

**REIDVALE HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2010**

Financial Services Authority No. 1825R(S)

Registered Housing Association No. L1535



**FRENCH DUNCAN LLP**

Chartered Accountants & Registered Auditor

375 West George Street

Glasgow

G2 4LW

**REIDVALE HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2010**

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**REIDVALE HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**Committee of Management**

Mrs Mary Dunn	(Chairperson)
Mrs Anne McKelvie	(Secretary)
Mrs Irene McInnes	(Committee Member)
Mrs Sandra Coyne	(Committee Member)
Mrs Jane Marley	(Committee Member)
Mrs Christine Hadden	(Committee Member)
Mr Ernesto Vaz	(Committee Member)
Mr Randle Wilson	(Committee Member)
Mrs Linda McGowan	(Committee Member)
Miss Helen Moore	(Committee Member)
Mr Edward Marley	(Committee Member)

**Executive Officers**

Rob Joiner	(Director)
Linda Scott	(Depute Director)
Gerry Shepherd	(Finance Manager)

**Registered Office**

13 Whitevale Street  
Glasgow  
G31 1QW

**Auditors**

French Duncan LLP  
375 West George Street  
Glasgow  
G2 4LW

**Bankers**

Lloyds TSB Bank plc  
177 Ingram Street  
Glasgow  
G1 1DL

**Solicitors**

Biggart Baillie W.S.  
Dalmore House  
310 St Vincent Street  
Glasgow  
G2 5QR

**REIDVALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE**  
**FOR THE YEAR ENDED 31ST MARCH 2010**

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

**Legal status**

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965. No 1825R(S). The Association is constituted under its rule book.

**Principal activities**

The principal activity of the Association is the provision of social housing.

**Review of business and future developments**

The Committee are satisfied with the Association's performance during the year. The surplus for the year after taxation was £154,532 (2009 deficit - £279,713). Net transfers from the designated reserves were £12,618 as the regeneration initiative reserve was increased and the furniture and equipment replacement reserve and major repairs reserve were reduced (2009 – nil). The Association's net assets are now £1,813,343 (2009 - £1,658,786).

The Committee are satisfied with the level of designated reserves to meet its longer term major repair work. Future rent setting will continue to take account of both short and longer term commitments.

The Association's major repair works for next year continue to include kitchen installation, central heating systems, stonework and window replacement. Other community regeneration initiatives will continue to occupy a high profile within the organisation's priorities.

The Association continues to try and manage risk when presented with it. Risks inherent in the recent major repairs to 132 Sword Street, for example, were minimised by the use of good project management systems allied to a constant vigilance on costs etc.

The Association performs well within the post development phase and continues to seek to fund its Major Repair programme from future rental income streams. There are no plans to utilise debt finance over the coming years and we intend to continue to redeem existing 20 year old loans as they become eligible.

Both external and internal performance indicators are being satisfactorily met by the organisation, with periodic measures of performance against targets being carried out at appropriate times of the year.

Long term goals of wider regeneration initiatives have always been and will continue to be one of the Association's main objectives. Most recent examples of this are the newly completed Reidvale Neighbourhood Centre (RNC) and the Community Allotments. These plus the continuous improvement of the housing stock, which continue to meet the Scottish Housing Quality Standard, are the two principal objectives for the Association. Financial support for the RNC took the form of a long term loan, internal financing and the donation of some computer hardware.

Meeting the above objectives puts a constant strain on the financial resources of the organisation. Long term costing for future Major Repairs budgets indicate only moderate real rises in rental income to maintain current liquidity levels. Annual Budgets will continue to ensure a very cautious approach to the Associations hard earned cash.

**Changes in fixed assets**

Details of fixed assets are set out in Note 10.

**REIDVALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE**  
**FOR THE YEAR ENDED 31ST MARCH 2010**

**The Committee of Management and Executive Officers**

The committee of management and executive officers of the Association are listed on page 1.

**Statement of Committee's responsibilities**

The Management Committee are responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Housing Association and of the surplus or deficit of the Housing Association for that year. In preparing those financial statements, the Management Committee is required to fulfil the following obligations:

- 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue its business.
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Scotland Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee confirms that the financial statements comply with the above requirements.

In so far as the Management Committee are aware

- there is no relevant audit information of which the Association's auditors are unaware and
- the Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Related Party Transactions**

All members of the Management Committee who are tenants have tenancies on the Association's normal tenancy terms and they cannot use their positions to their advantage.

**REIDVALE HOUSING ASSOCIATION LIMITED****REPORT OF THE MANAGEMENT COMMITTEE****FOR THE YEAR ENDED 31ST MARCH 2010 (CONTINUED)****Raising Standards Guidance on Internal Financial Control and Financial Reporting**

The Association considers that it has complied with "Raising Standards" guidance on "Internal financial control and financial reporting" contained within "Raising Standards in Housing", published by the Scottish Federation of Housing Associations and endorsed by the Scottish Housing Regulator.

**Internal Financial Control**

The Management Committee has overall responsibility for the Association's system of internal financial control and recognise that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

To discharge this responsibility, the Management Committee will continue to establish an organisational structure with clearly defined levels of responsibility and authority and with appropriate reporting procedures. Included within these key procedures will be the following

**internal financial controls:-**

- the formulation of policies and approval procedures in the areas such as compliance, investment and treasury operations and capital expenditure
- a comprehensive system of budgeting, planning and financial reporting
- formal business risk reviews by management which consider the potential effects of risk and identify potential new risk
- internal audit reviews of the controls and processes from which formal reports are prepared
- an audit committee which considers significant control issues and receives regular reports from both the internal and external auditors.

The Audit Committee, made up of members of the full Management Committee remains in place, and the Association achieved its internal audit plan targets for the year.

Reports on work undertaken have been received and considered by the Audit Committee who in turn have reported to the full Management Committee.

**Auditors' Review**

In addition to their audit of the financial statements, our auditors have reviewed the Management Committee's statement concerning the Association's compliance with the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting". Their report is set out on page 7.

**REIDVALE HOUSING ASSOCIATION LIMITED**  
**REPORT OF THE MANAGEMENT COMMITTEE**  
**FOR THE YEAR ENDED 31ST MARCH 2010 (CONTINUED)**

**Auditors**

A resolution to reappoint French Duncan LLP as auditors to the Association will be put to the Annual General Meeting.

**By order of the committee**

**Anne McKelvie**

**Secretary**

**2 June 2010**

*A McKelvie*

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**FOR THE YEAR ENDED 31 MARCH 2010**

We have audited the Financial Statements on pages 8 to 26 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 11 and 12.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Management Committee and auditors**

The Management Committee's responsibilities for preparing of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Management Committee's Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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' Act 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's report is not consistent with the Financial Statements, if the Association 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 other transactions with the Association is not disclosed.

We read the Management Committee's report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed 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.

**Opinion**

In our opinion, the financial statements,

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Association as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing Scotland Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

*French Duncan LLP*

**FRENCH DUNCAN LLP**

Chartered Accountants  
Registered Auditor  
375 West George Street  
Glasgow  
G2 4LW

2 June 2010



**REIDVALE HOUSING ASSOCIATION LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS  
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed whether your statement on pages 3 and 4 concerning the Association's compliance with the disclosure required by the Scottish Federation of Housing Associations - "Raising Standards" guidance on "Internal financial control and financial reporting".

**Basis of Opinion**

We carried out our review having regard to Bulletin 1999/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the statement on internal financial controls on pages 3 and 4 has provided the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting", and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



**FRENCH DUNCAN LLP**  
Chartered Accountants  
Registered Auditor

375 West George Street  
Glasgow  
G2 4LW

2 June 2010

**REIDVALE HOUSING ASSOCIATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2010**

	Notes	2010 £	2009 £
<b>TURNOVER</b>	2	2,553,932	2,419,519
Operating Costs	2	(2,315,825)	(2,660,674)
		<u>238,107</u>	<u>(241,155)</u>
<b>Gain/(Loss) on sale of housing accommodation</b>		5,351	(4,787)
<b>OPERATING SURPLUS/(DEFICIT)</b>	7	<u>243,458</u>	<u>(245,942)</u>
Interest receivable and other income		1,302	47,799
Interest payable	8	(60,555)	(81,570)
<b>TOTAL SURPLUS/(DEFICIT) FOR YEAR BEFORE TAXATION</b>		184,205	(279,713)
Tax on surplus/(deficit) on ordinary activities	9	<u>29,673</u>	<u>-</u>
<b>PROFIT/(DEFICIT) FOR YEAR</b>		<u>154,532</u>	<u>(279,713)</u>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those dealt with in the Income and Expenditure Account.

The notes on pages 10 to 26 form part of these Financial Statements.

## BALANCE SHEET AS AT 31ST MARCH 2010

	Notes	2010 £	2009 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – Gross cost less depreciation Less Social Housing Grant	10	30,887,307 (29,439,370)	31,041,609 (29,563,105)
		<u>1,447,937</u>	<u>1,478,504</u>
Other fixed assets	10	733,383	806,355
		<u>2,181,320</u>	<u>2,284,859</u>
<b>CURRENT ASSETS</b>			
Debtors	11	194,487	225,048
Cash at bank and in hand		809,175	549,819
		<u>1,003,662</u>	<u>774,867</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	12	(581,476)	(513,611)
<b>NET CURRENT ASSETS</b>			
		<u>422,186</u>	<u>261,256</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		2,603,506	2,546,115
Creditors: Amounts falling due after one year	13	(790,163)	(887,329)
		<u>1,813,343</u>	<u>1,658,786</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share capital	14	1,115	1,090
Designated reserves	15	1,536,872	1,549,490
Revenue reserves	16	275,356	108,206
		<u>1,813,343</u>	<u>1,658,786</u>

The Financial Statements were approved by the Management Committee on 2 June 2010 and signed on its behalf by:-

Mary Dunn - Chairperson *Mary Dunn*  
 Anne McKelvie - Secretary *A McKelvie*  
 Irene McInnes - Committee Member *Irene McInnes*

The notes on pages 10 to 26 form part of these Financial Statements.

## STATEMENT OF CASH FLOW

FOR THE YEAR TO 31ST MARCH 2010

	Notes	2010 £	2009 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	17	<u>396,551</u>	<u>(203,429)</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,302	47,799
Interest paid		<u>(60,555)</u>	<u>(81,570)</u>
		<u>(59,253)</u>	<u>(33,771)</u>
<b>NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>337,298</u>	<u>(237,200)</u>
<b>TAXATION</b>			
Tax paid		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>CAPITAL EXPENDITURE</b>			
Cash paid for development, construction and purchase of housing		(8,726)	(145,435)
Cash paid for purchase of other fixed assets		-	(279,013)
Social Housing Grant received and abated		<u>(57,906)</u>	93,715
Proceeds on disposal of housing properties		63,197	15,014
		<u>(3,435)</u>	<u>(315,719)</u>
<b>NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<u>333,863</u>	<u>(552,919)</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Cash added to term deposits		<u>(78,016)</u>	<u>207,614</u>
<b>FINANCING</b>			
Increase in loan finance		-	-
Movement on loans		(74,532)	(59,324)
Shares issued		25	50
		<u>74,507</u>	<u>(59,274)</u>
<b>INCREASE)/(DECREASE) IN CASH</b>	18	<u>181,340</u>	<u>(404,579)</u>

The notes on pages 10 to 26 form part of these Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010

**1. ACCOUNTING POLICIES**

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965.

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice 2008 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The principal accounting policies are set out below.

**a) Basis of accounting**

The financial statements are prepared on the historical cost basis.

**b) Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from Communities Scotland, Local Authorities and other agencies.

**c) Social Housing Grant (SHG)**

Where Social Housing Grant or other capital grant has been received towards the cost of developments, the cost of these developments has been reduced by the amount of grant receivable. This amount is shown separately on the balance sheet. Where SHG has been received in respect of revenue expenditure, it is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

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

**d) Tangible Fixed Assets - Housing Properties**

Housing properties are stated at cost less Social Housing Grant and other grants.

**e) Depreciation**

Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%.

Depreciation on office refurbishment, fixtures and fittings and equipment has been charged at rates estimated to write off the cost less residual value over their estimated useful lives as follows:

Office fixtures, fittings & equipment	-	20% straight line and 15% reducing balance
Office accommodation	-	Over 15 years

**f) Capitalisation of Interest**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31ST MARCH 2010 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**g) Development Administration**

Development administration costs relating to development activities are capitalised based on an apportionment of the time spent by staff on this activity.

**h) Cyclical and Major Repairs**

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

**i) Designated Reserves**

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure and the actual costs of repairs is charged to these reserves.

**j) Sales of Housing Properties**

Surpluses and deficits on the sale of housing properties are accounted for in the Income and Expenditure Account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

**k) Pensions**

The Association participates in the centralised Scottish Federation of Housing Associations Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole. Any deficiencies arising will be spread over this period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2010

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

	Note	Turnover	Operating Costs	2010 Operating Surplus/ (Deficit)	2009 Operating Surplus/ (Deficit)
		£	£	£	£
Social letting	3	<u>2,425,375</u>	<u>(2,207,491)</u>	<u>217,884</u>	<u>(244,148)</u>
Other Activities	4	<u>128,557</u>	<u>(108,334)</u>	<u>20,223</u>	<u>2,993</u>
Total		<u>2,553,932</u>	<u>(2,315,825)</u>	<u>238,107</u>	<u>(241,155)</u>
Total for previous period of account		<u>2,419,519</u>	<u>(2,660,674)</u>	<u>(241,155)</u>	

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH 2010

## 3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT) FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Supported Housing Accommodation	Shared Ownership Housing	Other (describe) £	2010 £	2009 £
Rent receivable net of service charges	2,143,348	99,839	-	-	2,243,187	2,194,211
Service charges	<u>16,330</u>	<u>68,477</u>	<u>-</u>	<u>-</u>	<u>84,807</u>	<u>81,796</u>
Gross income from rents and service charges	2,159,678	168,316	-	-	2,327,994	2,276,007
Less voids	<u>(33,328)</u>	<u>(1,589)</u>	<u>-</u>	<u>-</u>	<u>(34,917)</u>	<u>(20,524)</u>
Net income from rents and service charges	2,126,350	166,727	-	-	2,293,077	2,255,483
Grant from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	<u>129,218</u>	<u>3,080</u>	<u>-</u>	<u>-</u>	<u>132,298</u>	<u>50,598</u>
Total turnover from social letting activities	<u>2,255,568</u>	<u>169,807</u>	<u>-</u>	<u>-</u>	<u>2,425,375</u>	<u>2,306,081</u>
Management and maintenance administration costs	928,788	115,741	-	-	1,044,529	1,078,947
Service costs		72,440	-	-	72,440	74,896
Planned and cyclical maintenance including major repairs costs	641,027	537	-	-	641,564	955,832
Reactive maintenance costs	403,430	6,175	-	-	409,605	401,376
Bad debts – rents and service charges	-	-	-	-	-	-
Depreciation of social housing	39,353	-	-	-	39,353	39,178
Impairment of social housing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating costs for social letting activities	<u>2,012,598</u>	<u>194,893</u>	<u>-</u>	<u>-</u>	<u>2,207,491</u>	<u>2,550,229</u>
Operating surplus or (deficit)	<u>242,970</u>	<u>(25,086)</u>	<u>-</u>	<u>-</u>	<u>217,884</u>	<u>(244,148)</u>
Operating surplus or deficit for social lettings for previous year	<u>(194,370)</u>	<u>(49,778)</u>	<u>-</u>	<u>-</u>	<u>(244,148)</u>	



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2010

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	29,408	29,408	-	(8,552)	20,856	9,538
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	65,533	65,533	-	(72,564)	(7,031)	(13,926)
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvement for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities :									
Commercial Rent				29,360	29,360	-	(12,300)	17,060	16,935
Sale of Property Allowance	-	-	-	4,256	4,256	-	(14,918)	(10,662)	(9,554)
<b>Total from other activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,557</b>	<b>128,557</b>	<b>-</b>	<b>(108,334)</b>	<b>20,223</b>	<b>2,993</b>
<b>Total from other activities for the previous period of account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,438</b>	<b>113,438</b>	<b>-</b>	<b>(110,445)</b>	<b>2,993</b>	

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 5. DIRECTORS' EMOLUMENTS

The Management Committee are all classed as Directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition the director and any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

	No.	2010 £	2009 £
Total executive staff member and Directors emoluments (including pension contributions and benefits in kind)		<u>152,685</u>	<u>150,694</u>
Emoluments of highest paid Director (excluding pension contributions)		<u>54,475</u>	<u>54,261</u>
		Number	Number
Greater than £60,000		<u>2</u>	<u>2</u>

The highest paid director is an ordinary member of the Association's pension scheme described in note 23. No enhanced or special terms apply to memberships and there are no other pension arrangements to which the Association contribute. The Association's contributions for the director in the year amounted to £8,244 (2009 - £8,012).

Total expenses re-imbursed insofar as not chargeable to income tax

	£	£
Management Committee	<u>828</u>	<u>469</u>

Re-imburement is only made for expenses directly incurred in connection with performing the Association's business.

## 6. EMPLOYEES

	Number	Number
The average full time equivalent weekly numbers of persons employed during the year was:	<u>18</u>	<u>17</u>
<b>Staff Costs:</b>	£	£
Wages and Salaries	615,770	581,216
Social Security	49,289	46,794
Pension Contributions	76,204	73,942
	<u>741,263</u>	<u>701,952</u>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 7. OPERATING SURPLUS

	2010 £	2009 £
Operating (deficit)/surplus is stated after charging:-		
Depreciation	112,325	115,285
Auditors Remuneration - Audit Services	6,500	6,500
- Other Services	-	-
	<u>118,825</u>	<u>128,285</u>

## 8. INTEREST PAYABLE

On Other Loans	60,555	81,570
	<u>60,555</u>	<u>81,570</u>
Less: Interest Capitalised	-	-
	<u>60,555</u>	<u>81,570</u>

## 9. TAXATION

Corporation Tax at 21% (2009 - 20%)	22,000	-
(Over)/under provision in respect of prior years	7,673	-
	<u>29,673</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 10. TANGIBLE FIXED ASSETS

	Housing Properties Held for Letting £	Housing Properties in course of construction £
<b>Cost</b>		
At 1st April 2009	31,288,260	-
Additions	8,726	-
Disposals	(87,055)	-
Transfers	-	-
<b>At 31st March 2010</b>	<b>31,209,931</b>	<b>-</b>
<b>Social Housing Grant</b>		
At 1st April 2009	29,563,105	-
Additions	-	-
Disposals	(82,025)	-
Transfers	(41,710)	-
<b>At 31st March 2010</b>	<b>29,439,370</b>	<b>-</b>
<b>Depreciation</b>		
At 1st April 2009	246,651	-
Provided during year	39,353	-
Disposals	(1,006)	-
Transfers	37,626	-
<b>At 31st March 2010</b>	<b>322,624</b>	<b>-</b>
<b>Net Book Value</b>		
<b>At 31st March 2010</b>	<b>1,447,937</b>	<b>-</b>
<b>At 31st March 2009</b>	<b>1,478,504</b>	<b>-</b>

Development expenditure of £Nil (2009 - £Nil) and capitalised interest of £Nil (2009 - £Nil) is included in the cost of housing properties held for letting.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 10. TANGIBLE FIXED ASSETS

	Office Premises £	Land £	Commercial Premises £	Fittings and Equipment £	Total £
<b>Cost</b>					
At 1st April 2009	1,147,358	5,288	211,256	242,814	1,606,716
Additions	-	-	-	-	-
At 31st March 2010	1,147,358	5,288	211,256	242,814	1,606,716
<b>Social Housing Grant</b>					
At 1st April 2009	-	-	-	-	-
Additions	-	-	-	-	-
At 31st March 2010	-	-	-	-	-
<b>Depreciation</b>					
At 1st April 2009	372,779	-	211,256	216,326	800,361
Charge for year	69,275	-	-	3,697	72,972
At 31st March 2010	442,054	-	211,256	220,023	873,333
<b>Net Book Values</b>					
At 31st March 2010	<b>705,304</b>	<b>5,288</b>	<b>-</b>	<b>22,791</b>	<b>733,383</b>
At 31st March 2009	774,579	5,288	-	26,488	806,355

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 11. DEBTORS

	2010 £	2009 £
Amounts falling due within one year:		
Housing benefit receivable	-	-
Arrears of rent and service charges	162,530	167,063
Less: provision for doubtful debts	<u>(38,578)</u>	<u>(46,946)</u>
	123,952	120,117
Prepayments and accrued income	41,756	78,850
Taxation	-	7,673
Other Debtors	<u>28,779</u>	<u>18,408</u>
	<u>194,487</u>	<u>225,048</u>

Of the total rent arrears £1,376 (2009 - £289) were technical arrears.

## 12. CREDITORS DUE WITHIN ONE YEAR

Mortgages	29,004	21,096
Housing loans	45,526	30,800
Trade creditors	179,574	252,739
Rent in advance	20,561	16,900
Corporation Tax	22,000	-
Other taxes and social security	-	-
Other creditors	55,514	65,546
Accruals and deferred income	<u>229,297</u>	<u>126,530</u>
	<u>581,476</u>	<u>513,611</u>

## 13. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

Mortgages		
Due between one and two years	29,004	21,096
Due between two and five years	87,012	63,286
Due after five years	198,340	266,887
Housing loans		
Due between one and two years	45,526	30,800
Due between two and five years	85,743	97,729
Due after five years	<u>344,538</u>	<u>407,531</u>
	<u>790,163</u>	<u>887,329</u>

Loans and mortgages are secured by a standard security held over the housing properties of the Association and are repayable at varying rates of interest in instalments.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 14. SHARE CAPITAL

	2010 £	2009 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1st April 2009	417	497
Issued during the year	25	50
Forfeited during the year	(29)	(130)
At 31st March 2010	<u>413</u>	<u>417</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

Under the Association's Rules, share capital is non refundable if a person ceases to be a member.

At 31st March, shares issued were split as follows:

	No.	No.
Active members	413	417
Ceased members	702	673
	<u>1,115</u>	<u>1,090</u>

## 15. DESIGNATED RESERVES

	Furniture and Equipment Replacement £	Capital Expenditure £	Cyclical Maintenance Reserve £	Major Repairs Reserve £	Regeneration Initiative Reserve £	Total £
Balance at 1st April 2009	150,000	701,581	-	547,909	150,000	1,549,490
Transfer in	-	-	-	-	80,000	80,000
Transfer out	(80,000)	-	-	(12,618)	-	(92,618)
Balance at 31st March 2010	<u>70,000</u>	<u>701,581</u>	<u>-</u>	<u>535,291</u>	<u>230,000</u>	<u>1,536,872</u>

## 16. RECONCILIATION OF MOVEMENT IN ACCUMULATED SURPLUS

Revenue reserves b/f at 1 April 2009	108,206	387,919
Surplus/(Deficit) for the year	154,532	(279,713)
Transfer from designated reserves	12,618	-
Revenue reserves c/f at 31 March 2010	<u>275,356</u>	<u>108,206</u>

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

17. RECONCILIATION OF OPERATING SURPLUS/(DEFICIT)  
TO NET CASH INFLOW/(OUTFLOW) FROM  
OPERATING ACTIVITIES

	2010 £	2009 £
<b>OPERATING SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>243,458</b>	<b>(245,942)</b>
Depreciation and amortisation	112,325	115,285
(Gain)/Loss on sale of housing accommodation	(5,351)	4,787
Decrease in debtors	22,888	76,047
Increase/(Decrease) in creditors	23,231	(153,606)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b><u>396,551</u></b>	<b><u>(203,429)</u></b>

18. RECONCILIATION OF NET CASHFLOW  
TO MOVEMENT IN NET (DEBT)

Increase/(decrease) in cash in year	181,340	(404,579)
Cash inflow from financing	74,532	59,324
Cash outflow/(inflow) to liquid resources	78,016	(207,614)
Change in net funds/(debt)	333,888	(552,869)
Net (debt)/funds at 1st April 2009	(389,406)	163,463
Net (debt) at 31st March 2010	<u>(55,518)</u>	<u>(389,406)</u>

## 19. ANALYSIS OF CHANGES IN NET (DEBT)

	As at 1st April 2009 £	Cash Flows £	Other Changes £	As at 31st March 2010 £
Debt due within 1 year	(51,896)	51,896	(74,530)	(74,530)
Debt due after 1 year	(887,329)	22,636	74,530	(790,163)
Cash at bank and in hand	155,529	181,340	-	336,869
Term deposits	394,290	78,016	-	472,306
	<u>(389,406)</u>	<u>333,888</u>	<u>-</u>	<u>(55,518)</u>



## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

20. HOUSING STOCK	2010 No	2009 No
The number of units of accommodation in management at the year end was		
General needs - new build	131	132
- rehabilitation	740	741
Supported housing	44	44
	915	917
21. CAPITAL COMMITMENTS	£	£
Expenditure contracted less paid and certified	-	-
Expenditure authorised by Committee of Management not contracted	-	-
	-	-

## 22. PENSION OBLIGATIONS

**Pension Obligations Note – SFHA Scheme Standard Employers**

The Association participates in the SFHA Pension Scheme, administered by the Pension Trust. The scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme.

The Scheme currently operates with a single benefit structure, final salary with a 1/60th accrual rate. From April 2008 there are three benefit structures available, namely:

1. Final salary with a 1/60th accrual rate.
2. Career average revalued earnings with a 1/60th accrual rate.
3. Career average revalued earnings with a 1/70th rate.

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from April 2009.

The Trustee commissions an actuarial valuation of the Scheme every 3 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 obligations as they fall due.

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

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

As at the balance sheet date there were 14 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £494,833. The Association continues to offer membership of the Scheme to its employees.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 22. PENSION OBLIGATIONS (cont'd)

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £265 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

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

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

	% pa
- Investment return pre-retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

Mortality Tables	
Non-pensioners	PA92C2025 Short
Pensioners	PA92C2013 Short

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

## 22. PENSION OBLIGATIONS (cont'd)

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

Benefit structure	%
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6
Additional rate for deficit contributions	5.3

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

Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	23.1 comprising employer contributions of 15.4% and member contributions of 7.7%

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

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

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a 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.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2010 (Continued)

**22. PENSION OBLIGATIONS (cont'd)**

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.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt on withdrawal for Reidvale Housing Association has been calculated as £3,099,684.84.

**23. ASSURED TENANCY RENTS**

	2010 £	2009 £
Average Scottish Secure tenancy rent for housing accommodation	2,458	2,375
Percentage increase from previous year	3.50%	5.10%

**24. RELATED PARTIES**

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.