

ORE VALLEY HOUSING ASSOCIATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

ORE VALLEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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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 (resigned 13 April 2009)
T Nisbet
K Pattenden (Secretary)
C Reilly
A Wallace
J Veale (resigned 7 April 2009)
A Davidson
M McLintock (appointed 4 September 2010)

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 2011

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

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

Work on the first phase of housing, comprising 14 units, in South Street Lochgelly has commenced and is expected to be completed in November 2011.

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 fifth year of operation and it is through the Alliance that future development projects will be delivered.

The Association participated in the Mortgage to Rent Scheme (renamed the Home Ownership Support Fund) operated by the Scottish Government and 14 properties were purchased with a further 6 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, electrical periodic testing and various environmental improvements. The programme of major maintenance and improvement will continue in coming years. During the course of the year we updated our stock condition survey and the results will help us to ensure that we meet the Scottish Housing Quality Standard (SHQS) by 2015.

Ore Valley Housing Association has been involved in the development of various renewable energy projects. 'Cardenden Heat and Power' is a major project aimed at generating electricity and providing heat and hot water to all householders and public buildings in Cardenden. 'Fife Community Wind' is a project which will see the development of a number of sites with medium to large scale wind turbines generating electricity and consequently an income to both Ore Valley Housing Association and to Local Communities. The Association has also been represented on the Scottish Government working groups looking at a national photo-voltaic project and at proposals for a second stage Scottish Housing Quality Standard (SHQS) beyond 2015.

A termination agreement was signed between the Scottish Ministers and the Association during the year where the Scottish Ministers waived their right to require repayment of any excess Right to Buy receipts due, thus resulting in an exceptional item £406,579.

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. A site at Rosewell in Lochore has been acquired and a bid made to the 2011/12 Investment and Innovation Fund established by Scottish Government. This marks an exciting new opportunity for Ore Valley Enterprises Ltd to participate in the provision of alternative tenure housing whilst generating income to sustain these and other projects.

Fife HARCA (Housing Association Regeneration Community Alliance Ltd), a charitable subsidiary of Ore Valley Housing Association, successfully completed the construction of a new business centre in Lochgelly. The new business centre has been developed using cutting edge low energy building systems and will provide business development and incubation space for up to 21 businesses, whilst making a significant addition to the regeneration of Lochgelly through the provision of a high quality building in the town centre. It is hoped that the new Scottish Government Cabinet Secretary for Infrastructure and Capital Investment will perform the official opening during 2011.

Both subsidiaries continue to develop new and existing projects on the basis of benefit to the community all offering strong social return on investment.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2011

Changes in fixed assets

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

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 2011. 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 2011

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
Secretary

 17/9/2011

17 September 2011

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 2011 on pages 8 to 25. 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

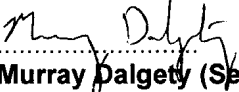
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2011 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

17th September 2011

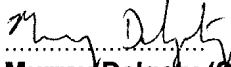
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ORE VALLEY HOUSING ASSOCIATION LIMITED**

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

17th September 2011

ORE VALLEY HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2011

	Notes	2011 £	Group 2010 £	2011 £	Association 2010 £
Turnover	2	2,508,061	3,741,069	2,479,636	1,949,492
<u>Less: Operating costs</u>	2	2,098,586	1,474,016	2,045,499	1,430,450
Operating surplus		409,475	2,267,053	434,137	519,042
(Loss)/gain on sale of properties	8	(245)	-	(245)	-
Exceptional item: release of creditor from contract set aside	9	406,579	-	406,579	
		815,809	2,267,053	840,471	519,042
Interest receivable		711	520	33,155	15,319
Interest payable	10	(513,930)	(483,581)	(513,930)	(483,581)
Surplus/(deficit) for year before tax		302,590	1,783,992	359,696	50,780
Tax on ordinary activities	11	-	1,422	-	-
Surplus/(deficit) for year		302,590	1,785,414	359,696	50,780
		=====	=====	=====	=====

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 25 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2011

	Notes	2011 £	Group 2010 £	2011 £	Association 2010 £
Fixed assets					
Housing properties	12	31,266,436	30,178,488	31,266,436	30,178,488
<u>Less: Grants</u>	13	20,289,371	19,694,278	20,289,371	19,694,278
		10,977,065	10,484,210	10,977,065	10,484,210
Other	14	4,137,848	1,953,336	896,192	892,175
Investments	15	-	-	1	1
		15,114,913	12,437,546	11,873,258	11,376,386
Current assets					
Debtors	16	622,065	393,881	2,123,612	666,182
Cash at bank and in hand		338,245	1,370,534	326,978	390,152
		960,310	1,764,415	2,450,590	1,056,334
Creditors: amounts falling due within one year	17	(735,033)	(948,187)	(656,379)	(908,773)
Net current assets		225,277	816,228	1,794,211	147,561
Total assets less current liabilities		15,340,190	13,253,774	13,667,469	11,523,947
Creditors: amounts falling due after more than one year	18	(12,919,388)	(11,135,567)	(12,919,388)	(11,135,567)
		2,420,802	2,118,207	748,081	388,380
		=====	=====	=====	=====
Capital and reserves					
Share capital (non-equity)	19	74	69	74	69
Designated reserves	20	254,908	254,908	254,908	254,908
Restricted reserves	21	1,764,300	1,750,000	-	-
Revenue reserves	22	401,520	113,230	493,099	133,403
		2,420,802	2,118,207	748,081	388,380
		=====	=====	=====	=====

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

Thomas James Allan
.....
T Allan

Chair

Myra Donaldson
.....
M Donaldson

Vice Chair

W B Pattenden
.....
K Pattenden

Secretary

17 September 2011

The notes on pages 11 to 25 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2011

	2011	2010
	£	£
Net cash inflow from operating activities	585,174	2,257,923
	-----	-----
Returns from investments and servicing of finance:		
Interest received	711	520
Interest paid	(513,930)	(483,581)
	-----	-----
Net cash outflow from returns from investments and servicing of finance	(513,219)	(483,061)
	-----	-----
Capital expenditure		
Payments to acquire and develop housing properties	(1,257,957)	(6,060,647)
HAG and other grants received	595,093	3,836,598
Payments to acquire other fixed assets	(2,224,280)	(1,156,129)
Sale of properties	-	-
	-----	-----
	(2,887,144)	(3,380,178)
	-----	-----
Net cash outflow before financing	(2,815,189)	(1,605,316)
	-----	-----
Financing		
Net proceeds from shares issued	5	-
Shares cancelled	-	(3)
Mortgage loans repaid	(217,105)	(187,914)
New loans received	2,000,000	2,500,000
	-----	-----
Net cash inflow from financing	1,782,900	2,312,083
	-----	-----
(Decrease)/increase in cash	(1,032,289)	706,767
	=====	=====

The notes on pages 11 to 25 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2011

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

	2011	2010
	£	£
Operating surplus/(deficit) for the year	302,590	1,783,992
Depreciation	209,777	176,532
Interest received	(711)	(520)
Interest paid	513,930	483,581
Loss/(gain) on sale of properties	-	12,366
Loss on disposal of fixed assets	-	-
(Increase)/decrease in debtors	(235,757)	153,387
(Decrease) in creditors	(212,228)	(326,221)
Increase/(decrease) in provision for bad debts	7,573	(25,194)
	-----	-----
Net cash inflow from operating activities	585,174	2,257,923
	=====	=====

	At			At
	1 April	Cash	Non Cash	31 March
	2010	Flows	Flows	2011
	£	£	£	£
Analysis of changes in debt				
Cash at bank and in hand	1,370,534	(1,032,289)	-	338,245
Debt due within one year	(217,540)	217,540	(214,614)	(214,614)
Debt due after one year	(11,131,900)	(2,000,435)	214,614	(12,917,721)
	-----	-----	-----	-----
	(9,978,906)	(2,815,184)	-	(12,794,090)
	=====	=====	=====	=====

Reconciliation of net cash to movement in net debt

	2011	2010
	£	£
(Decrease)/increase in cash	(1,032,289)	706,767
Loans repaid	217,105	187,914
Loan received	(2,000,000)	(2,500,000)
	-----	-----
Change in net debt	(2,815,184)	(1,605,319)
Net debt at 1 April 2010	(9,978,906)	(8,373,587)
	-----	-----
Net debt at 31 March 2011	(12,794,090)	(9,978,906)
	=====	=====

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2011

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 2011.

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 2011

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	-	nil
Properties	-	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.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

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	2011 Operating Surplus	2010 Operating Surplus
	£	£	£	£
Social lettings	1,951,829	1,530,380	421,449	560,287
Other activities	527,807	515,119	12,688	(41,245)
Total 2011	2,479,636	2,045,499	434,137	519,042
Total 2010	1,949,492	1,430,450	519,042	

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

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

	General Needs Housing and Total	
	2011	2010
	£	£
Income from lettings		
Rent receivable net of service charges	1,913,036	1,725,433
Service charges receivable	9,716	6,617
	-----	-----
Gross income from rents and service charges	1,922,752	1,732,050
Less: Voids	(13,386)	(10,355)
	-----	-----
Net income from rents and service charges	1,909,366	1,721,695
Grants from Scottish Ministers	42,463	70,992
	-----	-----
Total turnover from social letting activities	1,951,829	1,792,687
Expenditure on letting activities		
Management and maintenance admin costs	586,000	544,360
Service costs	12,806	8,405
Planned and cyclical maintenance including major repairs costs	487,476	358,035
Reactive maintenance costs	260,680	166,521
Bad debts – rents and service charges	13,409	5,958
Depreciation of social housing	170,009	149,121
	-----	-----
Operating costs for social letting activities	1,530,380	1,232,400
	-----	-----
Operating surplus for social lettings	421,449	560,287
	=====	=====
Operating surplus for social lettings for previous year	560,287	
	=====	
There is no other accommodation except for General Needs Housing.		
	2011	2010
	No.	No.
Number of homes in management	611	597
	=====	=====

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

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	Other operating costs	Operating surplus or deficit 2011	Operating surplus or deficit 2010
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing	-	471,514	-	-	471,514	-	506,196	(34,682)	(46,553)
Other activities	-	-	-	56,293	56,293	-	8,923	47,370	5,308
Total from other activities 2011	-	471,514	-	56,293	527,807	-	515,119	12,688	(41,245)
Total from other activities 2010	151,497	-	-	5,495	156,805	-	198,050	(41,245)	

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 2011

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:

	2011	2010
	£	£
Total emoluments (including pension contributions of £7,802 (2010: £7,458))	59,631	57,028
	=====	=====
Total expenses reimbursed to Committee Members and the Chief Executive	884	1,612
	=====	=====

The Chief Executive 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

	2011	2010
	£	£
The average number of persons employed during the year (excluding Committee Members)	15	13
	=====	=====
Staff costs (including Chief Executive)		
Wages and salaries	352,802	302,764
Social security costs	26,239	22,040
Pension costs	33,182	33,520
	-----	-----
	412,223	358,324
	=====	=====

7. Operating surplus

	2011	Group	Association	2010
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation	209,777	176,532	197,522	168,798
Auditors remuneration – Audit	5,884	6,171	3,684	3,835
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

8. Gain on sale of properties	2011	Group	2011	Association
	£	2010	£	2010
Proceeds of sale	-	-	-	-
Less: Expenses	245	-	245	-
	-----	-----	-----	-----
Net proceeds	(245)	-	(245)	-
Cost of sales	-	-	-	-
	-----	-----	-----	-----
Loss on sale	(245)	-	(245)	-
	=====	=====	=====	=====

9. Exceptional item

The exceptional item of £405,579 has resulted from the termination agreement signed between the Scottish Ministers and the Association where the Scottish Ministers waived their right to require repayment of any excess Right to Buy receipts due.

10. Interest payable and similar charges	2011	Group	2011	Association
	£	2010	£	2010
Interest payable on loans	513,930	483,581	513,930	483,581
	=====	=====	=====	=====

11. Taxation on ordinary Activities	2011	Group	2011	Association
	£	2010	£	2010
Current year corporation tax	-	(1,422)	-	-
	=====	=====	=====	=====

12. Tangible fixed assets – Association and Group	Held for		Under	Total
	Letting		Construction	
	£	£	£	£
Housing properties				
Cost				
As at 1 April 2010	30,888,014	20,368	30,908,382	
Additions	1,176,184	81,773	1,257,957	
Completed during the year	-	-	-	
Disposals	-	-	-	
	-----	-----	-----	-----
At 31 March 2011	32,064,198	102,141	32,166,339	
	-----	-----	-----	-----
Depreciation				
As at 1 April 2010	729,894	-	729,894	
Charge for year	170,009	-	170,009	
On disposals	-	-	-	
	-----	-----	-----	-----
At 31 March 2011	899,903	-	899,903	
	-----	-----	-----	-----
Net book value				
At 31 March 2011	31,164,295	102,141	31,266,436	
	=====	=====	=====	=====
At 31 March 2010	30,158,120	20,368	30,178,488	
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

13. Tangible Fixed Assets – Association and Group	Housing Association Grant £	Other £	Total £
Grants			
As at 1 April 2010	13,268,034	6,426,244	19,694,278
Additions during year	7,452	587,641	595,093
On disposals	-	-	-
	-----	-----	-----
At 31 March 2011	13,275,486	7,013,885	20,289,371
	=====	=====	=====

14. Tangible fixed assets – Group

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost or valuation:					
As at 1 April 2010	1,969,618	38,926	19,094	34,925	2,062,563
Additions during year	2,195,570	18,197	10,513	-	2,224,280
Disposals	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2011	4,165,188	57,123	29,607	34,925	4,286,843
	-----	-----	-----	-----	-----
Depreciation					
As at 1 April 2010	38,221	34,433	14,680	21,893	109,227
Charge for year	28,299	3,271	2,817	5,381	39,768
Disposals	-	-	-	-	-
	-----	-----	-----	-----	-----
At 31 March 2011	66,520	37,704	17,497	27,274	148,995
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2011	4,098,668	19,419	12,110	7,651	4,137,848
	=====	=====	=====	=====	=====
At 31 March 2010	1,931,397	4,493	4,414	13,032	1,953,336
	=====	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

14. Tangible fixed assets – Association

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost or valuation:					
As at 1 April 2010	902,937	38,926	19,094	34,925	995,882
Additions during year	6,301	14,716	10,513	-	31,530
Disposals	-	-	-	-	-
At 31 March 2011	909,238	53,642	29,607	34,925	1,027,412
Depreciation					
As at 1 April 2010	32,701	34,433	14,680	21,893	103,707
Charge for year	16,227	3,088	2,817	5,381	27,513
Disposals	-	-	-	-	-
At 31 March 2011	48,928	37,521	17,497	27,274	131,220
Net book value					
At 31 March 2011	860,310	16,121	12,110	7,651	896,192
At 31 March 2010	870,236	4,493	4,414	13,032	892,175

15. Investments

£

Cost

At 31 March 2010 and 31 March 2011

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.

	2011 £	2010 £
Aggregate capital and reserves		
Ore Valley Enterprises Limited	(37,773)	(11,587)
Fife HARCA Limited	1,737,903	1,741,415
Profit/(loss) for the period		
Ore Valley Enterprises Limited	(26,186)	(10,449)
Fife HARCA Limited	(3,512)	1,745,083

The Association also owned 50% of Renew services Limited, a company limited by guarantee and this investment was shown at nil cost. 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 2011

16. Debtors	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	9,555	122	-	-
HAG and other grants receivable	-	-	-	-
Other debtors and prepayments	535,406	311,650	2,046,508	584,073
Rental debtors	91,279	88,711	91,279	88,711
Provision for doubtful debts	(14,175)	(6,602)	(14,175)	(6,602)
	=====	=====	=====	=====
	622,065	393,881	2,123,612	666,182

Included in other debtors of the Association is the inter-company loan of £308,436 due from Fife HARCA Limited of which £302,698 is due after one year.

Included within other debtors are amounts totalling £257,553 in respect of costs incurred on projects which will be recovered on completion of these projects. These may not be received within one year.

17. Creditors: Amounts falling due within one year	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Other creditors	469,680	689,475	391,026	650,061
Taxation and social security	13,721	7,747	13,721	7,747
Prepayment of rent	37,018	33,425	37,018	33,425
Bank mortgage loans	214,614	217,540	214,614	217,540
	=====	=====	=====	=====
	735,033	948,187	656,379	908,773

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

	2011	2010
	£	£
Other creditors	1,667	3,667
Bank loans	12,917,721	11,131,900
	=====	=====
	12,919,388	11,135,567
	=====	=====

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 £7,304,399 at 31 March 2011 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 at rates between 0.95% and 2.32%.

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

Instalments are due as follows:

	2011	2010
	£	£
Within one year	214,614	217,540
Between one and two years	223,056	225,553
Between two and five years	900,668	713,877
After more than five years	11,793,997	10,192,470
	=====	=====
	13,132,335	11,349,440
	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

19. Share capital (non equity)	2011	2010
	£	£
Allotted, issued and fully paid		
At 1 April 2010	69	72
Issued in the year	5	-
	-----	-----
	74	72
Cancelled in the year	-	(3)
	-----	-----
At 31 March 2011	74	69
	=====	=====

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.

20. Designated reserves – Group and Association	Future Cyclical Repairs & Maintenance Reserve £	Major Repairs Reserve £	Total £
At 31 March 2010	185,921	68,987	254,908
Transfer to Revenue Reserves	-	-	-
Expenditure during year	-	-	-
	-----	-----	-----
At 31 March 2011	185,921	68,987	254,908
	=====	=====	=====

21. Restricted reserves	2011	Group 2010	Association 2011	2010
	£	£	£	£
At 1 April 2010	1,750,000	-	-	-
Receivable in year	14,300	1,754,000	-	-
Expended in year including transfers	-	(4,000)	-	-
	-----	-----	-----	-----
At 31 March 2011	1,764,300	1,750,000	-	-
	=====	=====	=====	=====

22. Revenue reserves	2011	Group 2010	Association 2011	2010
	£	£	£	£
At 1 April 2010	113,230	77,816	133,403	82,623
Surplus for year	288,290	35,414	359,696	50,780
Transfer from Major Repairs Reserve	-	-	-	-
	-----	-----	-----	-----
At 31 March 2011	401,520	113,230	493,099	133,403
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

23. Pensions

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where 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 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the valuation of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

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

The Scheme offers five benefit structures to employees, 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. Ore Valley Housing Association Limited has elected to continue to operate the final salary with a 1/60th 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 seven 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 2011

23. 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 2009.

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

2009 Valuation Assumptions	% 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 post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2011

23. Pensions (Contd.)

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 2010. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,033,560.

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.

24. Capital commitments – Group and Association	2011	Group	Association	
	£	2010	2011	2010
		£	£	£
Capital expenditure that has been contracted for but not provided for in the financial statements	1,741,041	1,821,469	1,741,041	-
	=====	=====	=====	=====
Capital expenditure authorised but not contracted for	-	540,000	-	540,000
	=====	=====	=====	=====

25. 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 Association of £1,180 (2010: £1,256) on an arm's length basis.

At 31 March 2011, there was an amount due from Ore Valley Enterprises Limited of £311,226 (2010: £59,461), and £8,081 of interest was charged on inter-company loan account during the year at a commercial rate. The inter-company loan account is secured over the land held at Rosewell Drive.

At 31 March 2011, £913,740 (2010: £nil) was due from Fife HARCA Limited, and £9,756 of interest was charged on this inter-company loan account during the year at a commercial rate.

Also, at 31 March 2011 there was a loan of £308,436 (2010: £313,816) due from Fife HARCA Limited. The loan is to be repaid over twenty eight years at a fixed interest rate of 4.95% per annum and is secured over the Miners Institute.

The Association provided management services to Fife HARCA Limited during the year totalling £2,500 (2010: £1,000). A further £27,500 facilitation fee was paid to the Association on completion of Ore Valley Business Centre.

A loan of £15,000 due to the Association from Renew Services Limited was written off during the year.

26. Contingent liability

The Association has received capital grants to date of £20,289,371 (2010: £19,694,278) 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 £17,320 (2010: £33,592) were received in the year and have been credited to the Income and Expenditure Account.