



PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT and ACCOUNTS

For the 15 month period ending 31 March 2011

PORT OF LEITH HOUSING ASSOCIATION LIMITED

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For the 15 month period ending 31 March 2011

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PORT OF LEITH HOUSING ASSOCIATION LIMITED

EXECUTIVE and ADVISORS

Registered Office	108 Constitution Street Leith Edinburgh EH6 6AZ
Chief Executive & Secretary	Keith Anderson
Auditor	Chiene + Tait Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Solicitors	Mowat Hall Dick 45 Queen Charlotte Street Edinburgh EH6 7HT
Bankers	Bank of Scotland Edinburgh Victoria House PO Box 17235 EH11 1YH
Charity Number	SC 027945
Scottish Housing Regulator Registration Number	HAL 170
Financial Services Authority Number	1844R(S)

PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT

For the 15 month period ending 31 March 2011

The Board has pleasure in presenting its report on the Association's affairs for the 15 months ending 31 March 2011.

The Board of Management has now adopted its reporting year end as 31 March. This change has been agreed by the Financial Services Authority, the Office of the Scottish Charities Regulator as well as the Scottish Housing Regulator. This change took effect from 1 January 2010 and for the transition has meant running a 15 month accounting period to 31 March 2011.

Membership of Board

Members of the Board during the period ending 31 March 2011 were as follows:-

Jack Hunter (Chair)	
Hal Pawson (Vice Chair)	(resigned – May 2011)
Stanley Godman (Chair of Audit Committee)	
Diane Kennedy	(resigned – April 2010)
Rosemary Miller	
Yvonne Bruce	(resigned – May 2010)
Ruth McNeil	
Robert MacPherson	
Gordon Munro	
Timothy Parker	
Paul Linton	
Ian Martin	
Margaret O'Connor	(appointed – April 2010)
Mike Traynor	(appointed – April 2010)
Stephen Whitehead	(appointed – April 2010)
Mike Staples	(appointed – April 2010) (resigned -- October 2010)

The Board is responsible for directing the affairs of the Association and its members are elected from the members of the Association.

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

Objectives and principal activities

The principal objective and activity of the Association is the provision of housing accommodation and amenities for poor people, for the relief of the aged, disabled (whether physically or with a learning difficulty) or chronically sick people. The vision of the Association is to make our homes and neighbourhoods great places to live in.

Business Review

Achievements and Performance

Acting as a lead Preferred Development Partner by City of Edinburgh Council the development activity undertaken for and by the Association increased during 2010. New development site acquisitions were completed at Boswell Parkway and Coburg Street which combined will enable over 85 new homes to be built. Construction work has progressed well on developments in West Granton Road (17 units), Boswell Parkway (15 units), Coburg Street (60 units), and Fox Street/Poplar Lane (98 units). The first new affordable housing was completed in Western Harbour, comprising 102 new homes, at Goosander Place during the period and which also received the award of being the best large scale affordable housing development in Scotland in 2010. The Association has also spent considerable time during 2010 working with its Development Consortium Partners liaising with the Council in progressing new development acquisitions for additional affordable housing in the City and working on a joint procurement framework for the use of professional consultants and contractors in future.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the 15 month period ending 31 March 2011

Achievements and Performance (continued)

The Association undertook a comprehensive review of its design guide for new development and has agreed an updated set of standards to ensure the very best design and amenity quality of our property in future including minimising energy use in the construction and future maintenance.

The Association continued to assess its customer requirements and undertook new approaches to obtain feedback of opinion from tenants including undertaking "mystery shopping" and undertaking an independent 5 yearly large scale door to door survey of customer opinion from which 93% expressed satisfaction with the Association as a landlord and quality of services provided and with 96% being satisfied with their home. The Association held its 4th successful Tenants' Gathering which also provided very valuable information to help shape how services need to be developed further in future.

During 2010 a detailed review of the staff operating structure was undertaken and a new, more customer focused, team structure put in place alongside a new management information system, Clearview, and a revised staff performance management framework to reflect the core skills and competencies necessary for the business going forward. This new structure will be supported through revised and more efficient and effective processes including a new core IT system to be introduced during 2011. The overall aim of these changes is to improve customer satisfaction and our ability to deliver the business objectives of the Association and to ensure that there are continuous improvements made to our services for the benefit of our customers.

The Board of Management witnessed four resignations and four new additions to its membership during the year and undertook a range of development activities in support of its role providing strategic direction and operational performance oversight to the Association.

In 2010/11, we invested a further £1.2 million upgrading 159 homes to meet the Scottish Housing Quality Standard and good progress is being made towards achieving this standard on all our homes by the target time of 2015. The commitment we have to delivering this and possible additional enhancements to meeting new climate change standards for social housing in Scotland requires that we have high quality data on the condition and future investment costs and so have embarked on undertaking a new independent condition survey covering 100% of our stock.

The Association continued to play a full and active part in supporting wider regeneration activities in Leith and north Edinburgh. As a member of the Board of Leith Neighbourhood Partnership and as the main provider of affordable housing in the area the Leith Community Plan has included a number of projects and initiatives which are supported by the Association. Through the work of the TOiL (Training Opportunities in Lothian) project, which was shortlisted as the only Scottish finalist in the Chartered Institute of Housing Annual Awards in 2009, the outstanding achievements being made supporting a further 50 young people during the year through pre-apprenticeship training have been made possible by ensuring close links with local employers. The work to alleviate poverty through our Financial Inclusion Project continued with support being provided to over 260 people during the year, and resulting in both increasing incomes for people and achieving the lowest ever level of rent arrears in the history of the Association. The Association has also taken an active role ensuring the Restalrig HUB continued to provide much needed community services during the year through the Wider Role Fund have continued to provide funding support for services with BME Women's Learning Centre, Bethany Trust Homeless Support, the Multi Cultural Family Base, the Acorn Centre and Pilmeny Project for tenancy sustainment activities.

Financial Review

The surplus for the fifteen months before transfer to designated reserves was £1,525,423 (2009 - £702,719). This surplus was better than budget, due to additional surpluses from sales of shared ownership properties, savings on borrowings, together with operational savings. We have continued to invest in our stock to meet the requirements of the Scottish Housing Quality Standard with 159 properties improved during the year at a cost of £1.2m.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the 15 month period ending 31 March 2011

Plans for the Future

With the continued low levels of activity within the private housing market throughout 2010 the Association has purchased further land for future developments in Leith and Granton. To develop these land acquisitions and to provide a wider choice of affordable housing products in the short to medium term the Association has reviewed the options for alternative tenures alongside the continuing high demand for social rented housing.

In response to the growing demand for mid-market rented housing in particular, the Association has established in 2010 a new, wholly owned non-charitable subsidiary company called Persevere Developments Limited which will be a key vehicle to enable the Association to continue to meet the pressing need for additional affordable housing in the area. Port of Leith will continue to influence broader issues affecting its tenants and the Leith community through its membership of Leith Neighbourhood Community Planning Partnership.

The Association's Business Plan 2011 – 2016 details the goals and objectives that Port of Leith plans to achieve over the next 5 years. A key activity will be to undertake an updated survey of the condition of all of our stock during 2011 and 2012 to inform an up to date Asset Management Strategy upon which to base our future investment decisions. In the new funding climate now being faced by the Association including having less public subsidy in future we will also continue to work with our partners to develop new financial models for affordable housing and seek to maintain our active part in meeting housing need, and participating in the ongoing regeneration and creation of mixed communities in Leith and north Edinburgh.

Funds Held on Behalf of Others

The Association holds no funds on behalf of other organisations.

Legal and Administrative Information

The Association is established under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The Association is also registered with The Office of the Scottish Charity Regulator as a charity and The Scottish Housing Regulator as a registered housing association under the Housing (Scotland) Act 2001.

Employees

Port of Leith Housing Association's policy is to discuss and consult with employees, through a staffing group, on all matters likely to affect employees' interests. Information on matters of concern to employees is given through departmental staff meetings and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Association's performance. Port of Leith Housing Association encourages all staff to participate in reviewing its strategic direction during its business planning process. The Association strives to afford equal opportunities to all individuals and sections of the community. It is Port of Leith Housing Association's policy to encourage the recruitment of disabled people for all suitable vacancies. All necessary assistance with initial training courses is given. Arrangements are made, where possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Political and charitable gifts

No political or charitable donations or gifts were made in the period to 31 March 2011. (2009 - £Nil)

Statement of responsibilities of the Board of Management

Housing Association legislation requires the Board to prepare accounts for each financial period 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 period ended on that date. In preparing those accounts, the Board is required to:-

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

PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the 15 month period ending 31 March 2011

Statement of responsibilities of the Board of Management (continued)

The Board is responsible for ensuring that arrangements are made for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the accounts comply with the Industrial & Provident Societies Acts 1965 to 2002 and the relevant Registered Social Landlords Accounting Requirements (Scotland) Order.

The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal Financial Control

The Board of Management is ultimately responsible for the Association's systems of internal financial controls. However it should be recognised that such systems can provide only reasonable and not absolute assurance against material misstatement or loss.

The approach adopted by the Board of Management to provide effective financial control can be summarised as follows:-

- (a) an appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association.
- (b) management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are presented to the Board of Management quarterly.
- (c) major business risks and their financial implications are assessed systematically by reference to established criteria.
- (d) the financial implications of major business risks are controlled by means of delegated authorities which reserve significant matters to the Board of Management for decision; segregation of duties in appropriate areas and physical controls over assets and access to records.
- (e) the Board of Management monitors the operation of the internal financial control system by considering regular reports from management and the internal and external auditors and ensures appropriate corrective action is taken to address any reported weakness.

The Board of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year under review. Such a system can provide only reasonable and not absolute assurance against material mis-statement or loss.

During the period there were no identified weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the accounts or the report of the auditor.

Risk Management Policy

The Board have a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board have reviewed and are satisfied with the adequacy of the Association's current internal controls.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2011, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

REPORT of the BOARD OF MANAGEMENT (Continued)

For the 15 month period ending 31 March 2011

Going Concern

The Board of Management has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Auditor

A resolution to re-appoint as auditor, Chiene + Tait, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD OF MANAGEMENT



KEITH ANDERSON
Secretary

23rd June
2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PORT OF LEITH HOUSING ASSOCIATION LIMITED**

We have audited the accounts of Port of Leith Housing Association Limited for the period ended 31 March 2011 set out on pages 9 to 25. These accounts have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and to the charity's trustees as a body (the Board of Management), in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and the auditor

As more fully explained in the Statement of the Board of Management's responsibilities on pages 4 and 5, the Board is responsible for the preparation of accounts which give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the accounts. In addition, we read all the financial and nonfinancial information in the Report of the Board of Management to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the period then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, The Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 and the Charities and Trustee Investment (Scotland) Act 2005 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the accounts are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit; or
- the information given in the Report of the Board of Management is inconsistent in any material respect with the accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PORT OF LEITH HOUSING ASSOCIATION LIMITED (*cont'd*)

Corporate Governance Matters

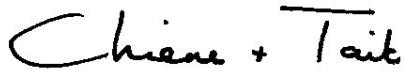
In addition to our audit of the accounts, we have reviewed the Board of Management's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That 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.

Opinion

With respect to the Board of Management's statements on internal financial control, in our opinion the Board of Management has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the accounts.



CHIENE + TAIT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh EH3 6NL

14 July 2011

PORT OF LEITH HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the 15 month period ending 31 March 2011

	Notes	For the 15 Months to 31 March 2011 £	Year to 31 December 2009 £
Turnover	2	10,353,849	7,539,904
<u>Less: Operating costs</u>	2	(8,537,073)	(6,445,279)
Operating surplus		1,816,776	1,094,625
Gain on Sale of Fixed Assets	7	128,548	109,713
Interest receivable and similar income	8	16,421	71,633
Interest payable and similar charges	8	(436,322)	(573,252)
Surplus on ordinary activities before taxation		1,525,423	702,719
Taxation on ordinary activities	9	-	-
Surplus for the period after taxation	17	1,525,423	702,719
		=====	=====

All results relate to continuing activities.

The notes on pages 12 to 25 form part of these accounts

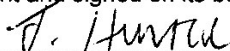
PORT OF LEITH HOUSING ASSOCIATION LIMITED

BALANCE SHEET

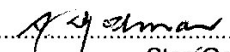
As at 31 March 2011

	Notes	31 March 2011 £	31 December 2009 £
Tangible fixed assets			
Housing properties gross cost less depreciation	10	141,822,729	132,028,383
<u>Less:</u> HAG	10	(107,603,839)	(100,401,143)
Other grants	10	(2,873,756)	(2,873,756)
		-----	-----
		31,345,134	28,753,484
Other fixed assets	11	2,907,663	2,783,324
		-----	-----
		34,252,797	31,536,808
		-----	-----
Current assets			
Stock	12	624,758	199,140
Debtors	13	2,795,021	5,186,001
Cash at bank	27	2,572,940	4,394,106
		-----	-----
		5,992,719	9,779,247
		-----	-----
Creditors: amounts due within one year	14	(3,034,849)	(2,781,254)
		-----	-----
Net current assets		2,957,870	6,997,993
		-----	-----
Total assets less current liabilities		37,210,667	38,534,801
		-----	-----
Creditors: amounts falling due after more than one year	15	(10,135,500)	(12,838,742)
		-----	-----
Net assets		27,075,167	25,696,059
		=====	=====
Capital and reserves			
Share capital	16	397	
397			
Designated reserves	17	11,556,376	11,474,010
Revenue reserves	17	10,309,561	8,866,504
Negative Goodwill	18	5,208,833	5,355,148
		-----	-----
		27,075,167	25,696,059
		=====	=====

Approved by the Board of Management and signed on its behalf by:-


.....
Jack Hunter

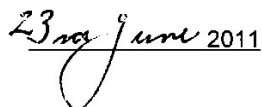
Chairperson


.....
Stan Godman

Board Member


.....
Keith Anderson

Secretary


23rd June 2011

The notes on pages 12 to 25 form part of these accounts

PORT OF LEITH HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the 15 month period ending 31 March 2011

	Notes	For the 15 Months to 31 March 2011	Year to 31 December 2009
		£	£
Net cash inflow from operating activities	19	2,145,016	1,891,785
Returns on investments and servicing of finance			
Interest received		16,421	81,894
Interest paid		(630,522)	(551,770)
Net cash (outflow) from returns on investments and servicing of finance		(614,101)	(469,876)
Capital expenditure and financial investment			
<u>Housing Land & Buildings</u>			
Payments to acquire and develop housing properties		(10,445,643)	(13,004,486)
Net proceeds from sale of housing properties		221,688	206,176
Housing Association Grant and other capital grants received		10,034,395	9,022,686
Housing Association Grant repaid		(62,919)	(87,937)
<u>Other fixed assets</u>			
Payments to acquire other fixed assets		(313,584)	(104,816)
Receipts from sale of other fixed assets		33,164	-
Net cash (outflow) from capital expenditure and financial investments		(532,899)	(3,968,377)
Net cash inflow/(outflow)before financing		998,016	(2,546,468)
Financing			
Loan drawn down		-	3,000,000
Loan repayments		(2,819,182)	(1,152,562)
Net issue / (surrender) of share capital		-	(23)
Net cash (outflow)/inflow from financing		(2,819,182)	1,847,415
Decrease in cash	20	(1,821,166)	(699,053)
		=====	=====

The notes on pages 12 to 25 form part of these accounts

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS

For the 15 month period ending 31 March 2011

The Association is incorporated under the Industrial and Provident Societies Acts 1965 and is registered with the Financial Services Authority (registered number is 1844R (S)).

The accounts have been prepared in accordance with applicable accounting standards as issued by UK accountancy bodies and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice, Accounting by Registered Social Landlords (SORP 2008).

1. Accounting Policies

The principal accounting policies of the Association are set out below.

Accounting for group companies

During the period, the Association established a new, wholly owned non-charitable subsidiary, Persevere Developments Limited. The company was incorporated on 17 November 2010 and has remained dormant throughout the period to 31 March 2011. As such, the Association has opted not to consolidate the subsidiary into the Association's accounts.

Accounting convention

The accounts are prepared on the historical cost basis of accounting modified to include the fair value of fixed assets at the date of a transfer of engagements.

Turnover

Turnover represents rental income receivable, income from support services, income from fees, and grants of a revenue nature from local authorities and the Scottish Government. Turnover is recognised when amounts fall due and when income has been earned.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation, except for the land component of Housing Properties which is not depreciated and is therefore stated at cost. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Housing properties (excluding land)	2%
Heritable Property	2%
Furniture	10%
Fittings, Equipment & Motor Vehicles	20%
Computer Equipment	20% - 33%

Housing properties

Housing properties are stated at cost less Housing Association Grant less accumulated depreciation. The cost of properties includes land cost, all construction costs, professional fees, capitalised interest and development administration costs.

Housing Properties acquired under transfer of engagements are capitalised at their fair value (Existing Use Value – Social Housing) (EUV-SH) and depreciated over their expected useful life at date of transfer.

Housing Association Grant and other capital grants

Where developments have been financed wholly or partly by Housing Association Grant or other Capital grants, the cost of those developments has been reduced by the amount of the grant received. The amount of grant received is shown separately on the balance sheet. Housing Association Grant is repayable in certain circumstances, primarily following sale of the related properties.

Impairment

Reviews for impairment of housing properties are carried out at the level of income generating units when a possible impairment is highlighted by a change in circumstances (such as high repair costs or difficulties in lettings). Any impairment in an income generating unit is recognised by a charge in the Income and Expenditure account and is recognised when the carrying value of the unit exceeds the higher of its net realisable value or value in use. The net realisable value is determined by an external valuation by a RICS approved valuer.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS *(Cont'd)*

For the 15 month period ending 31 March 2011

1. Accounting Policies *(Cont'd)*

Stocks

Development properties held for sale are valued at the lower of cost and net realisable value. Cost includes land cost, all construction cost, professional fees, capitalised interest and development administration costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for any foreseeable losses where appropriate. No element of profit is included within the valuation of development properties held for sale.

Pension Costs

The Association participates in the centralised, multi-employer, Scottish Housing Associations' Pension Scheme which is a defined benefits pension scheme. Retirement benefits to employees of the Association are funded by contributions from all participating employers and employees. Contributions are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across all participants taken as a whole, thus the scheme qualifies for exemption from the full requirements of FRS 17 "Retirement Benefits" and accounts for the scheme as if it were a defined contribution scheme. The charge to the Income and Expenditure Account therefore represents the contributions payable in the period.

Improvements

Improvements are capitalised where these could result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- the ability to increase rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

Designated Reserves

These are unrestricted reserves, which represent amounts earmarked to fund future commitments for future repair expenditure based on the Association's planned programme of work, and to enable the Association to maintain its housing properties in a state of repair which at least maintains the residual value in prices prevailing at the time of acquisition and construction.

Major Repairs

A reserve for major repairs has been established to assist in funding such repairs. This reserve is augmented by a full-cost transfer for the year, calculated on the basis of a life-cycle costing exercise which is regularly updated. The total transfer is reduced by the actual Major repairs expenditure incurred during the year.

Service Equipment Replacement

Various items of plant and equipment installed in the Association's schemes and included in the cost of Housing land and buildings will require to be replaced at the end of their useful lives. A reserve has been set up for their replacement and a transfer is made equal to the annual depreciation on these items over the remainder of their useful lives. Expenditure is charged directly to the Income and Expenditure account as incurred, and the amount transferred is reduced accordingly.

Negative Goodwill

Negative goodwill arising on the transfer of engagements represents the excess of the fair value of the identifiable net assets acquired over the fair value of the consideration given and is taken immediately to reserves. This is in accordance with the SORP but not in accordance with FRS 10, which requires that negative goodwill be shown as a negative asset on the balance sheet. The Board is of the opinion that the treatment required by FRS 10 would not present a true and fair view of the Association's net assets because the substance of the transaction is a transfer of a business for minimal consideration rather than a purchase in the conventional manner. If the negative goodwill had been treated as a negative asset as required by FRS 10 then the Association's net assets would have been reduced by £5,208,833. (2009: £5,355,148). Negative goodwill is amortised to the income and expenditure account over the same period for which depreciation is charged on the housing properties acquired.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

1. Accounting Policies (Cont'd)

Leased assets

Operating leases and the payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

2. Turnover, operating costs, operating surplus

			15 months to 31 March 2011	Year to 31 December 2009
	Turnover	Operating Costs	Operating Surplus	Operating Surplus
	£	£	£	£
Income and expenditure from lettings				
Other income and expenditure	9,884,680	(7,488,465)	2,396,215	1,445,454
Other activities - note 3	469,169	(1,048,608)	(579,439)	(350,829)
	-----	-----	-----	-----
Total 2010/11	10,353,849	(8,537,073)	1,816,776	1,094,625
	=====	=====	=====	=====
Total 2009	7,539,904	(6,445,279)	1,094,625	
	=====	=====	=====	
	Housing Accommo- dation	Shared Ownership Accommo- dation	15 Months to 31 March 2011 Total	Year to 31 December 2009 Total
	£	£	£	£
Particulars of income and expenditure from lettings				
Income from lettings				
Rent receivable net of identifiable service charges	8,532,675	282,251	8,814,926	6,486,877
Service charges receivable (see below)	1,079,028	4,190	1,083,218	754,793
	-----	-----	-----	-----
Gross rents receivable	9,611,703	286,441	9,898,144	7,241,670
<u>Less:</u> Rent losses from voids	(87,490)	-	(87,490)	(68,446)
	-----	-----	-----	-----
Net rents receivable	9,524,213	286,441	9,810,654	7,173,224
Supporting People Income Receivable	74,026	-	74,026	61,125
	-----	-----	-----	-----
Total income from lettings	9,598,239	286,441	9,884,680	7,234,349
	=====	=====	=====	=====
Expenditure on letting activities				
Services (see below)	1,055,674	10,361	1,066,035	610,404
Management and maintenance administration costs	2,163,629	-	2,163,629	1,737,366
Routine Maintenance	1,144,774	-	1,144,774	889,613
Cyclical maintenance and SHQS costs	2,421,716	-	2,421,716	2,038,611
Rent losses from bad debts	78,308	-	78,308	47,297
Housing Depreciation	741,202	19,116	760,318	582,643
Amortisation of Negative Goodwill	(146,315)	-	(146,315)	(117,039)
	-----	-----	-----	-----
Total expenditure on lettings	7,458,988	29,477	7,488,465	5,788,895
	=====	=====	=====	=====
Operating surplus on letting activities	2,139,251	256,964	2,396,215	1,445,454
	=====	=====	=====	=====

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

2. Turnover, operating costs, operating surplus (Cont'd)

Services

Included with the service charges receivable above are amounts relating to non-eligible housing benefit amounting to £20,685 (2009 – £20,986) and amounts collected for replacement assets £263,061. In addition to expenditure noted above, a net transfer was made to the reserve for the replacement of plant in schemes for £170,828 (2009 - £170,411) (note 17). Supporting People income receivable for Scheme Co-ordinator support for the Association's 3 sheltered housing schemes is disclosed above. This income covers part of the cost of providing this service with the balance being recovered from service charges. The Association feels that to disclose the Supporting People income under "Other Activities" in note 3 would not show a true position in relation to these services.

					15 months to 31 March 2011	Year to 31 December 2009
3. Other Activities	Grants	Income	Total Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	£	£	£	£	£	£
Wider role activities	370,147	-	370,147	(564,582)	(194,435)	(106,619)
Factoring activities	-	7,205	7,205	(9,227)	(2,022)	109
Development & Construction of property activities	-	-	-	(415,090)	(415,090)	(260,277)
Other Agency/Management service	-	65,711	65,711	(59,709)	6,002	2,998
Other activities	-	26,106	26,106	-	26,106	12,960
	-----	-----	-----	-----	-----	-----
Total from Other Activities	370,147	99,022	469,169	(1,048,608)	(579,439)	(350,829)
	=====	=====	=====	=====	=====	=====
Total 2009	240,018	65,537	305,555	(656,384)	(350,829)	
	=====	=====	=====	=====	=====	

	15 months to 31 March 2011	Year to 31 December 2009
	£	£
4. Surplus on ordinary activities before taxation		
Surplus on ordinary activities before taxation is stated after:		
Depreciation	920,688	686,332
Auditor's remuneration		
Audit services	12,457	10,465
Non-audit services	3,936	3,020
	=====	=====

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

5. Officers' emoluments and interests

Officers are defined as the members of the Board of Management, the Chief Executive & Secretary and any other director or manager whose total emoluments (excluding pension contributions) exceed £60,000 per annum. No emoluments were paid to any member of the Board of Management during the fifteen month period and details of emoluments paid to Officers follow.

	15 months to 31 March 2011 £	Year to 31 December 2009 £
Total emoluments [including pension contributions of £11,037 (2009: £11,536) and benefits in kind] for the fifteen month period (2009: twelve months)	106,752	98,466
	=====	=====

The 2011 figure is for a fifteen month period whereas the previous year is a twelve month period. However, the previous Managing Director retired in June 2009 and the current Chief Executive commenced in May 2009 resulting in additional salary costs for May and June of 2009.

The emoluments of the highest paid officer, excluding pension contributions, were £95,716 (2009: £86,929 including overlap costs).

The number of officers whose emoluments, excluding pension contributions, exceeded £60,000 for the twelve month equivalent period were:

	2011	2009
£60,000 to £70,000	-	-
£70,001 to £75,000	-	-
£75,001 to £80,000	1	1
	=====	=====

Expenses payable to Board members for out of pocket expenses amounted to £824 (2009: £66).

6. Employee information

Staff costs (including Director emoluments) during the year were as follows:-

	15 months to 31 March 2011 £	Year to 31 December 2009 £
Wages and salaries	1,932,005	1,428,123
Social security costs	158,389	113,443
Pension costs	180,771	161,393
	-----	-----
	2,271,165	1,702,959
	=====	=====

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

6. Employee information (Cont'd)

The average monthly number of persons employed by the Association during the year (including part-time staff) was as follows:

	15 months to 31 March 2011 No	Year to 31 December 2009 No
Office staff	50	45
Sheltered Accommodation Staff	7	7
	-----	-----
Total Staff	57	52
	===	===
Full-time equivalent Office staff	45	41
	===	===

	15 months to 31 March 2011 £	Year to 31 December 2009 £
7. Gain on sale of fixed assets		
Housing properties	124,259	109,713
Other fixed assets	4,289	-
	-----	-----
	128,548	109,713
	=====	=====

8. Interest

	15 months to 31 March 2011 £	Year to 31 December 2009 £
<u>Interest receivable and similar income</u>		
Interest receivable on bank balances	16,421	71,633
	-----	-----
	16,421	71,633
	=====	=====
<u>Interest payable and similar charges</u>		
Interest payable on loans	614,778	573,252
Less: capitalised	(178,456)	-
	-----	-----
	436,322	573,252
	=====	=====

9. Tax on surplus on ordinary activities

The Association is a registered Charity (number SC027945) and is not liable to United Kingdom corporation tax on its housing activities. No tax liability exists in the period on the Association's non-housing activities.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

	Housing properties held for letting	Shared Ownership Housing properties held for letting	Housing properties in course of construction	Shared Ownership Housing properties in course of construction	Housing properties Total
10. Tangible fixed assets - housing properties	£	£	£	£	£
Cost/Valuation					
At start of period	113,185,370	2,950,086	19,287,466	597,420	136,020,342
Additions during period	96,812	-	9,278,427	1,276,854	10,652,093
Disposals during period	-	(106,057)	-	-	(106,057)
Transferred	14,547,238	-	(14,547,238)	-	-
	-----	-----	-----	-----	-----
At end of period	127,829,420	2,844,029	14,018,655	1,874,274	146,566,378
	-----	-----	-----	-----	-----
Depreciation					
At start of period	3,810,261	181,698	-	-	3,991,959
Provided during period	741,202	19,116	-	-	760,318
Disposals	-	(8,628)	-	-	(8,628)
	-----	-----	-----	-----	-----
At end of period	4,551,463	192,186	-	-	4,743,649
	-----	-----	-----	-----	-----
Net Cost	123,277,957	2,651,843	14,018,655	1,874,274	141,822,729
	-----	-----	-----	-----	-----
Housing Association Grant					
At start of period	81,704,661	1,710,573	16,388,489	597,420	100,401,143
Additions during period	82,235	-	6,311,537	871,843	7,265,615
Repaid during period	-	(62,919)	-	-	(62,919)
Transferred	9,655,829	-	(9,655,829)	-	-
	-----	-----	-----	-----	-----
At end of period	91,442,725	1,647,654	13,044,197	1,469,263	107,603,839
	-----	-----	-----	-----	-----
Other capital grants					
At start of period	1,017,142	-	1,856,614	-	2,873,756
Additions during period	-	-	-	-	-
Transferred	1,856,614	-	(1,856,614)	-	-
	-----	-----	-----	-----	-----
At end of period	2,873,756	-	-	-	2,873,756
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2011	28,961,476	1,004,189	974,458	405,011	31,345,134
	=====	=====	=====	=====	=====
At 31 December 2009	26,653,306	1,057,815	1,042,363	-	28,753,484
	=====	=====	=====	=====	=====

Development administration costs capitalised during the period amounted to £215,817 (2009: £205,819) against which Housing Association Grant of £215,817 (2009: £205,819) were received in the period.

Capitalised interest amounted to £ 178,456 (2009: £nil).

All housing land and buildings are heritable property. All schemes in progress have been approved for Housing Association Grant.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

	Heritable Property £	Office Furniture & Equipment £	Motor Vehicles £	Total £
11. Other fixed assets				
Cost/Valuation				
At start of period	2,993,707	324,809	84,316	3,402,832
Additions during period	27,340	213,598	72,646	313,584
Disposals during period	-	(34,569)	(70,782)	(105,351)
	-----	-----	-----	-----
At end of period	3,021,047	503,838	86,180	3,611,065
	-----	-----	-----	-----
Depreciation				
At start of period	384,969	198,798	35,741	619,508
Provided during period	70,085	67,150	23,135	160,370
Disposals during period	-	(34,569)	(41,907)	(76,476)
	-----	-----	-----	-----
At end of period	455,054	231,379	16,969	703,402
	-----	-----	-----	-----
Net book value				
At 31 March 2011	2,565,993	272,459	69,211	2,907,663
	=====	=====	=====	=====
At 31 December 2009	2,608,738	126,011	48,575	2,783,324
	=====	=====	=====	=====
			31 March	31 December
12. Stocks			2011	2009
			£	£
Shared Ownership property under construction			624,758	199,140
			-----	-----
			624,758	199,140
			=====	=====
			31 March 2011	31 December 2009
13. Debtors			£	£
Arrears of rent			409,756	334,342
Less bad debt provision			(171,649)	(139,555)
			-----	-----
			238,107	194,787
Capital Grants receivable			2,373,752	4,740,000
Service charge equalisation			-	106,938
Other debtors			183,162	144,276
			-----	-----
			2,795,021	5,186,001
			=====	=====

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

	31 March 2011 £	31 December 2009 £
14. Creditors: amounts falling due within one year		
Housing loans (note 15)	320,188	436,128
Scottish Government for instalments of loan principal and interest owing and payable	-	16,343
Prepaid rent	171,562	168,881
Service charge equalisation account	-	30,106
Contractors for retentions unpaid and certified work	399,414	371,420
HAG in advance shared ownership	624,758	199,140
Trade creditors	405,702	776,262
Sundry creditors	1,113,225	782,974
	-----	-----
	3,034,849	2,781,254
	=====	=====
	31 March 2011 £	31 December 2009 £
15. Creditors: amounts falling due after more than one year		
Housing loans	10,135,500	12,838,742
	-----	-----
	10,135,500	12,838,742
	=====	=====

Housing Loans

Housing loans from building societies and banks are secured by specific charges on the Association's housing properties and are repayable at interest rates varying from 1.00% to 13.0% over a period of between 13 and 28 years in instalments due as follows:

	31 March 2011 £	31 December 2009 £
In one year or less	320,188	436,128
Between one and two years	340,800	438,628
Between two and five years	1,040,700	1,323,385
In five or more years	8,754,000	11,076,729
	-----	-----
	10,455,688	13,274,870
	=====	=====

	31 March 2011 £	31 December 2009 £
16. Share capital		
Shares of £1 each issued and fully paid		
At 1 January 2009	397	420
Issued during the period	17	10
Cancelled in period	(17)	(33)
	-----	-----
At 31 March 2011	397	397
	=====	=====

Each Member of the Association holds one voting share (nominal value £1) in the Association. These shares carry no rights to interest, bonuses, dividend or distributions on a winding up. All shares are surrendered on the cessation of membership. Each Member has the right to vote at members' meetings.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

17. Reserves	Revenue reserve £	Major Repairs to Housing Properties reserve £	Reserve for replacement of plant in Schemes £	Total £
At 1 January 2010	8,866,504	9,707,376	1,766,634	20,340,514
Surplus for the period	1,525,423	-	-	1,525,423
Net transfers between reserve	(82,366)	(88,462)	170,828	-
	-----	-----	-----	-----
At 31 March 2011	10,309,561	9,618,914	1,937,462	21,865,937
	=====	=====	=====	=====
18. Negative Goodwill			31 March 2011 £	31 December 2009 £
At 1 January 2010			5,355,148	5,472,187
Amortisation			(146,315)	(117,039)
			-----	-----
At 31 March 2011			5,208,833	5,355,148
			=====	=====
19. Reconciliation of operating surplus to net cash flow from operating activities			15 months to 31 March 2011 £	Year to 31 December 2009 £
Operating surplus			1,816,776	1,094,625
Depreciation on housing stock			760,318	582,643
Depreciation on other fixed assets			160,370	103,689
Decrease/(Increase) in debtors			24,732	(96,411)
(Decrease)/increase in creditors			(45,247)	523,418
Amortisation of negative goodwill			(146,315)	(117,039)
(Increase) in stocks			(425,618)	(199,140)
			-----	-----
Net cash inflow from operating activities			2,145,016	1,891,785
			=====	=====
20. Reconciliation of net cash flow to movement in net debt			15 months to 31 March 2011 £	Year to 31 December 2009 £
(Decrease) in cash in the period			(1,821,166)	(699,053)
Cash outflow/(inflow) from loan repayments/(advances)			2,819,182	(1,847,438)
			-----	-----
Change in net debt resulting from cash flows and movement in net debt			998,014	(2,546,491)
Net debt at beginning of period			(8,880,764)	(6,334,273)
			-----	-----
Net debt at end of period			(7,882,748)	(8,880,764)
			=====	=====

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

21. Analysis of net debt

	At 1 January 2010 £	Cash flows £	Other changes £	At 31 March 2011 £
Cash at bank and in hand	4,394,106	(1,821,166)	-	2,572,940
Debt due within one year	(436,128)	436,128	(320,188)	(320,188)
Debt due after one year	(12,838,742)	2,383,054	320,188	(10,135,500)
	-----	-----	-----	-----
	(8,880,764)	998,016	-	(7,882,748)
	=====	=====	=====	=====

22. Pension Obligations

Port of Leith Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (The Scheme).

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

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 the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

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

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.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

22. Pension Obligations (Contd.)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Port of Leith Housing Association Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for the Association was £6.785m. No provision for this contingent liability has been made as crystallization of the buy out debt remains remote at the date of these accounts.

The Scheme offers five benefit structures to employers, namely:

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

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

Port of Leith Housing Association Ltd has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2008 and the career average revalued earnings with a 1/70th accrual rate for new members from 1 April 2008 and in addition the career average revalued earnings with a 1/80th accrual rate for new members from 1 April 2011.

During the accounting period Port of Leith Housing Association Ltd paid contributions at the rate of 11.9% to 15.4% of pensionable salaries. Member contributions varied between 6.0% and 7.7% as at the balance sheet date there were 34 (2009: 37) active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £1.017M.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

22. Pension Obligations (Contd.)

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

Total 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

(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

	31 March	31 December
23. Capital commitments	2011	2009
	£m	£m

Housing developments

Capital expenditure that has been contracted for but has not been provided for in the accounts

14.2 4.4

=====

These costs are expected to be met from committed HAG of £5.78m and from bank funding facilities currently available.

Capital expenditure that has been authorised by the Board but has not yet been contracted for

35.9 60.9

=====

Deferred security in the form of standard security over land has been provided in relation to sites, the development costs of which are included in capital expenditure authorised but not yet contracted of £35.9m. If the sites are not developed within an agreed period, the security will be enforced.

PORT OF LEITH HOUSING ASSOCIATION LIMITED

NOTES to the ACCOUNTS (Cont'd)

For the 15 month period ending 31 March 2011

24. Units of Accommodation	At 1 January 2010 £	Additions £	Disposals £	At 31 March 2011 £
Property held for letting	2,090	102	-	2,192
Special Needs	36	-	-	36
	-----	-----	-----	-----
Total Held for Letting	2,126	102	-	2,228
Shared ownership	89	-	(3)	86
	-----	-----	-----	-----
	2,215	102	(3)	2,314
	=====	=====	=====	=====
=====				
In development	541	84	(102)	523
	=====	=====	=====	=====

25. Related party disclosure

The tenant members of the Board of Management during the year, Robert MacPherson, Ruth McNeil and Ian Martin had tenancies on normal terms and these Board members cannot use their position to their advantage.

	31 March 2011 £	31 December 2009 £
26. Financial commitments		
At the period end the annual commitments under operating leases were as follows:		
Other assets (non-land):		
Expiring within one year	12,000	16,000
	=====	=====

27. Contingent liabilities

On 30 September 2005 the activities and the net assets of Lorne Area Housing Association Limited (LAHA) were transferred to Port of Leith Housing Association Limited (POLHA) as a transfer of engagements.

At the date of transfer, LAHA was a participating member of the Scottish Housing Associations' Pension Scheme; a multi-employer defined benefit pension scheme. New legislation on the treatment of funding deficits when solvent employers withdraw from a multi-employer scheme came into effect on 2 September 2005 and required the withdrawing employer to settle a minimum funding debt level.

A form of security in favour of the Pensions Trust for the buy-out liability, as an alternative to payment of the liability, was agreed during 2009. An "account security arrangement" has been entered into with the Pensions Trust and the Association placed on deposit in 2009 the sum of £520,507. The deposit held under the security arrangement must be amended as necessary to reflect the periodic revaluation of the buy-out debt. Since 31 March 2011 the Association has increased the sum on deposit to £986,153 being the latest valuation of the buy-out debt obtained from the Pensions Trust. This separate deposit account is included in these accounts.