

Company Number SP02382R
Scottish Charity Number SC031773

ORE VALLEY HOUSING ASSOCIATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2012

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ORE VALLEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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ORE VALLEY HOUSING ASSOCIATION

MEMBERS, EXECUTIVES AND ADVISERS

Management Committee

T Allan (Chair)
M Donaldson (Vice Chair)
R Eals
T Nisbet
K Pattenden (Secretary)
C Reilly
A Wallace
A Davidson
M McLintock
P Graham (appointed 17 September 2011)
S McDonald (appointed 17 September 2011)

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

Clarkson Hamilton
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 2012

The Management Committee present their report and the audited consolidated financial statements for the year ended 31 March 2012.

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 14 new build houses during the year, at South Street in Lochgelly

Work on a housing development in Ballingry, comprising 14 units, has commenced and is expected to be completed in October 2012.

The Association continues to be an active participant in the Fife Housing Association Alliance along with the three other Fife based Housing Associations. In future reductions to the Scottish Governments Housing budget and changes to the level of subsidy available will impact on the extent of future affordable housing development. Ore Valley HA will continue to consider alternative approaches that would allow us to continue to meet the needs and demands of local communities.

The Association participated in the Mortgage to Rent Scheme (renamed the Home Ownership Support Fund) operated by the Scottish Government and 3 properties were purchased.

The Association also completed its annual planned maintenance programme, involving the annual repainting programme, electrical periodic testing and improvement works were completed along with the replacement of a number of kitchens and central heating systems. The programme of major maintenance and improvement will continue in coming years. Our updated stock condition survey continues to assist us in ensuring that we will meet the Scottish Housing Quality Standard (SHQS) by 2015.

One of the most significant challenges which the Association has had to face is in relation to government proposals for welfare reform and we are currently considering the potential impacts and developing strategies and approaches designed to limit the impacts as far as possible.

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. It is anticipated that both of these projects will make significant steps forward during the next financial year.

During the year the Association's trading subsidiary company (Ore Valley Enterprises Limited) 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 this is now being developed in conjunction with a local contractor/developer with completed properties to be let out on a mid-market rental basis.

Fife HARCA (Housing Association Regeneration Community Alliance) Limited, a charitable subsidiary of Ore Valley Housing Association, continues to be involved in the consideration of non-housing related projects which will further develop a range of community and social benefit projects.

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

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 2012

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 2012. 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 2012

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

Following a tender process for audit services, 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

15.9.2012

**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 2012 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 2012 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**

15th September 2012


**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.


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

15th September 2012

ORE VALLEY HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Notes	2012 £	Group 2011 Restated £	2012 £	Association 2011 Restated £
Turnover	2	2,730,525	2,508,061	2,366,028	2,479,636
<u>Less: Operating costs</u>	2	<u>2,097,706</u>	<u>2,291,021</u>	<u>1,885,307</u>	<u>2,237,934</u>
Operating surplus		632,819	217,040	480,721	241,702
(Loss) on sale of properties	8	(300)	(245)	(300)	(245)
Exceptional item: release of creditor from contract set aside	9	-	406,579	-	406,579
		<u>632,519</u>	<u>623,374</u>	<u>480,421</u>	<u>648,036</u>
Interest receivable		326	711	35,980	33,155
Interest payable	10	(565,248)	(513,930)	(533,200)	(513,930)
Surplus/(deficit) for year before tax		<u>67,597</u>	<u>110,155</u>	<u>(16,799)</u>	<u>167,261</u>
Tax on ordinary activities	11	-	-	-	-
Surplus/(deficit) for year		<u>67,597</u>	<u>110,155</u>	<u>(16,799)</u>	<u>167,261</u>

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

	2012 £	Group 2011 Restated £	2012 £	Association 2011 Restated £
Surplus/(deficit) for year	<u>67,597</u>	<u>110,155</u>	<u>(16,799)</u>	<u>167,261</u>
Total recognised surpluses and deficits relating to the year	<u>67,597</u>	<u>110,155</u>	<u>(16,799)</u>	<u>167,261</u>
Prior year adjustment	<u>(414,643)</u>		<u>(414,643)</u>	
Total (deficit)/surplus recognised since last Financial statements	<u>(347,046)</u>		<u>(431,442)</u>	

The above results relate wholly to continuing activities.

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

ORE VALLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2012

	Notes	2012 £	Group 2011 Restated £	2012 £	Association 2011 Restated £
Fixed assets					
Housing properties	12	32,611,516	30,835,729	32,611,516	30,835,729
<u>Less: Grants</u>	13	(21,510,947)	(20,273,306)	(21,510,947)	(20,273,306)
		11,100,569	10,562,423	11,100,569	10,562,423
Other	14	4,060,520	4,137,848	865,374	896,192
Investments	15	-	-	1	1
		15,161,089	14,700,271	11,965,944	11,458,616
Current assets					
Debtors	16	666,460	622,065	1,409,948	2,123,612
Cash at bank and in hand		236,940	338,245	119,894	326,978
		903,400	960,310	1,529,842	2,450,590
Creditors: amounts falling due within one year	17	(561,819)	(735,033)	(483,087)	(656,379)
Net current assets		341,581	225,277	1,046,755	1,794,211
Total assets less current liabilities		15,502,670	14,925,548	13,012,699	13,252,827
Creditors: amounts falling due after more than one year	18	(13,428,914)	(12,919,388)	(12,696,060)	(12,919,388)
		2,073,756	2,006,160	316,639	333,439
Capital and reserves					
Share capital (non-equity)	19	73	74	73	74
Designated reserves	20	-	254,908	-	254,908
Restricted reserves	21	1,964,900	1,764,300	-	-
Revenue reserves	22	108,783	(13,122)	316,566	78,457
		2,073,756	2,006,160	316,639	333,439

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


 T Allan Chair


 M Donaldson Vice Chair


 K Pattenden Secretary

15.9.2012

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 2012

	2012 £	2011 £
Net cash inflow from operating activities	842,243	566,366
Returns from investments and servicing of finance:		
Interest received	326	711
Interest paid	(565,248)	(513,930)
Net cash outflow from returns from investments and servicing of finance	(564,922)	(513,219)
Capital expenditure		
Payments to acquire and develop housing properties	(2,147,065)	(1,239,149)
Social Housing Grant and other grants received	1,237,901	595,093
Payments to acquire other fixed assets	(11,242)	(2,224,280)
Sale of properties	-	-
	(920,406)	(2,868,336)
Net cash outflow before financing	(643,085)	(2,815,189)
Financing		
Net proceeds from shares issued	-	5
Shares cancelled	(1)	-
Loans repaid	(223,219)	(217,105)
New loans received	765,000	2,000,000
Net cash inflow from financing	541,780	1,782,900
(Decrease)/increase in cash	(101,305)	(1,032,289)

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 2012

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

	2012 £	2011 £
Operating surplus for the year	67,597	110,155
Depreciation	459,588	383,404
Grant amortised	2,000	2,000
Interest received	(326)	(711)
Interest paid	565,248	513,930
Loss on sale of properties	300	245
(Gain)/loss on disposal of fixed assets	(2,399)	-
(Increase) in debtors	(47,550)	(235,757)
(Decrease) in creditors	(205,370)	(214,473)
Increase in provision for bad debts	3,155	7,573
Net cash inflow from operating activities	842,243	566,366

	At 1 April 2012 £	Cash Flows £	Non Cash Flows £	At 31 March 2012 £
Analysis of changes in debt				
Cash at bank and in hand	338,245	(101,305)	-	236,940
Debt due within one year	(214,614)	214,614	(245,102)	(245,102)
Debt due after one year	(12,917,721)	(756,295)	245,102	(13,428,914)
	(12,794,090)	(642,986)	-	(13,437,076)

Reconciliation of net cash to movement in net debt

	2012 £	2011 £
(Decrease)/increase in cash	(101,305)	(1,032,289)
Loans repaid	223,219	217,105
Loan received	(765,000)	(2,000,000)
Change in net debt	(642,986)	(2,815,184)
Net debt at 1 April 2011	(12,794,090)	(9,978,906)
Net debt at 31 March 2012	(13,437,076)	(12,794,090)

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2012

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 2012.

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

Social Housing Grant (SHG) 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 SHG are financed by long-term loans or internal funding.

SHG 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 was previously provided on a straight line basis over the expected economic lives of the properties, excluding land, which had been calculated as between 60 and 75 years.

Following a reassessment of the property lives and components, freehold housing properties are now depreciated by component on a straight line basis over the estimated useful economic lives of component categories after accounting for grants received.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

1. Principal Accounting Policies (Contd.)

Depreciation and impairment of fixed assets (Contd.)

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	- 75 years
Roof	50 years
Windows and doors	- 25 years
Bathrooms	- 30 years
Kitchens	20 years
Boilers	15 years
Pipework and radiators	15 years
Electrical systems	30 years

- b. 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. 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
Fixtures & fittings	- 20% 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.

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.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

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. Following the introduction of component accounting, the Association has taken the decision that the reserve is no longer required and the balance has been transferred to the revenue reserves.

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. Following the introduction of component accounting, the Association has taken the decision that the reserve is no longer required and transferred the balance to the revenue reserves.

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.

Prior year adjustment

In accordance with the revised requirements of the SORP for fixed assets, the Board has identified components as disclosed above and has undertaken a review of historical information to establish, where possible, previous revenue expenditure which, under this new policy, would be component capital expenditure. As a consequence of this additions of £377,614 which were previously expenses have been capitalised and cumulative depreciation adjusted by £630,746. The surplus reported for the previous year has decreased by £192,435.

Going concern

The financial statements have been prepared on the going concern basis. The Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

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

	Turnover	Operating Costs	2012 Operating Surplus	2011 Operating Surplus Restated
	£	£	£	£
Social lettings	2,089,138	1,648,203	440,935	229,014
Other activities	276,890	237,104	39,786	12,688
Total 2012	2,366,028	1,885,307	480,721	241,702
Total 2011	2,479,636	2,237,934	241,702	

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

	2012	2011
	£	Restated £
Income from lettings		
Rent receivable net of service charges	2,050,876	1,913,036
Service charges receivable	7,543	9,716
Gross income from rents and service charges	2,058,419	1,922,752
Less: Voids	(22,293)	(13,386)
Net income from rents and service charges	2,036,126	1,909,366
Grants from Scottish Ministers	53,012	42,463
Total turnover from social letting activities	2,089,138	1,951,829
Expenditure on letting activities		
Management and maintenance admin costs	688,409	586,000
Service costs	12,034	12,806
Planned and cyclical maintenance including major repairs costs	315,103	506,284
Reactive maintenance costs	252,292	260,680
Bad debts – rents and service charges	9,347	13,409
Depreciation of social housing	371,018	343,636
Operating costs for social letting activities	1,648,203	1,722,815
Operating surplus for social lettings	440,935	229,014
Operating surplus for social lettings for previous year	229,014	
There is no other accommodation except for General Needs Housing.		
	2012	2011
	No.	No.
Number of homes in management	628	611

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

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	Operating surplus or deficit
								2012	2011
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing	-	205,701	-	-	205,701	-	219,346	(13,645)	(34,682)
Other activities	-	-	-	71,189	71,189	-	17,758	53,431	47,370
Total from other activities 2012	-	205,701	-	71,189	276,890	-	237,104	39,786	12,688
Total from other activities 2011	-	471,514	-	56,293	527,807	-	515,119	12,688	

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 2012

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:

	2012 £	2011 £
Total emoluments (including pension contributions of £5,026 (2011: £7,802))	58,547	59,631
	=====	=====
Total expenses reimbursed to Committee Members and the Chief Executive	1,139	884
	=====	=====

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

	2012 £	2011 £
The average number of persons employed during the year (excluding Committee Members)	16	15
	=====	=====
Staff costs (including Chief Executive)		
Wages and salaries	396,708	352,802
Social security costs	31,375	26,239
Pension costs	46,641	33,182
	-----	-----
	474,724	412,223
	=====	=====

7. Operating surplus

	2012 £	Group 2011 £	Association 2012 £	2011 £
Operating surplus is stated after charging:				
Depreciation	459,588	383,404	401,897	371,149
Auditors remuneration – Audit	5,648	5,884	3,448	3,684
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

8. Gain on sale of properties	2012	Group	Association	2011
	£	2011	2012	2011
		£	£	£
Proceeds of sale	-	-	-	-
Less: Expenses	300	245	300	245
Net proceeds	(300)	(245)	(300)	(245)
Cost of sales	-	-	-	-
Loss on sale	(300)	(245)	(300)	(245)

9. Exceptional item

The exceptional item of £406,579 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	2012	Group	Association	2011
	£	2011	2012	2011
		£	£	£
Interest payable on loans	565,248	513,930	533,200	513,930

11. Taxation on ordinary Activities	2012	Group	Association	2011
	£	2011	2012	2011
		£	£	£
Current year corporation tax	-	-	-	-

12. Tangible fixed assets – Association and Group	Held for		Under	Total
	Letting		Construction	
	£	£	£	£
Housing properties				
Cost				
As at 1 April 2011	32,413,865	102,141	32,516,006	
Additions	2,107,138	39,927	2,147,065	
Completed during the year	20,367	(20,367)	-	
Disposals	(29,466)	-	(29,466)	
At 31 March 2012	34,511,904	121,701	34,633,605	
Depreciation				
As at 1 April 2011	1,680,277	-	1,680,277	
Charge for year	371,018	-	371,018	
On disposals	(29,206)	-	(29,206)	
At 31 March 2012	2,022,089	-	2,022,089	
Net book value				
At 31 March 2012	32,489,815	121,701	32,611,516	
At 31 March 2011	30,733,588	102,141	30,835,729	

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

13. Tangible Fixed Assets – Association and Group	Housing Association Grant £	Other £	Total £
Grants			
As at 1 April 2011	13,275,085	6,998,221	20,273,306
Additions during year	688,070	549,831	1,237,901
On disposals	(260)	-	(260)
At 31 March 2012	13,962,895	7,548,052	21,510,947
	=====	=====	=====

14. Tangible fixed assets – Group

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Fixtures & fittings £	Motor Vehicles £	Total £
Cost or valuation:						
As at 1 April 2011	4,165,188	57,123	29,607	-	34,925	4,286,843
Additions during year	5,518	2,066	-	3,658	-	11,242
Disposals	-	-	-	-	(8,020)	(8,020)
At 31 March 2012	4,170,706	59,189	29,607	3,658	26,905	4,290,065
Depreciation						
As at 1 April 2011	66,520	37,704	17,497	-	27,274	148,995
Charge for year	72,180	6,595	4,430	353	5,012	88,570
Disposals	-	-	-	-	(8,020)	(8,020)
At 31 March 2012	138,700	44,299	21,927	353	24,266	229,545
Net book value						
At 31 March 2012	4,032,006	14,890	7,680	3,305	2,639	4,060,520
	=====	=====	=====	=====	=====	=====
At 31 March 2011	4,098,668	19,419	12,110	-	7,651	4,137,848
	=====	=====	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

14. Tangible fixed assets – Association

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost or valuation:					
As at 1 April 2011	909,238	53,642	29,607	34,925	1,027,412
Additions during year	61	-	-	-	61
Disposals	-	-	-	(8,020)	(8,020)
At 31 March 2012	909,299	53,642	29,607	26,905	1,019,453
Depreciation					
As at 1 April 2011	48,928	37,521	17,497	27,274	131,220
Charge for year	16,229	5,208	4,430	5,012	30,879
Disposals	-	-	-	(8,020)	(8,020)
At 31 March 2012	65,157	42,729	21,927	24,266	154,079
Net book value					
At 31 March 2012	844,142	10,913	7,680	2,639	865,374
At 31 March 2011	860,310	16,121	12,110	7,651	896,192

15. Investments

£

Cost

At 31 March 2011 and 31 March 2012

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.

	2012 £	2011 £
Aggregate capital and reserves		
Ore Valley Enterprises Limited	(66,178)	(37,773)
Fife HARCA Limited	1,850,154	1,737,903
Profit/(loss) for the period		
Ore Valley Enterprises Limited	(28,405)	(26,186)
Fife HARCA Limited	112,251	(3,512)

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

16. Debtors	2012	Group	Association	
	£	2011 £	2012 £	2011 £
Trade debtors	1,959	9,555	-	-
HAG and other grants receivable	-	-	-	-
Other debtors and prepayments	603,770	535,406	1,349,217	2,046,508
Rental debtors	78,061	91,279	78,061	91,279
Provision for doubtful debts	(17,330)	(14,175)	(17,330)	(14,175)
	=====	=====	=====	=====
	666,460	622,065	1,409,948	2,123,612

Included in other debtors of the Association is the inter-company loan of £302,698 due from Fife HARCA Limited of which £296,743 is due after one year.

Included within other debtors are amounts totalling £386,879 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	2012	Group	Association	
	£	2011 £	2012 £	2011 £
Other creditors	258,647	469,680	202,911	391,026
Taxation and social security	13,226	13,721	13,226	13,721
Prepayment of rent	44,844	37,018	44,844	37,018
Bank loans	245,102	214,614	222,106	214,614
	=====	=====	=====	=====
	561,819	735,033	483,087	656,379

18. Creditors: Amounts falling due after one year	2012	Group	Association	
	£	2011 £	2012 £	2011 £
Other creditors	-	1,667	-	1,667
Bank loans	13,428,914	12,917,721	12,696,060	12,917,721
	=====	=====	=====	=====
	13,428,914	12,919,388	12,696,060	12,919,388

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

Loans totalling £7,169,630 at 31 March 2012 carry interest at rates fixed for periods of up 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 2.45%.

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

Instalments are due as follows:

	2012	2011
	£	£
Within one year	222,106	214,614
Between one and two years	274,449	223,056
Between two and five years	948,488	900,668
After more than five years	11,473,123	11,793,997
	=====	=====
	12,918,166	13,132,335

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

19. Share capital (non equity)	2012 £	2011 £
Allotted, issued and fully paid		
At 1 April 2011	74	69
Issued in the year	-	5
	-----	-----
	74	74
Cancelled in the year	1	-
	-----	-----
At 31 March 2012	73	74
	=====	=====

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 2011	185,921	68,987	254,908
Transfer to Revenue Reserves	(185,921)	(68,987)	(254,908)
Expenditure during year	-	-	-
	-----	-----	-----
At 31 March 2012	-	-	-
	=====	=====	=====

21. Restricted reserves	2012 £	Group 2011 £	2012 £	Association 2011 £
At 1 April 2011	1,764,300	1,750,000	-	-
Receivable in year	297,000	14,300	-	-
Expended in year including transfers	(96,400)	-	-	-
	-----	-----	-----	-----
At 31 March 2012	1,964,900	1,764,300	-	-
	=====	=====	=====	=====

22. Revenue reserves	2012 £	Group 2011 Restated £	2012 £	Association 2011 Restated £
At 1 April 2011	(13,122)	(123,277)	78,457	(88,804)
(Deficit)/surplus for year	(133,003)	110,155	(16,799)	167,261
Transfer from Major Repairs Reserve	254,908	-	254,908	-
	-----	-----	-----	-----
At 31 March 2012	108,753	(13,122)	316,566	78,457
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

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

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 9.6% of pensionable salaries and past year deficit contributions of £25,092. Member contributions were 9.6%.

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 2012

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 2012

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 2011. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,221,476.

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	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Capital expenditure that has been contracted for but not provided for in the financial statements	1,405,750	1,741,041	1,405,750	1,741,041
	=====	=====	=====	=====
Capital expenditure authorised but not contracted for	-	-	-	-
	=====	=====	=====	=====

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 £2,804 (2011: £1,180) on an arm's length basis.

At 31 March 2012, there was an amount due from Ore Valley Enterprises Limited of £351,899 (2011: £311,226), and £9,883 of interest was charged on the 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 2012, £106,551 (2011: £913,740) was due from Fife HARCA Limited, and £11,517 of interest was charged on this inter-company loan account during the year at a commercial rate.

Also, at 31 March 2012 there was a loan of £302,698 (2011: £308,436) due from Fife HARCA Limited. The loan is to be repaid 31 March 2039 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 £6,000 (2011: £2,500).

26. Contingent liability

The Association's balance sheet shows £21,510,947 (2011: £20,273,306) of capital grants received from the Scottish Government. The Association has also received a further £15,664 grants which have subsequently been treated as revenue grant as a part of the component accounting exercise. During the year a further £260 (2011: £401) of HAG has been disposed as components have been disposed. A total of £21,527,272 (2011: £20,289,631) of capital grants have been received from the Scottish Government to date. This amount is potentially repayable to the Scottish Government on cessation or when properties are sold.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2012

27. Prior year adjustment

During the year the Association changed its accounting policy in relation to housing properties and depreciation in order to incorporate the component accounting requirements of the Statement of Recommended Practice 2010. The new policy is set out in within Principal Accounting Policies in these Financial Statements.

As a result of the change in accounting policy a prior year adjustment is required. The overall effect of these adjustments has been to decrease reserves and the net book value of housing properties brought forward at 1 April 2011 by £414,642. Reserves have reduced from £748,081 to £333,439 and the net book value of housing properties has decreased from £10,977,065 to £10,562,423.

Of the total prior year adjustment, a £192,435 decrease in reserves related to 2011, which resulted in the surplus for the year ended 31 March 2011 reducing from £359,696 to £167,261.