



ALEXANDER SLOAN
CHARTERED ACCOUNTANTS

Ochil View Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No.213

FCA Reference No. 2310 R (S)

Scottish Charity No. SC033130

OCHIL VIEW HOUSING ASSOCIATION LIMITED

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OCHIL VIEW HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2013**

MANAGEMENT COMMITTEE

Ewen Cameron	Chairperson
Teresa McNally	Vice Chairperson
Tom Brown	Treasurer
John Gallagher	
Anna Forbes	
Frank Riggs	
Graham McMurdo	Resigned 29 November 2012
Aileen Crichton	
Bob Dunbar	
Duncan Stirling	
Alice Airnes	Resigned 29 November 2012
Helen Sullivan	Resigned 28 February 2013
Margaret Baxter	
Cllr Les Sharp	Joined 28 June 2012
Lindsay Stother	Appointed 23 August 2012

EXECUTIVE OFFICERS

George Tainsh M.A. (Hons)	Director and Secretary
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REGISTERED OFFICE

Ochil House
Marshall
Alloa
Clackmannanshire
FK10 1AB

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

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

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2310 R (S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033130.

Principal Activities

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 Developments

Development

During the year the Association completed 25 units at Millers Lade, Sauchie and at the end of the year the Association had a total of 20 rented units under construction at Greygoran, Sauchie.

The completion of the final 4 units of the development at Greygoran, Sauchie signalled the end of such a programme for the foreseeable future.

As previously indicated the Associations strategy for the next 2 to 3 years at least will involve the protection of its existing assets, with a focus on providing enhanced services to existing tenants, rather than building new homes at considerable risk.

Maintenance

The Association continues to maintain its housing properties to a very high standard and during 2012/2013 undertook considerable work installing in particular new boilers and kitchens to many of our properties. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for almost £1.2m. As a result the Association continues to be on track to achieve the Scottish Housing Quality Standard (SHQS) by 2015.

Financial Management

The budget for 2013/2014 was approved by the Management Committee at their meeting on 28th February 2013. Following consultation with our tenants, the Committee made a decision to make a below inflation increase on rents of 3.5%. Despite this, the budget shows substantial investment in our properties and services during the year with total maintenance expenditure anticipated of £1.9m.

The budget for 2013/2014 shows that a surplus of £402,111 is expected to arise and net assets will be around £5m at the end of the financial year. Cash balances are expected to remain healthy during the year.

Care and Repair Service

The Associations Care and Repair service ended on 31st July 2012 due to the withdrawal of local authority funding.

Collaborative Working

Collaborative working arrangements with our Strath For Housing Alliance partners (Forth and Rural Stirling Housing Associations) progressed during 2012/2013 and included within the list of tangible outputs of this relationship were joint tendering, contract information exchange, management cost benchmarking, maintenance cost benchmarking, innovation and investment fund information sharing, joint staff training and joint Committee events.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

This 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.

Corporate Performance

The Association continues to achieve a high level of performance against its objectives and targets for the year with achievement of 73% Key Performance Indicators. This represents continued excellence not only in terms of meeting the Associations strategic objectives but also in relation to service delivery and although down on previous years (from 85%) mitigating factors such as a high turnover in staff combined with a major staffing restructure require to be factored into such comparisons.

Staffing Restructure

The Association undertook a major staffing review during 2012/2013 with the key outcome being the creation of a Customer Services department formed through the integration of housing and property services. Implementation of this new customer focussed staff structure commenced on 1st May 2013 and the recruitment to new posts continues with a view to achieving full operational implementation within the next 2 months.

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 welfare reform, in particular the potential impact on rental income, the threat of contractor insolvency and the importance of having accurate property data on which to base future financial projections and be able to evidence compliance with SHQS emerged during the year as the key risks currently facing the Association.

Management & Maintenance Service

As part of the government's National Housing Trust 2 initiative the Association has been invited to provide a management and maintenance service following the completion of a 24 unit affordable housing project at The Glen, Coalsnaughton and it is envisaged that this will be formalised during 2013/2014.

Regulatory Assessment

Following the latest round of assessments of RSLs by the Scottish Housing Regulator the Association continues to be assessed as Low Engagement.

Future Business Growth and Activities

The Associations Corporate Management Plan, approved in July 2013, sets out the primary themes it believes will be key to organisational stability and future prosperity as follows; minimising the impact of welfare reform, compliance with the Scottish Housing Charter enhanced value for money, concentrating on core activities, continuous improvement of key services, increased tenant satisfaction, maintaining or improving financial strength and increased joint working.

Pensions

The poor funding position arising from the September 2012 final salary pension valuation will result in the Association undertaking some professional independent pension's advice during 2013/14 with a view to minimising future financial risks.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management 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 surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management 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 them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

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

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

Statement on Internal Financial Control

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Donations

During the year the Association made charitable donations amounting to £1,108 (2012: £1,049).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



GEORGE TAINSH

Secretary

25 July 2013

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
OCHIL VIEW HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 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 requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 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 members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management 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 "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
25 July 2013

INDEPENDENT AUDITORS' 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 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement and 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 and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on 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 Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2013 and of its profit 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, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

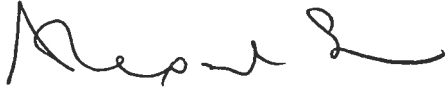
- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OCHIL VIEW HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
25 July 2013

OCHIL VIEW HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	2012 £
TURNOVER	2.	5,057,592	5,392,299
Operating Costs	2.	<u>(3,495,850)</u>	<u>(3,849,928)</u>
OPERATING SURPLUS	9.	1,561,742	1,542,371
Loss On Sale Of Housing Stock	7.	(4,226)	(6,256)
Interest Receivable and Other Income		63,096	20,778
Interest Payable and Similar Charges	8.	<u>(606,657)</u>	<u>(645,967)</u>
		<u>(547,787)</u>	<u>(631,445)</u>
SURPLUS FOR YEAR		<u>1,013,955</u>	<u>910,926</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2013 £	2012 £
Surplus for the financial year		1,013,955	910,926
Prior year adjustment	23	<u>-</u>	<u>(3,745,395)</u>
Total gains and losses recognised since last		<u>1,013,955</u>	<u>(2,834,469)</u>


OCHIL VIEW HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		71,685,917		71,565,844
Less: Social Housing Grant	11.(a)		(43,614,553)		(43,464,001)
: Other Public Grants	11.(a)		(1,239,553)		(1,243,408)
			<u>26,831,811</u>		<u>26,858,435</u>
Other fixed assets	11.(b)		475,583		489,369
			<u>27,307,394</u>		<u>27,347,804</u>
FIXED ASSET INVESTMENTS					
Shared Equity Cost	22.	1,219,958		1,214,234	
Shared Equity Grant	22.	(1,219,958)		(1,214,234)	
			-		-
CURRENT ASSETS					
Debtors	14.	525,222		591,622	
Stock & Work in Progress		-		1,249	
Cash at bank and in hand		4,701,579		4,037,300	
		<u>5,226,801</u>		<u>4,630,171</u>	
CREDITORS: Amounts falling due within one year	15.	(1,063,499)		(1,521,230)	
NET CURRENT ASSETS			<u>4,163,302</u>		<u>3,108,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,470,696</u>		<u>30,456,745</u>
CREDITORS: Amounts falling due after more than one year	16.	(26,901,818)		(26,901,818)	
NET ASSETS			<u>4,568,878</u>		<u>3,554,927</u>
CAPITAL AND RESERVES					
Share Capital	18.		64		66
Designated Reserves	19.(a)		110,599		120,745
Revenue Reserves	19.(b)		4,458,219		3,434,118
			<u>4,568,882</u>		<u>3,554,929</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 25 July 2013.


Ewen Cameron
Chairperson


Tom Brown
Treasurer


George Tainsh
Secretary

OCHIL VIEW HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2013

	Notes	2013 £	2012 £
Net Cash Inflow from Operating Activities	17.	2,107,471	2,109,500
Returns on Investment and Servicing of Finance			
Interest Received		51,315	20,778
Interest Paid		(566,346)	(645,967)
Net Cash Outflow from Investment and Servicing of Finance		(515,031)	(625,189)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(789,148)	(2,932,660)
Purchase of Other Fixed Assets		(13,968)	(18,034)
Social Housing Grant Received		(133,151)	1,779,220
Social Housing Grant Repaid		(17,194)	-
Proceeds on Disposal of Properties		24,637	93,910
Proceeds on Disposal of Other Fixed Assets		663	-
Net Cash Outflow from Capital Expenditure and Financial Investment		(928,161)	(1,077,564)
Net Cash Inflow before use of Liquid Resources and Financing		664,279	406,747
Financing			
Loan Advances Received		-	3,050,351
Net Cash Inflow from Financing		-	3,050,351
Increase in Cash	17.	<u>664,279</u>	<u>3,457,098</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by the 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.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Main Structure	60 years
Roofs	50 years
Kitchen	15 years
Bathroom	30 years
Heating	15 years
Windows & Doors	30 years
Lifts	30 years

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Motor vehicles	25 % straight line basis
Computer equipment	25% straight line basis
Furniture, fittings & equipment	20 - 25% straight line basis
Office premises	80 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Furniture and White Goods Reserve has been designated for future purchases of furniture and white goods for the Association's properties. 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

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	4,850,118	3,251,251	1,598,867	4,618,014	2,930,115	1,687,899
Other Activities	4.	207,474	244,599	(37,125)	774,285	919,813	(145,528)
Total		5,057,592	3,495,850	1,561,742	5,392,299	3,849,928	1,542,371

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2013 Total £	2012 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	4,674,584	47,183	4,721,767	4,475,295
Service Charges Receivable	139,503	9,969	149,472	156,656
Gross Rents Receivable	4,814,087	57,152	4,871,239	4,631,951
Less: Rent losses from voids	19,914	1,207	21,121	13,937
Total Income From Social Letting	4,794,173	55,945	4,850,118	4,618,014
Expenditure on Social Letting Activities				
Service Costs	166,440	10,277	176,717	160,971
Management and maintenance administration costs	1,234,962	36,021	1,270,983	1,155,958
Reactive Maintenance	507,392	-	507,392	457,598
Bad Debts - Rents and Service Charges	127,593	619	128,212	21,596
Planned and Cyclical Maintenance, including Major Repairs	277,168	-	277,168	321,079
Depreciation of Social Housing	890,779	-	890,779	812,913
Operating Costs of Social Letting	3,204,334	46,917	3,251,251	2,930,115
Operating Surplus on Social Letting Activities	1,589,839	9,028	1,598,867	1,687,899
2012	1,667,539	20,361		

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2013 £	Operating Surplus /(Deficit) 2012 £
Care and Repair Project	-	93,256	-	-	93,256	-	93,256	-	-
Factoring	-	-	-	14,356	14,356	-	14,378	(22)	-
Development and construction of property activities	-	-	-	-	-	-	47,950	(47,950)	(74,107)
Other Income	-	-	-	99,862	99,862	89,015	-	10,847	-
Other Activities	-	-	-	-	-	-	-	-	(71,421)
Total From Other Activities	-	93,256	-	114,218	207,474	89,015	155,584	(37,125)	(145,528)
2012	357,000	402,965	-	14,320	774,285	85,741	834,072	(145,528)	

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2013	2012
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>127,995</u>	<u>65,104</u>
Compensation payable to Officers for loss of Office	<u>23,386</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>23,120</u>	<u>12,439</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>66,934</u>	<u>65,104</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	1
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-

6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average total number of Employees employed during the year was	<u>25</u>	<u>29</u>
Staff Costs were:	£	£
Wages and Salaries	794,707	841,632
Social Security Costs	61,497	66,952
Other Pension Costs	143,439	148,634
Temporary, Agency and Seconded Staff	50,014	13,060
	<u>1,049,657</u>	<u>1,070,278</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	24,637	119,100
Cost of Sales	<u>28,863</u>	<u>125,356</u>
Loss On Sale Of Housing Stock	<u>(4,226)</u>	<u>(6,256)</u>

8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>606,657</u>	<u>645,967</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £nil (2012 £nil).

9. SURPLUS FOR YEAR

	2013	2012
	£	£
Surplus for year is stated after charging / (crediting):-		
Depreciation - Tangible Owned Fixed Assets	908,899	812,913
Auditors' Remuneration - Audit Services	8,101	11,950
Operating Lease Rentals - Other	28,958	26,510
Gain on sale of fixed assets	<u>(379)</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2012	70,928,930	5,046,069	1,253,340	77,228,339
Additions	403,473	783,573	-	1,187,046
Disposals	(187,616)	-	(35,293)	(222,909)
Schemes Completed	3,075,596	(3,075,596)	-	-
As at 31st March 2013	74,220,383	2,754,046	1,218,047	78,192,476
DEPRECIATION				
As at 1st April 2012	5,662,495	-	-	5,662,495
Charge for Year	881,429	-	-	881,429
Disposals	(37,365)	-	-	(37,365)
As at 31st March 2013	6,506,559	-	-	6,506,559
SOCIAL HOUSING GRANT				
As at 1st April 2012	38,816,541	3,675,678	971,782	43,464,001
Additions	141,962	169,260	-	311,222
Disposals	(137,046)	-	(23,624)	(160,670)
Schemes Completed	1,854,930	(1,854,930)	-	-
As at 31st March 2013	40,676,387	1,990,008	948,158	43,614,553
OTHER CAPITAL GRANTS				
As at 1st April 2012	1,203,768	-	39,640	1,243,408
Disposals	(3,855)	-	-	(3,855)
As at 31st March 2013	1,199,913	-	39,640	1,239,553
NET BOOK VALUE				
As at 31st March 2013	25,837,524	764,038	230,249	26,831,811
As at 31st March 2012	25,246,126	1,370,391	241,918	26,858,435

Additions to housing properties includes capitalised development administration costs of £4,966 (2012 - £41,420) and capitalised major repair costs to existing properties of £412,211 (2012 - £416,426)

All land and housing properties are freehold.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Motor Vehicles £	Computer Equipment £	Office Premises £	Furniture, Fittings & Equipment £	Total £
COST					
As at 1st April 2012	8,815	86,728	902,230	95,636	1,093,409
Additions	-	12,204	-	1,764	13,968
Eliminated on Disposals	(8,815)	(5,131)	-	(3,193)	(17,139)
As at 31st March 2013	-	93,801	902,230	94,207	1,090,238
AGGREGATE DEPRECIATION					
As at 1st April 2012	8,815	64,321	445,041	85,863	604,040
Charge for year	-	15,331	5,938	6,201	27,470
Eliminated on disposal	(8,815)	(5,131)	-	(2,909)	(16,855)
As at 31st March 2013	-	74,521	450,979	89,155	614,655
NET BOOK VALUE					
As at 31st March 2013	-	19,280	451,251	5,052	475,583
As at 31st March 2012	-	22,407	457,189	9,773	489,369

12. CAPITAL COMMITMENTS

	2013 £	2012 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	323,263	841,011

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Other		
Expiring within one year	22,493	24,132
Expiring between two and five years	17,124	38,139

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2013	2012
	£	£
Arrears of Rent & Service Charges	218,244	190,090
Less: Provision for Doubtful Debts	<u>(151,845)</u>	<u>(53,946)</u>
	66,399	136,144
Social Housing Grant Receivable	120,598	114,076
Other Debtors	<u>338,225</u>	<u>341,402</u>
	<u>525,222</u>	<u>591,622</u>

15. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Trade Creditors	338,736	219,676
Rent in Advance	50,006	69,442
Social Housing Grant in Advance	397,898	835,749
Other Creditors	<u>276,859</u>	<u>396,363</u>
	<u>1,063,499</u>	<u>1,521,230</u>

At the balance sheet date there were pension contributions outstanding of £48,038 (2012 - £17,297)

16. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Housing Loans	<u>26,901,818</u>	<u>26,901,818</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	-	-
Between one and two years	-	-
Between two and five years	498,177	178,114
In five years or more	<u>26,403,641</u>	<u>26,723,704</u>
	26,901,818	26,901,818
Less: Amount shown in Current Liabilities	-	-
	<u>26,901,818</u>	<u>26,901,818</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	1,561,742	1,542,371
Depreciation	918,249	841,165
Change in Stock	1,249	-
Change in Debtors	84,703	676,377
Change in Creditors	(458,089)	(950,413)
Gain on sale of fixed assets	(379)	-
Share Capital Written Off	(4)	-
Net Cash Inflow from Operating Activities	2,107,471	2,109,500

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase in Cash	664,279		3,457,098	
Cash flow from change in debt	-		(3,050,351)	
Movement in net debt during year	664,279		406,747	
Net debt at 1st April 2012		(22,864,518)		(23,271,265)
Net debt at 31st March 2013	(22,200,239)		(22,864,518)	

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	4,037,300	664,279	-	4,701,579
	4,037,300	664,279	-	4,701,579
Debt: Due within one year	-	-	-	-
Due after more than one year	(26,901,818)	-	-	(26,901,818)
Net Debt	(22,864,518)	664,279	-	(22,200,239)

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

	2013	2012
Shares of £1 each Issued and Fully Paid	£	£
At 1st April 2012	64	66
Issued in year	-	2
Cancelled in year	(4)	(4)
At 31st March 2013	<u>60</u>	<u>64</u>

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.

19. RESERVES

(a) Designated Reserves	Furniture and White Goods Reserve	Total
	£	£
At 1st April 2012	120,745	120,745
Transfer to Revenue Reserves	(10,146)	(10,146)
At 31st March 2013	<u>110,599</u>	<u>110,599</u>
(b) Revenue Reserves		Total
		£
At 1st April 2012		3,434,118
Surplus for the year		1,013,955
Transfer from Designated Reserves		10,146
At 31st March 2013		<u>4,458,219</u>

20. HOUSING STOCK

	2013	2012
The number of units of accommodation in management at the year end was:-	No.	No.
General Needs - New Build	1,340	1,315
Shared Ownership	28	29
	<u>1,368</u>	<u>1,344</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

2 members are tenants of the Association

1 member is a relevant local councillor

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

22. FIXED ASSET INVESTMENT

	2013 £	2012 £
Shared Equity Properties		
Development Cost of Shared Equity Property	1,219,958	1,214,234
Less: Grants Receivable	1,219,958	1,214,234
	<u>-</u>	<u>-</u>

23. PRIOR YEAR ADJUSTMENT

The prior year adjustment in 2012 was in relation to the adoption of Component Accounting required under the Statement of Recommended Practice (Update 2010).

This resulted in a reduction of £3,745,395 in the Association's reserves as at 1 April 2011.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Ochil View Housing Association Limited participates in the Scottish Housing Association Pension Scheme (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 Limited 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.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Ochil View Housing Association Limited paid contributions at the rate of 20% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 17 active members of the Scheme employed by Ochil View Housing Association Limited. The annual pensionable payroll in respect of these members was £560,955. Ochil View Housing Association Limited 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 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.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The valuation is due to be finalised by December 2013. However, draft results have been published. The market value of the Scheme's assets at the valuation date was £394m. The draft valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2012 have not yet been published, but the assumptions at 2009 were as follows:

	% p.a.
- 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	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	18.1	20.6
Pensioners	18.1	20.6

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees are currently reviewing the progress of the Recovery Plan and will be supplying updated contribution figures to members in due course. However, they have indicated that the deficit will be based on each member's share of the deficit and that the average increase would (if there is no change in the recovery plan period) be in the region of 153%.

As a result of Pension Scheme legislation 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 currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

