for bad debts - Rents	(53,946)	(53,946)
Capital Grants receivable	727,138	755,779
Other grants receivable	45,272	18,212
Prepayments	38,416	38,627
Other debtors	455,316	349,226
Provision for bad debts - Recharges	(209,362)	(186,987)
	----- £1,314,031 =====	----- £1,231,865 =====
13. Stock & Work In Progress	2011 £	2010 £
Raw Materials	983	794
Shared - Equity	612,572	141,502
	----- £ 613,555 =====	----- £ 142,296 =====
14. Creditors	2011 £	2010 £
Amounts falling due within one year:		
Trade creditors	859,130	815,311
Capital expenditure on housing properties	706,977	788,764
Rent received in advance	43,229	42,269
Other creditors and accruals	733,535	462,323
Overdraft	269,608	-
	----- £ 2,612,479 =====	----- £ 2,108,667 =====
15. Creditors	2011	2010
Amounts falling due after more than one year:		
Housing loans	23,679,990	22,906,822
Non Housing loans	171,475	171,475
	----- £23,851,465 =====	----- £23,078,297 =====

15. **Creditors (contd.)**

Loans are secured by specific charges on the Association's properties and repayable at varying rates of interest in instalments due as follows:-

	2011 £	2010 £
due within one year	-	-
between one and two years	-	-
between two and five years	-	-
In five years or more	23,851,465	23,078,297
	<u>£ 23,851,465</u>	<u>£ 23,078,297</u>
	=====	=====

16. **Share Capital**

	2011 No.	2010 No.
At 1 April 2010	56	61
Issued during the year	16	3
Cancelled during the year	(6)	(8)
	<u>66</u>	<u>56</u>
At 31 March 2011	=====	=====

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

17. **Designated Reserves**

	At 1 April 2010 £	Transfer to/(from) Revenue Reserve £	At 31 March 2011 £
Cyclical maintenance reserve	516,954	51,456	568,410
Planned/Major repairs reserve	2,357,275	66,832	2,424,107
Furniture and white goods reserve	123,055	1,427	124,482
	<u>£ 2,997,284</u>	<u>£ 119,715</u>	<u>£ 3,116,999</u>
	=====	=====	=====

18. **Capital Commitments**

	2011 £	2010 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	£3,538,597 =====	£ 4,801,974 =====

The amount contracted for at 31 March 2011 will be funded by the proposed financing:

	2011 £	2010 £
HAG	1,345,433	2,075,132
Agreed overdraft	-	576,000
Agreed private loans	-	2,149,885
Own resources	2,193,164	957
	----- £3,538,597 =====	----- £4,801,974 =====

19. **Related Parties**

During the year there were four (2010 – Four) members of the Management Committee who were also tenants of the association. All tenancies are on normal commercial terms and their position as a committee member cannot be used to their advantage.

Councillor Tina Murphy is a councillor with Clackmannanshire Council and sits on the Committee of Management. The Committee can confirm that all transactions with Clackmannanshire Council are made on normal terms, and the Councillor is unable to use their position to any advantage.

20. **Pensions**

Ochil View Housing Association participates in the Scottish Housing Association's Pension Scheme (SHAPS) ('the Scheme').

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

The Scheme offers five benefit structures to employers, namely:

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

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

Ochil View Housing Association has elected to operate the final salary with a 1/60th accrual and career average revalued earnings with a 1/60th accrual rate to both existing and new members.

During the accounting period Ochil View Housing Association paid contributions at the rate of 15.4% of salaries. Member contributions were 7.7%.

As at the balance sheet date there were 23 active members of the Scheme employed by Ochil View Housing Association. The annual pensionable payroll in respect of these members was £714,367.

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 published formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

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

The key 2009 valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are :

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

The following mortality table was used:

Non- pensioners	SAPS (S1PA) All Pensioners year of birth Long cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners year of birth Long cohort with 1% p.a. minimum improvement

The contribution rates for future service (payable from 1 April 2011) are :

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum from 1 April 2011)
Final salary 1/60ths	19.2
Career average 1/60ths	17.1
Career average 1/70ths	14.9
Career average 1/80ths	13.2
Career average 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.)

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

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

21. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965.

22. Reconciliation of movement in accumulated surplus

	2011 £	2010 £
Revenue reserve b/fwd	2,107,013	1,022,097
Surplus / (deficit) for the year	1,285,035	984,071
Transfer (to) / from designated reserves	(119,715)	100,845
	-----	-----
Revenue reserve c/fwd	£ 3,272,333	£ 2,107,013
	=====	=====

23. Housing Stock

The number of units of accommodation in management at the year end was:-

	2011 No.	2010 No.
General needs	1,316	1,298
Shared ownership	29	30
Supported Accommodation	0	0
	-----	-----
	1,345	1,328
	=====	=====

24. **Financial Commitments**

The Association has annual commitments under non-cancellable operating leases as follows:

	2011	2010
	£	£
Payable during the year	£19,908	£20,881
<u>Expiry Date</u>		
Within 1 year	£20,366	£22,368
Between 2-5 years	£47,549	£68,195
Over 5 years	-	-
	=====	=====

NOTES TO THE CASH FLOW STATEMENT

25. **Gross cash flows**

Returns on investments and servicing of finance:

	2011	2010
	£	£
Interest received	564	405
Interest paid	(579,895)	(563,312)
	-----	-----
	£(579,331)	£(562,907)
	=====	=====

Capital investment and financial investment:

Payments to acquire tangible fixed assets	(3,955,403)	(8,535,343)
Receipts from sales of tangible fixed assets	68,375	159,750
Purchase of other fixed assets	(13,299)	(28,587)
Gain / (loss) on Sale of Properties	17,839	35,486
Depreciation on sales of Properties	(19,914)	(9,014)
Other grants received	220,949	(7,327)
Net capital grants received	1,911,641	4,266,042
	-----	-----
	£ (1,769,812)	£ (4,118,993)
	=====	=====

Financing:

Loans received	773,168	2,810,059
Loans repaid	-	-
Issue of ordinary share capital	16	3
Shares cancelled	(6)	(8)
	-----	-----
	£773,178	£ 2,810,054
	=====	=====

26. **Analysis of changes in net debt**

	At 1 April 2010 £	Cash Flows £	Other Changes £	At 31 March 2011 £
Cash in bank and in hand	207,476	372,724	-	580,200
Debt due within 1 year	-	(773,168)	773,168	-
Debt due after 1 year	(23,078,297)	-	(773,168)	(23,851,465)
	-----	-----	-----	-----
Total	£ (22,870,821)	£ (400,444)	£ -	£ (23,271,265)
	=====	=====	=====	=====

27. **Contingent Liability**

Ochil View Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for Ochil View Housing Association was £3,342,745.