

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**



**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**

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**ORE VALLEY HOUSING ASSOCIATION**  
**MEMBERS, EXECUTIVES AND ADVISERS**

**Management Committee**

T Allan (Chair)  
M Donaldson (Vice Chair)  
R Eals  
M Marshall  
T Nisbet  
K Pattenden (Secretary)  
C Reilly  
A Wallace  
J Veale  
A Davidson

**Registered Office**

114-116 Station Road  
Cardenden  
Fife  
KY5 0BW

**Finance Agents**

Chiene + Tait  
Chartered Accountants  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Auditors**

Bird Simpson & Company  
144 Nethergate  
Dundee  
DD1 4EB

**Bankers**

Royal Bank of Scotland  
197 Station Road  
Cardenden  
KY5 0BN

**Solicitors**

Baird & Company  
2 Park Place  
Kirkcaldy  
KY1 1XL

**Chief Executive**

A Saunders

# **ORE VALLEY HOUSING ASSOCIATION LIMITED**

## **REPORT of the MANAGEMENT COMMITTEE**

### **For the year ended 31 March 2010**

The Management Committee present their report and the audited consolidated financial statements for the year ended 31 March 2010.

#### **Principal activities**

The principal activity of the Association is to provide affordable rented housing and related housing services.

#### **Review of the business and future developments**

The Association accepted handover of 41 new build houses during the year, 20 in Cardenden and 21 in Lochgelly. The Association also completed the construction of six retail units in Main Street Lochgelly as part of the continuing regeneration of the town.

Two sites are currently at various stages of the development process which will see the future provision of 46 houses for rent. Work on the first phase in South Street Lochgelly will be expected to commence in November 2010.

The Association continues to be an active participant in the Fife Housing Association Alliance along with the three other Fife based Housing Associations. The Alliance will be entering its fourth year of operation and it is through the Alliance that future development projects will be delivered.

In addition the Association participated in the Mortgage to Rent Scheme (renamed the Home Ownership Support Fund) operated by the Scottish Government and 18 properties were purchased with a further 16 budgeted for the year ahead. Changes to the scheme introduced from April 2009 will continue to impact on the extent of the Association's future involvement in the scheme.

The Association also completed its annual planned maintenance programme, involving the refurbishment of a block of tenement flats, the annual repainting programme and various environmental improvements. The programme of major maintenance and improvement will continue in coming years.

During the year the Association's trading subsidiary company (Ore Valley Enterprises Ltd) continued to work on the development and delivery of wider regeneration projects for the benefit of the communities within which we work.

Fife HARCA (Housing Association Regeneration Community Alliance Ltd), a charitable subsidiary of Ore Valley Housing Association, successfully bid for funding towards the cost of developing a new business centre in Lochgelly, construction was underway by the end of the year and the building which will provide business development and incubation space will be completed during 2010.

Both subsidiaries continue to develop new and existing projects on the basis of benefit to the community.

#### **Changes in fixed assets**

Details of fixed assets are set out in notes 11 to 14 on pages 18 to 20.

# ORE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT of the MANAGEMENT COMMITTEE

### For the year ended 31 March 2010

#### **The Management Committee and Executive Officer**

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee 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 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 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 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 of internal financial control**

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

1. the reliability of financial information used within the Association or provided for external users;
2. the maintenance of proper accounting records; and
3. the safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures which the Committee has established and which are designed to provide effective financial control include the following:

1. Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
2. A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
3. A strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.
4. The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2010. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT of the MANAGEMENT COMMITTEE**

**For the year ended 31 March 2010**

**Disclosure of information to auditors**

As far as each of the Governors, at the time the report is approved, are aware:

- there is no relevant information of which the auditors are unaware; and
- the Governors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of the information.

**Auditors**

A resolution to re-appoint Bird Simpson & Co as auditors will be proposed at the annual general meeting.

**BY ORDER OF THE COMMITTEE**

*K Pattenden*

**K PATTENDEN**  
**Secretary**

24 / 8 / 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ORE VALLEY HOUSING ASSOCIATION LIMITED**

We have audited the consolidated financial statements of Ore Valley Housing Association Limited for the year ended 31 March 2010 on pages 8 to 26. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

**Respective responsibilities of directors and auditors**

As described on page 3 the Association's Management Committee are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, schedule 7 the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Registered Social Landlords SORP 2008. We also report to you if, in our opinion, the committee of management report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the management committee report and considered whether it is consistent with the audited financial statements. If we became aware of any apparent misstatements within the financial statements, we considered the implications for our report. Our responsibilities in this respect do not extend to a consideration of any other information.

**Basis of audit opinion**


We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ORE VALLEY HOUSING ASSOCIATION LIMITED (Contd.)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the association's and the group's affairs as at 31 March 2010 and of its deficit for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, schedule 7 the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Registered Social Landlords SORP 2008.

  
Murray Dalgety (Senior Statutory Auditor)  
For and on behalf of  
Bird Simpson & Co  
Chartered Accountants and  
Registered Auditors  
144 Nethergate  
Dundee DD1 4EB

31<sup>st</sup> August 2010



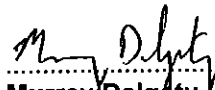
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ORE VALLEY HOUSING ASSOCIATION LIMITED**

In addition to our audit of the consolidated financial statements, we have reviewed the Committee's statement on internal financial controls set out on page 3. The object of our review is to draw attention to any non-compliance with Scottish Homes Guidance Note 2001/10.

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 page 3 in our opinion the Committee have provided the disclosures required under Scottish Homes Guidance Note 2001/10 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.

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 page 3 appropriately reflects the Association's compliance with the Scottish Homes Guidance Note 2001/10 specified for our review.

  
Murray Dalgaty (Senior Statutory Auditor)  
For and on behalf of  
Bird Simpson & Co  
Chartered Accountants and  
Registered Auditors  
144 Nethergate  
Dundee DD1 4EB

31<sup>st</sup> August 2010

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**INCOME and EXPENDITURE ACCOUNT**

**For the year ended 31 March 2010**

	Notes	2010 £	Group 2009 £	2010 £	Association 2009 £
Turnover	2	3,741,069	1,829,520	1,949,492	1,775,809
<u>Less: Operating costs</u>	2	<u>1,474,016</u>	<u>1,384,140</u>	<u>1,430,450</u>	<u>1,340,607</u>
Operating surplus		2,267,053	445,380	519,042	435,202
Gain on sale of properties	8	-	3,619	-	3,619
		<u>2,267,053</u>	<u>448,999</u>	<u>519,042</u>	<u>438,821</u>
Interest receivable		520	14,724	15,319	30,244
Interest payable	9	(483,581)	(468,842)	(483,581)	(468,842)
Surplus/(deficit) for year before tax		<u>1,783,992</u>	<u>(5,119)</u>	<u>50,780</u>	<u>223</u>
Tax on ordinary activities	10	1,422	-	-	-
Surplus/(deficit) for year		<u>1,785,414</u>	<u>(5,119)</u>	<u>50,780</u>	<u>223</u>

The Association and Group have no recognised gains and losses other than those included in the deficits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the results as disclosed above and their historical cost equivalents.

The notes on pages 11 to 26 form part of these financial statements.


ORE VALLEY HOUSING ASSOCIATION LIMITED


BALANCE SHEET

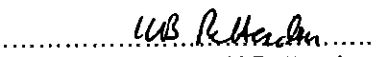
As at 31 March 2010

	Notes	2010 £	Group 2009 £	2010 £	Association 2009 £
<b>Fixed assets</b>					
Housing properties	11	30,178,488	24,279,328	30,178,488	24,279,328
<u>Less: Grants</u>	12	<u>19,694,278</u>	<u>15,857,680</u>	<u>19,694,278</u>	<u>15,857,680</u>
		10,484,210	8,421,648	10,484,210	8,421,648
Other	13	1,953,336	824,618	892,175	548,643
Investments	14	-	-	1	1
		<u>12,437,546</u>	<u>9,246,266</u>	<u>11,376,386</u>	<u>8,970,292</u>
<b>Current assets</b>					
Debtors	15	393,881	520,652	666,182	823,051
Cash at bank and in hand		1,370,534	663,767	390,152	631,198
		<u>1,764,415</u>	<u>1,184,419</u>	<u>1,056,334</u>	<u>1,454,249</u>
<b>Creditors: amounts falling due within one year</b>	16	(948,187)	(1,248,616)	(908,773)	(1,237,665)
<b>Net current assets/(liabilities)</b>		<u>816,228</u>	<u>(64,197)</u>	<u>147,561</u>	<u>216,584</u>
<b>Total assets less current liabilities</b>		<u>13,253,774</u>	<u>9,182,069</u>	<u>11,523,947</u>	<u>9,186,876</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(11,135,567)	(8,849,273)	(11,135,567)	(8,849,273)
		<u>2,118,207</u>	<u>332,796</u>	<u>388,380</u>	<u>337,603</u>
<b>Capital and reserves</b>					
Share capital (non-equity)	18	69	72	69	72
Designated reserves	19	254,908	254,908	254,908	254,908
Restricted reserves	20	1,750,000	-	-	-
Revenue reserves	21	113,230	77,816	133,403	82,623
		<u>2,118,207</u>	<u>332,796</u>	<u>388,380</u>	<u>337,603</u>

Approved by the Management Committee and signed on its behalf by:

  
 T Allan  
 Chair

  
 M Donaldson  
 Vice Chair

  
 K Pattenden  
 Secretary

24 / 8 / 2010

The notes on pages 11 to 26 form part of these financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**CONSOLIDATED CASHFLOW STATEMENT**

**For the year ended 31 March 2010**

	2010 £	2009 £
<b>Net cash inflow from operating activities</b>	2,257,923	427,482
<b>Returns from investments and servicing of finance:</b>		
Interest received	520	14,724
Interest paid	(483,581)	(468,842)
<b>Net cash outflow from returns from investments and servicing of finance</b>	(483,061)	(454,118)
<b>Capital expenditure</b>		
Payments to acquire and develop housing properties	(6,060,647)	(7,261,586)
HAG and other grants received	3,836,598	5,142,783
Payments to acquire other fixed assets	(1,156,129)	(619,440)
Sale of properties	-	61,230
	(3,380,178)	(2,677,013)
<b>Net cash outflow before financing</b>	(1,605,316)	(2,703,649)
<b>Financing</b>		
Net proceeds from shares issued	-	2
Shares cancelled	(3)	-
Mortgage loans repaid	(187,914)	(117,594)
New loans received	2,500,000	3,000,000
<b>Net cash inflow from financing</b>	2,312,083	2,882,408
<b>Increase in cash</b>	706,767	178,759
	=====	=====

The notes on pages 11 to 26 form part of these financial statements.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT**

**For the year ended 31 March 2010**

**Reconciliation of surplus for the year to net cash flow from operating activities**

	2010 £	2009 £
Operating surplus/(deficit) for the year	1,783,992	(5,119)
Depreciation	176,532	142,821
Interest received	(520)	(14,724)
Interest paid	483,581	468,842
Loss/(gain) on sale of properties	12,366	(29,626)
Loss on disposal of fixed assets	-	222
Decrease/(increase) in debtors	153,387	(255,837)
(Decrease)/increase in creditors	(326,221)	119,646
(Decrease)/increase in provision for bad debts	(25,194)	1,257
<b>Net cash inflow from operating activities</b>	<b>2,257,923</b>	<b>427,482</b>
	=====	=====

	At 1 April 2009 £	Cash Flows £	Non Cash Flows £	At 31 March 2010 £
<b>Analysis of changes in debt</b>				
Cash at bank and in hand	663,767	706,767	-	1,370,534
Debt due within one year	(193,748)	193,748	(217,540)	(217,540)
Debt due after one year	(8,843,606)	(2,505,834)	217,540	(11,131,900)
	(8,373,587)	(1,605,319)	-	(9,978,906)
	=====	=====	=====	=====

**Reconciliation of net cash to movement in net debt**

	2010 £	2009 £
Increase in cash	706,767	178,759
Loans repaid	187,914	117,594
Loan received	(2,500,000)	(3,000,000)
<b>Change in net debt</b>	<b>(1,605,319)</b>	<b>(2,703,647)</b>
Net debt at 1 April 2009	(8,373,587)	(5,669,940)
<b>Net debt at 31 March 2010</b>	<b>(9,978,906)</b>	<b>(8,373,587)</b>
	=====	=====

# ORE VALLEY HOUSING ASSOCIATION

## NOTES to the FINANCIAL STATEMENTS

### For the year ended 31 March 2010

The Association is incorporated under the Industrial and Provident Societies Acts and registered with the Financial Services Authority. The Financial Statements have been prepared in compliance with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

#### **1. Principal Accounting Policies**

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Accounting Policies which have been applied consistently is set out below.

##### **Basis of Accounting**

The Financial Statements are prepared on the historical cost basis of accounting.

##### **Consolidation**

The group financial statements consolidate the financial statements of Ore Valley Housing Association Limited and its subsidiaries, Ore Valley Enterprises Limited and Fife HARCA Limited, made up to 31 March 2010.

##### **Turnover**

Turnover represents rental income (net of voids) and revenue based grants received from Communities Scotland in respect of the Association. Group turnover also includes the income generated from furniture re-cycling and redistribution during the year.

##### **Tangible Fixed Assets – Housing Properties**

Housing properties including developments in progress are stated at cost less aggregate depreciation.

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.

##### **Social Housing Grant**

Housing Association Grant (HAG) is receivable in respect of qualifying development costs as determined by Communities Scotland from time to time. The Grant is paid direct to the Association and is shown as a deduction from housing property cost in the period in which it is receivable. Costs not funded by HAG are financed by long-term loans or internal funding.

HAG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Other social housing grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

##### **Depreciation and impairment of fixed assets**

###### **a. Housing properties**

Depreciation is provided on a straight line basis on housing properties at rates calculated to write off the cost less HAG to their residual values over their expected useful economic lives as follows:

New build properties	-	75 years
Stock transfer properties	-	60 years
Property improvements	-	20 years

In the case of properties with an expected useful economic life of more than 50 years, impairment reviews are carried out on an annual basis in accordance with FRS11. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Income and Expenditure Account.

# ORE VALLEY HOUSING ASSOCIATION

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2010

#### 1. Principal Accounting Policies (Contd.)

##### Depreciation and impairment of fixed assets (Contd.)

b. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Land and Buildings	-	2% & 20%(ramp) per annum - straight line
Office equipment	-	25% per annum - straight line
Computer equipment	-	20% - 25% per annum - straight line
Motor vehicles	-	20% - 33.3% per annum - straight line

Assets in the course of construction are not depreciated.

##### Works to existing housing properties

Where works to existing housing properties enhance the economic benefit of owning the properties, the cost of such works is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties.

Depreciation is provided on capitalised works on a straight line basis over 20 years.

The cost of all other works to existing housing properties is written off to the Income and Expenditure Account in the year in which it is incurred.

##### Capitalisation of development overheads

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour costs of the Association and the incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development overheads are written off to the Income and Expenditure Account.

##### Development interest

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Income and Expenditure Account in the period in which it accrues.

##### Sale of Housing Properties

The surplus or deficit on the disposal of housing properties is shown as the difference between net proceeds and net book value. The net book value is reduced by the amount of any Housing Association Grant which does not require to be repaid.

##### Grants

Grants are recognised in the period in which they are received. Any grants received for the purchase of specific fixed assets are recognised over the estimated useful economic life of the asset.

##### Designated Reserves

This comprises the following reserves:

###### a) Future cyclical repairs and maintenance

The objective of this reserve is to ensure that the Association has adequate funds to maintain its properties in accordance with a planned programme of works. Funds are transferred to this reserve in years of low maintenance expenditure and sums are drawn down from the reserve in years of high expenditure.

## NOTES to the FINANCIAL STATEMENTS (Contd.)

### For the year ended 31 March 2010

#### **b) Major Repairs**

This reserve is maintained in order to ensure that the Association will have adequate funds for the replacement of major component parts when they reach the end of their expected useful life.

reserve is based on the Association's estimated liability for such future repair expenditure with net transfers being made to the reserve in years of high expenditure.

The actual costs of cyclical repairs and major repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

#### **Pensions**

The Association operates a defined benefits Pension Scheme, the costs of which are expressed on an accruals basis. The assets of the Scheme are held separately from those of the Association in an independently administered Fund.

#### **Taxation**

The Association has obtained charitable status and no liability to tax has accrued to date. Ore Valley Enterprises Limited, a subsidiary, is liable to tax.

### **2. Particulars Turnover, operating costs and operating surplus - Association**

	Turnover £	Operating Costs £	2010 Operating Surplus £	2009 Operating Surplus £
Social lettings	1,792,687	1,232,400	560,287	424,987
Other activities	156,805	198,050	(41,245)	10,215
<b>Total</b>	<b>1,949,492</b>	<b>1,430,450</b>	<b>519,042</b>	<b>435,202</b>
<b>2009</b>	<b>1,775,809</b>	<b>1,340,607</b>	<b>435,202</b>	



**ORE VALLEY HOUSING ASSOCIATION**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities - Association**

	<b>General Needs Housing and Total</b>	
	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Income from lettings</b>		
Rent receivable net of service charges	1,725,433	1,512,210
Service charges receivable	6,617	3,366
	-----	-----
<b>Gross income from rents and service charges</b>	<b>1,732,050</b>	<b>1,515,576</b>
Less: Voids	(10,355)	(17,943)
	-----	-----
<b>Net income from rents and service charges</b>	<b>1,721,695</b>	<b>1,497,633</b>
Grants from Scottish Ministers	70,992	51,830
	-----	-----
<b>Total turnover from social letting activities</b>	<b>1,792,687</b>	<b>1,549,463</b>
<b>Expenditure on letting activities</b>		
Management and maintenance admin costs	544,360	475,215
Service costs	8,405	1,509
Planned and cyclical maintenance including major repairs costs	358,035	400,692
Reactive maintenance costs	166,521	112,607
Bad debts – rents and service charges	5,958	11,484
Depreciation of social housing	149,121	122,969
	-----	-----
<b>Operating costs for social letting activities</b>	<b>1,232,400</b>	<b>1,124,476</b>
	-----	-----
<b>Operating surplus for social lettings</b>	<b>560,287</b>	<b>424,987</b>
	=====	=====
<b>Operating surplus for social lettings for previous year</b>	<b>424,987</b>	<b>370,992</b>
	=====	=====
There is no other accommodation except for General Needs Housing.		
	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Number of homes in management	597	536
	=====	=====

**ORE VALLEY HOUSING ASSOCIATION**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

For the year ended 31 March 2010

**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 - operating bad debts	Other operating costs	Operating surplus or deficit 2010	Operating surplus or deficit 2009
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing Care and repair of property	151,497	-	-	-	151,497	-	198,050	(46,553)	(10,204)
	-	-	-	5,308	5,308	-	-	5,308	20,419
<b>Total from other activities</b>	<b>151,497</b>	<b>-</b>	<b>-</b>	<b>5,495</b>	<b>156,805</b>	<b>-</b>	<b>198,050</b>	<b>(41,245)</b>	<b>10,215</b>
<b>Total from other activities 2009</b>	<b>205,927</b>	<b>-</b>	<b>-</b>	<b>20,419</b>	<b>226,346</b>	<b>-</b>	<b>216,131</b>	<b>10,215</b>	

There were no other activities other than the activities shown above.

**ORE VALLEY HOUSING ASSOCIATION**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**5. Officers' emoluments**

An officer of an Association is defined by the Registered Housing Association (Accounting Requirements) (Scotland) Order 2007 as the Chief Executive and any other person reporting directly to the Chief Executive or directly to the Board and whose total emoluments exceed £60,000 per year.

No emoluments were paid to any Member of the Committee of Management and the emoluments of the Chief Executive were:

	2010 £	2009 £
Total emoluments (including pension contributions of £7,458 (2009: £7,161))	57,028 =====	54,779 =====
Total expenses reimbursed to Committee Members and the Director were	1,612 =====	1,619 =====

The Director is an ordinary member of the Association's pension scheme described in note 22. No enhanced or special terms apply and he has no other pension arrangements to which the Association contributes.

There are no staff costs within the subsidiary companies.

**6. Employee information**

	2010 £	2009 £
The average number of persons employed during the year (excluding Committee Members)	13 =====	11 =====
Staff costs (including director)		
Wages and salaries	302,764	256,976
Social security costs	22,040	19,175
Pension costs	33,520	33,540
	----- 358,324 =====	----- 309,691 =====

**7. Operating surplus**

	2010 £	Group 2009 £	Association 2010 £	Association 2009 £
Operating surplus is stated after charging:				
Depreciation	176,532	142,821	168,798	142,821
Auditors remuneration – Audit	6,171	4,869	3,835	3,152
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2010

8. Gain on sale of properties	2010	Group	2010	Association
	£	2009	£	2009
Proceeds of sale	-	61,230	-	61,230
<u>Less: Expenses</u>	-	1,378	-	1,378
	-----	-----	-----	-----
Net proceeds	-	59,852	-	59,852
Cost of sales	-	56,233	-	56,233
	-----	-----	-----	-----
Gain on sale	-	3,619	-	3,619
	=====	=====	=====	=====

9. Interest payable and similar charges	2010	Group	2010	Association
	£	2009	£	2009
Interest payable on loans	483,581	468,842	483,581	468,842
	=====	=====	=====	=====

10. Taxation on ordinary Activities	2010	Group	2010	Association
	£	2009	£	2009
Current year corporation tax	(1,422)	-	-	-
	=====	=====	=====	=====

11. Tangible fixed assets – Association and Group	Held for Letting		Under Construction	Total
	£		£	£
<b>Housing properties</b>				
Cost				
As at 1 April 2009	24,456,729	403,372	24,860,101	
Additions	6,060,647	-	6,060,647	
Completed during the year	370,638	(370,638)	-	
Disposals	-	(12,366)	(12,366)	
	-----	-----	-----	-----
At 31 March 2010	30,888,014	20,368	30,908,382	
	-----	-----	-----	-----
Depreciation				
As at 1 April 2009	580,773	-	580,773	
Charge for year	149,121	-	149,121	
On disposals	-	-	-	
	-----	-----	-----	-----
At 31 March 2010	729,894	-	729,894	
	-----	-----	-----	-----
<b>Net book value</b>				
At 31 March 2010	30,158,120	20,368	30,178,488	
	=====	=====	=====	=====
At 31 March 2009	23,875,956	403,372	24,279,328	
	=====	=====	=====	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

<b>12. Tangible Fixed Assets – Association and Group</b>	<b>Housing Association Grant £</b>	<b>Other £</b>	<b>Total £</b>
<b>Grants</b>			
As at 1 April 2009	10,381,705	5,475,975	15,857,680
Additions during year	2,886,329	950,269	3,836,598
On disposals	-	-	-
	-----	-----	-----
At 31 March 2010	13,268,034	6,426,244	19,694,278
	=====	=====	=====

**13. Tangible fixed assets – Group**

**Other fixed assets**

	<b>Land &amp; Buildings £</b>	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost or valuation:</b>					
As at 1 April 2009	817,005	36,358	19,094	34,925	907,382
Additions during year	1,152,613	3,516	-	-	1,201,070
Disposals	-	(948)	-	-	(948)
	-----	-----	-----	-----	-----
At 31 March 2010	1,969,618	38,926	19,094	34,925	1,040,718
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
As at 1 April 2009	24,007	31,656	11,035	16,066	82,764
Charge for year	14,214	3,725	3,645	5,827	27,411
Disposals	-	(948)	-	-	(948)
	-----	-----	-----	-----	-----
At 31 March 2010	38,221	34,433	14,680	21,893	109,227
	-----	-----	-----	-----	-----
<b>Net book value</b>					
At 31 March 2010	1,931,397	4,493	4,414	13,032	1,953,336
	=====	=====	=====	=====	=====
At 31 March 2009	792,998	4,702	8,059	18,859	824,618
	=====	=====	=====	=====	=====

The Lochgelly Miners Institute in Fife HARCA Limited was reallocated from Investment Properties to Land and Buildings to reflect the property use.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**13. Tangible fixed assets – Association**

**Other fixed assets**

	Land & Buildings £	Computer Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost or valuation:					
As at 1 April 2009	541,030	36,358	19,094	34,925	631,407
Additions during year	361,907	3,516	-	-	365,423
Disposals	-	(948)	-	-	(948)
At 31 March 2010	902,937	38,926	19,094	34,925	995,882
Depreciation					
As at 1 April 2009	24,007	31,656	11,035	16,066	82,764
Charge for year	8,694	3,725	3,645	5,827	21,891
Disposals	-	(948)	-	-	(948)
At 31 March 2010	32,701	34,433	14,680	21,893	103,707
<b>Net book value</b>					
At 31 March 2010	870,236	4,493	4,414	13,032	892,175
At 31 March 2009	517,023	4,702	8,059	18,859	548,643

**14. Investments**

**Cost**

At 31 March 2009 and 31 March 2010

£

1

Ore Valley Housing Association Limited owns one share which is 100% of the share capital of Ore Valley Enterprises Limited. The Association also owns 100% of Fife HARCA Limited, a company limited by guarantee and therefore the investment is shown at nil cost. The Association also owns 50% of Renew Services Limited, a company limited by guarantee and again the investment is therefore shown at nil cost.

	2010 £	2009 £
<b>Aggregate capital and reserves</b>		
Ore Valley Enterprises Limited	(11,587)	(1,138)
Fife HARCA Limited	1,741,415	(3,668)
<b>Profit/(loss) for the period</b>		
Ore Valley Enterprises Limited	(10,449)	(6,288)
Fife HARCA Limited	1,745,083	946

Renew Services Limited went into liquidation on 21 July 2010.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

15. Debtors	2010	Group	Association
	£	2009 £	2010 £
Trade debtors	122	203	-
HAG and other grants receivable	-	310,739	-
Other debtors and prepayments	311,650	118,738	584,073
Rental debtors	88,711	122,768	88,711
Provision for doubtful debts	(6,602)	(31,796)	(6,602)
	<u>393,881</u>	<u>520,652</u>	<u>666,182</u>
	=====	=====	=====

Included in other debtors of the Association is the inter-company loan of £313,816 due from Fife HARCA Limited of which £308,436 is due after one year.

16. Creditors: Amounts falling due within one year	2010	Group	Association
	£	2009 £	2010 £
Other creditors	689,475	1,014,245	650,061
Taxation and social security	7,747	6,952	7,747
Prepayment of rent	33,425	33,671	33,425
Bank mortgage loans	217,540	193,748	217,540
	<u>948,187</u>	<u>1,248,616</u>	<u>908,773</u>
	=====	=====	=====

**17. Creditors: Amounts falling due after more than one year – Group and Association**

	2010	2009
	£	£
Other creditors	3,667	5,667
Bank loans	11,131,900	8,843,606
	<u>11,135,567</u>	<u>8,849,273</u>
	=====	=====

The property loans are repayable in instalments over a period ranging from 26 to 30 years. A small office loan is repayable over 15 years.

Loans totalling £7,431,155 at 31 March 2010 carry interest at rates fixed for periods of 26 to 30 years.

All other loans carry interest at a variable rate. At the balance sheet date the loans were all at rates between 0.95% and 2.26%.

All loans are secured over the housing properties owned by the Association.

Instalments are due as follows:	2010	2009
	£	£
Within one year	217,540	193,748
Between one and two years	225,553	199,417
Between two and five years	713,877	644,573
After more than five years	10,192,470	7,999,616
	<u>11,349,440</u>	<u>9,037,354</u>
	=====	=====

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

<b>18. Share capital (non equity)</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Allotted, issued and fully paid		
At 1 April 2009	72	70
Issued in the year	-	5
	-----	-----
	72	75
Cancelled in the year	(3)	(3)
	-----	-----
At 31 March 2010	69	72
	=====	=====

Each member of the Association holds one share and all shares carry equal voting rights. Under the rules of the Association, members are not entitled to dividends nor can they participate in any distribution on the winding up of the Association.

<b>19. Designated reserves – Group and Association</b>	<b>Future Cyclical Repairs &amp; Maintenance Reserve £</b>	<b>Major Repairs Reserve £</b>	<b>Total £</b>
At 31 March 2009	185,921	68,987	254,908
Transfer to Revenue Reserves	-	-	-
Expenditure during year	-	-	-
	-----	-----	-----
At 31 March 2010	185,921	68,987	254,908
	=====	=====	=====

<b>20. Restricted reserves</b>	<b>2010</b>	<b>Group 2009</b>	<b>Association 2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2009	-	-	-	-
Receivable in year	1,754,000	-	-	-
Expended in year including transfers	(4,000)	-	-	-
	-----	-----	-----	-----
At 31 March 2010	1,750,000	-	-	-
	=====	=====	=====	=====

<b>21. Revenue reserves</b>	<b>2010</b>	<b>Group 2009</b>	<b>Association 2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2009	77,816	82,935	82,623	82,400
Surplus / (Deficit) for year	35,414	(5,119)	50,780	223
Transfer from Major Repairs Reserve	-	-	-	-
	-----	-----	-----	-----
At 31 March 2010	113,230	77,816	133,403	82,623
	=====	=====	=====	=====



## ORE VALLEY HOUSING ASSOCIATION LIMITED

### NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2010

#### 22. Pensions

Ore Valley Housing Association Limited participates in the SFHA Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension Scheme.

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the valuation of liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

The Scheme offers three benefit structures to employees, namely:

Final salary with a 1/60<sup>th</sup> accrual rate.

Career average revalued earnings with a 1/60<sup>th</sup> accrual rate.

Career average revalued earnings with a 1/70<sup>th</sup> accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. Ore Valley Housing Association Limited has elected to continue to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for all members.

During the accounting period Ore Valley Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were eight active members of the Scheme employed by Ore Valley Housing Association Limited. Ore Valley Housing Association Limited continues to offer membership of the Scheme to its employees.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**22. Pensions (Contd.)**

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% pa
- Investment return pre-retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.25
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners.

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**22. Pensions (Contd.)**

**Employer debt regulations**

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the 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.

Ore Valley Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,009,097.

As the Association continues to offer membership of The Scheme to its employees, it regards crystallisation of the buy-out debt as being remote and therefore no provision is required.

**ORE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

		<b>Group</b>		<b>Association</b>
<b>23. Capital commitments – Group and Association</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital expenditure that has been contracted for but not provided for in the financial statements	1,821,469	-	-	4,756,497
	=====	=====	=====	=====
Capital expenditure authorised but not contracted for	-	-	540,000	-
	=====	=====	=====	=====

**24. Related parties**

Some members of the Management Committee are also tenants of the Association. Their tenancies are all on the same terms as for other tenants and no advantage can be gained from their position.

During the year Ore Valley Enterprises Limited provided services to the company of £1,256 (2009: £798) on an arm's length basis.

At 31 March 2010, there was an amount due from Ore Valley Enterprises Limited of £59,461 (2009: £36,101).

The association facilitated expenses on behalf of Fife HARCA Limited of £322,204 (2009: £43,521). The loan to Fife HARCA Ltd at 31 March 2010 was £313,816 (2009: £319,035) and is due to be repaid over twenty nine years at a fixed interest rate of 4.95% per annum and is secured over the Miners Institute. The Association provided services to Fife HARCA Limited during the year totalling £1,000 (2009: £Nil).

**25. Contingent liability**

The Association has received capital grants to date of £19,694,278 (2009: £15,857,680) from the Scottish Government. This amount is potentially repayable to the Scottish Government on cessation or when properties are sold.

Additional Housing Association Revenue Grants amounting to £33,592 (2009: £25,681) were received in the year and have been credited to the Income and Expenditure Account.

Communities Scotland Guidance Note 2005/01 Appendix 2 - Analysis of Operating Costs - Financial Year 2009/10

RSL Name:

A - Letting activities:

Number of Units as at Year End:

Owned and managed

Managed, not owned

Owned, managed under agency contract by another organisation

Total Units, for costs incurred under A - Letting activities

Mainstream	Supported	Shared Ownership	Other (specify)	Garages	Housing Units
597					597
					0
					0
597	0	0	0	0	597

	Mainstream £,000	Supported £,000	Shared ownr £,000	Other (spec) £,000	Garage costs £,000	Total Costs £,000
<b>A - Letting activities:</b>						
A1 - Management costs	440					440
A2 - Services - activities eligible for Housing Benefit						0
A3 - Services - activities not eligible for Housing Benefit						0
A4 - Maintenance & repairs:						
A4(i) Planned, cyclical & major repairs - Contractors/direct maint costs	302					302
A4(ii) Voids maintenance - contractors/direct maintenance Costs	55					55
A4(iii) Re-Active maintenance - Contractors/direct maintenance costs	167					167
A4(iv) Maintenance overhead or administration costs	102					102
A4 - Total maintenance & repairs costs	626					626
A5 - Bad debts written off - rents and service charges	6					6
A6 - Bad debts written off - other	11					11
A7 - Housing depreciation	149					149
A8 - Impairment						0
<b>A - Total expenditure on letting activities</b>	<b>1,232</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,232</b>

Housing costs per unit - £

737

506

92

280

171

1,049

A1+A4(iv)

908

<b>B - Development &amp; other activities:</b>						
B1 - Wider action/wider role						
B2 - Care & repair						
B3 - Factoring						
B4 - Development activities						198
B5 - Supporting People activities						
B6 - Care activities						
B7 - Agency/management services - RSLs						
B8 - Agency/management services - other parties						
B9 - Developments for sale - RSLs						
B10 - Development & improvements for sales - other parties						
B11 - Other (specify activity)						
<b>B - Total expenditure on development &amp; other activities</b>						<b>198</b>
<b>A + B = Total operating costs</b>						<b>1,430</b>

Note: Should an "Error" message appear at cell J8, J26, J28 or J42, this would indicate that a calculation has been over-written in error or the spreadsheet has been unsuccessfully adjusted