

REIDVALE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013

Financial Services Authority No. 1825R(S)

Registered Housing Association No. L1535

FRENCH DUNCAN LLP
Chartered Accountants & Statutory Auditors
375 West George Street
Glasgow
G2 4LW

REIDVALE HOUSING ASSOCIATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2013**

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REIDVALE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Committee of Management

Mrs Jane Marley	(Chairperson)
Mrs Irene McInnes	(Secretary)
Mrs Mary Dunn	(Committee Member)
Mrs Anne McKelvie	(Committee Member)
Mrs Christine Hadden	(Committee Member)
Mr Ernesto Vaz	(Committee Member)
Mrs Linda McGowan	(Committee Member)
Miss Helen Moore	(Committee Member)
Mr Edward Marley	(Committee Member)
Ms D Boyle	(Committee Member)
Ms Isabel McGhee (Resigned April 2013)	(Committee Member)

Executive Officers

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

Registered Office

13 Whitevale Street
Glasgow
G3 1QW

Auditors

French Duncan LLP
Chartered Accountants &
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

Bankers

Lloyds TSB Bank plc
177 Ingram Street
Glasgow
G1 1DL

Solicitors

DWF Biggart Baillie
Dalmore House
310 St Vincent Street
Glasgow
G2 5QR

REIDVALE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2013

The Committee of Management present their report and the audited financial statements for the year ended 31st March 2013.

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 is satisfied with the Association's performance during the year. The surplus for the year after taxation was £93,186 (2012 - £142,945). Net transfers to/(from) the designated reserves were £22,838 (2012 - (£655,913)) as the furniture and equipment replacement reserve was reduced and the major repairs and regeneration initiative reserves were increased. The Association's net assets at 31 March 2013 were £3,336,144 (2012- £3,242,900).

The Committee is 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 future component replacement programme continues 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.

Financial risk is primarily managed through the well established annual budgetary process, where progress is monitored quarterly via Management Accounts. Management Accounts, which focus on cash flows, are compared to budget expectations with any material variance referred to in the notes. The longer term component replacement programme is factored into the rent setting process which allows the Association to build up a good financial 'cushion' against totally unforeseen events. Systemic financial risk, welfare reforms eg, are also incorporated into the annual budget as best as can be quantified.

The Association performs well within the post development phase and continues to seek to fund its component replacement 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 completed Reidvale Neighbourhood Centre (RNC) and the Community Allotments. This, plus the continuous improvement of the housing stock, which continue to meet the Scottish Housing Quality Standard, are the two principal objectives of the Association.

Meeting the above objectives puts a constant strain on the financial resources of the organisation. Long term costing for future Major Repairs budgets indicates only moderate real rises in rental income to maintain current liquidity levels. Annual budgets will continue to ensure a very cautious approach to the spending of the Association's 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 2013 (CONTINUED)****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 is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue its business; and
- 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 ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Scotland Act 2010, the Scottish Housing Regulator Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). 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 is aware

- there is no relevant audit information of which the Association's auditors are unaware; and
- the Management Committee has taken all steps that it ought to have taken to make its members 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 2013 (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 recognises 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 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; and
- 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.

Charitable Status

The Association obtained charitable status on 22 May 2013.

REIDVALE HOUSING ASSOCIATION LIMITED

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013 (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



**Irene McInnes
Secretary**

24 June 2013

REIDVALE HOUSING ASSOCIATION LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31ST MARCH 2013**

We have audited the financial statements of Reidvale Housing Association Limited for the year ended 31 March 2013 on pages 8 to 30. 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. 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 the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 3, the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

Matters arising 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 requires 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 financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

French Duncan LLP
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

3 July 2013

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 your statement on page 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 2006/5 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 page 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.

A handwritten signature in black ink, appearing to be 'french duncan', written in a cursive style.

FRENCH DUNCAN LLP

Chartered Accountants
Statutory Auditors
375 West George Street
Glasgow
G2 4LW

3 July 2013

REIDVALE HOUSING ASSOCIATION LIMITED**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2013**

	Notes	2013 £	2012 £
TURNOVER	2	2,764,699	2,653,466
Operating Costs	2	(2,626,034)	(2,337,114)
OPERATING SURPLUS	7	<u>138,665</u>	<u>316,352</u>
Interest receivable and other income		4,090	2,559
Interest payable	8	(19,219)	(22,997)
TOTAL SURPLUS FOR YEAR BEFORE TAXATION		123,536	295,914
Tax on surplus on ordinary activities	9	<u>(30,350)</u>	<u>(152,969)</u>
SURPLUS FOR YEAR		<u><u>93,186</u></u>	<u><u>142,945</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 12 to 30 form part of these Financial Statements.

REIDVALE HOUSING ASSOCIATION LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2013**

	2013	2012
	£	£
Surplus for the year	93,186	142,945
Prior year adjustment	-	1,245,523
Total surpluses	<u>93,186</u>	<u>1,388,468</u>

The notes on pages 12 to 30 form part of these Financial Statements.

REIDVALE HOUSING ASSOCIATION LIMITED

BALANCE SHEET
AS AT 31ST MARCH 2013

	Notes	2013 £	2012 £
TANGIBLE FIXED ASSETS			
Housing properties – gross cost less depreciation	10	33,258,568	33,307,970
Less Social Housing Grant		(30,290,428)	(30,290,428)
		<u>2,968,140</u>	<u>3,017,542</u>
Other fixed assets	10	525,693	590,166
		<u>3,493,833</u>	<u>3,607,708</u>
CURRENT ASSETS			
Debtors	11	357,940	235,764
Cash at bank and in hand		891,969	871,891
		<u>1,249,909</u>	<u>1,107,655</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	(536,942)	(476,732)
NET CURRENT ASSETS			
		<u>712,967</u>	<u>630,923</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>4,206,800</u>	<u>4,238,631</u>
Creditors: Amounts falling due after one year	13	(565,263)	(646,446)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	14	(305,393)	(349,285)
		<u>3,336,144</u>	<u>3,242,900</u>
CAPITAL AND RESERVES			
Called up share capital	15	489	479
Forfeited shares	15	799	750
Designated reserves	16	937,138	914,300
Revenue reserves	17	2,397,718	2,327,371
		<u>3,336,144</u>	<u>3,242,900</u>

The Financial Statements were approved by the Management Committee on **24** June 2013 and signed on its behalf by:-

Jane Marley - Chairperson *Jane Marley*
Irene McInnes - Secretary *Irene McInnes*
Anne McKelvie - Committee Member *A McKelvie*

The notes on pages 12 to 30 form part of these Financial Statements.

REIDVALE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2013

	Notes	2013 £	2012 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	344,036	471,145
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,090	2,559
Interest paid		(19,219)	(22,997)
		<u>(15,129)</u>	<u>(20,438)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>328,907</u>	<u>450,707</u>
TAXATION			
Tax paid		<u>(111,776)</u>	<u>(40,000)</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchase of housing		(110,977)	(226,042)
Social Housing Grant received and abated		-	-
Proceeds on disposal of housing properties		-	-
		<u>(110,977)</u>	<u>(226,042)</u>
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		<u>106,154</u>	<u>184,665</u>
MANAGEMENT OF LIQUID RESOURCES			
Cash movements in term deposits		(4,090)	(2,524)
FINANCING			
Repayment of loans		(86,135)	(64,190)
Shares issued		59	59
		<u>(86,076)</u>	<u>(64,131)</u>
INCREASE IN CASH	19	<u>15,988</u>	<u>118,010</u>

The notes on pages 12 to 30 form part of these Financial Statements.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2013

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 2010 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (April 2012). 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

Housing properties

The Association adopted component accounting during the prior financial year. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown in the table below:

	Depreciation Period (Years)
Central heating	15
External windows	30
Kitchens	15
Structure	50

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013**

1. ACCOUNTING POLICIES (continued)

Other tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office premises	-	15% straight line
Commercial premises	-	15% straight line
Fixtures & fittings	-	6.67% reducing balance
Office equipment	-	over 5 years

The Association has a policy of only capitalising other tangible fixed assets with a cost greater than £10,000.

f) Capitalisation of Interest

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

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) Property Repairs Policy

The Association has a life cycle costing programme for all its housing stock. The programme identifies the resources and timing for the replacement of various building components. Any large scale component replacement, where enhanced economic benefit can be shown, is capitalised and subsequently depreciated over its expected useful life. All other repairs that essentially maintain the previous standard of performance are recognised in the Income and Expenditure Account.

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.

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 Housing Associations' 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.

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013**

1. ACCOUNTING POLICIES (continued)

l) Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

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

	Note	Turnover £	Operating Costs £	2013 Operating Surplus/ (Deficit) £	2012 Operating Surplus/ (Deficit) £
Social letting	3	<u>2,633,603</u>	<u>2,523,289</u>	<u>110,314</u>	<u>305,270</u>
Other activities	4	<u>131,096</u>	<u>(102,745)</u>	<u>28,351</u>	<u>11,082</u>
Total		<u>2,764,699</u>	<u>(2,626,034)</u>	<u>138,665</u>	<u>316,352</u>
Total for previous period of account		<u>2,653,466</u>	<u>(2,337,114)</u>	<u>316,352</u>	

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 20133. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)
FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2013 £	2012 £
Rent receivable net of service charges	2,422,105	108,028	-	2,530,133	2,429,835
Service charges	8,299	75,989	-	84,288	81,982
Gross income from rents and service charges	2,430,404	184,017	-	2,614,421	2,511,817
Less voids	(15,071)	(1,222)	-	(16,293)	(19,460)
Net income from rents and service charges	2,415,333	182,795	-	2,598,128	2,492,357
Other revenue grants	28,215	7,260	-	35,475	33,283
Total turnover from social letting activities	2,443,548	190,055	-	2,633,603	2,525,640
Management and maintenance administration costs	1,237,813	62,674	-	1,300,487	1,189,641
Service costs	6,062	58,543	-	64,605	62,321
Planned and cyclical maintenance including major repairs costs	498,693	795	-	499,488	360,518
Reactive maintenance costs	432,642	11,815	-	444,457	440,481
Bad debts – rents and service charges	52,058	1,815	-	53,873	16,732
Depreciation of social housing	152,650	7,729	-	160,379	150,677
Operating costs for social lettings	2,379,918	143,371	-	2,523,289	2,220,370
Operating surplus for social lettings	98,203	46,684	-	110,314	305,270
Operating surplus for social lettings for previous year	258,145	47,125	-	305,270	

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 20134. 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	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	-	-	-	22,581	22,581	-	(9,362)	13,219	12,228
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	73,156	73,156	-	(79,436)	(6,280)	(7,812)
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	-	-	-	35,359	35,359	-	(13,947)	21,412	22,860
Sale of Property Allowance	-	-	-	-	-	-	-	-	(16,194)
Total from other activities	-	-	-	131,096	131,096	-	(102,745)	28,351	11,082
Total from other activities for the previous period of account	-	-	-	127,826	127,826	-	(116,744)	11,082	

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013**

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.

	2013 £	2012 £
Total executive staff member and directors emoluments (including pension contributions and benefits in kind)	<u>166,121</u>	<u>156,877</u>
Emoluments of highest paid director (excluding pension contributions)	<u>62,906</u>	<u>58,870</u>
Greater than £60,000	<u>Number 2</u>	<u>Number 2</u>

The highest paid director is an ordinary member of the Association's pension scheme described in note 22. No enhanced or special terms apply to memberships and there are no other pension arrangements to which the Association contributes. The Association's contributions for the director in the year amounted to £5,822 (2012 - £5,556).

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

	£	£
Management Committee	<u>610</u>	<u>333</u>

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

6. EMPLOYEES

The average full time equivalent weekly number of persons employed during the year was:

Number	Number
<u>16</u>	<u>16</u>

Staff Costs:

	£	£
Wages and Salaries	690,316	660,015
Social Security	62,638	58,404
Pension Contributions	<u>53,569</u>	<u>51,434</u>
	<u>806,523</u>	<u>769,853</u>

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013**

7. OPERATING SURPLUS

	2013	2012
	£	£
Operating surplus is stated after charging:-		
Depreciation	224,852	221,023
Auditors' Remuneration - Audit Services	6,795	6,500
– Non-Audit Services	3,182	-
Pension past service contributions	58,757	56,227
	<u>224,852</u>	<u>221,023</u>

8. INTEREST PAYABLE

On other loans	<u>19,219</u>	<u>22,997</u>
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9. TAXATION

The tax charge/(credit) is made up as follows:

Current tax:

Corporation Tax at 24% (2012 - 26%)	74,241	112,216
(Over)/under provision in respect of prior years	<u>-</u>	<u>(442)</u>
	74,241	111,774

Deferred tax:

Fixed asset timing differences	(22,947)	(23,710)
Short term timing differences	(6,391)	3,288
Effect of tax rate change on opening balance	(14,553)	61,617
	<u>30,350</u>	<u>152,969</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

10. TANGIBLE FIXED ASSETS

	Housing properties held for letting £	Housing properties in course of construction £
Cost		
At 1st April 2012	34,207,843	-
Additions	110,977	-
Disposals	-	-
At 31st March 2013	34,318,820	-
Social Housing Grant		
At 1st April 2012	30,290,428	-
Additions	-	-
Disposals	-	-
At 31st March 2013	30,290,428	-
Depreciation		
At 1st April 2012	899,873	-
Provided during year	160,379	-
Disposals	-	-
At 31st March 2013	1,060,252	-
Net Book Value		
At 31st March 2013	2,968,140	-
At 31st March 2012	3,017,542	-

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

10. TANGIBLE FIXED ASSETS (continued)

	Office premises £	Land £	Commercial premises £	Fittings and equipment £	Total £
Cost					
At 1st April 2012 and 31st March 2013	1,147,358	5,288	211,256	242,814	1,606,716
Depreciation					
At 1st April 2012	580,703	-	211,256	224,591	1,016,550
Charge for year	63,474	-	-	999	64,473
At 31st March 2013	644,177	-	211,256	225,590	1,081,023
Net Book Values					
At 31st March 2013	503,181	5,288	-	17,224	525,693
At 31st March 2012	566,656	5,288	-	18,223	590,166

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

11. DEBTORS

	2013	2012
	£	£
Amounts falling due within one year:		
Arrears of rent and service charges	231,822	205,684
Less: provision for doubtful debts	(90,793)	(42,810)
	<u>141,029</u>	<u>162,874</u>
Prepayments and accrued income	66,389	46,702
Other debtors	150,522	26,188
	<u>357,940</u>	<u>235,764</u>

Of the total rent arrears £2,825 (2012 - £4,984) were technical arrears.

12. CREDITORS DUE WITHIN ONE YEAR

Mortgages	25,346	24,425
Housing loans	33,889	39,762
Trade creditors	224,240	160,489
Rent in advance	25,843	20,635
Corporation Tax	74,241	111,774
Other taxes and social security	-	-
Other creditors	23,152	11,936
Accruals and deferred income	130,231	107,711
	<u>536,942</u>	<u>476,732</u>

13. CREDITORS - AMOUNTS FALLING DUE
AFTER ONE YEAR

Mortgages		
Due between one and two years	25,057	24,423
Due between two and five years	75,171	73,276
Due after five years	144,713	172,929
Housing loans		
Due between one and two years	17,277	34,402
Due between two and five years	51,831	51,831
Due after five years	251,214	289,585
	<u>565,263</u>	<u>646,446</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.

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

14. DEFERRED TAXATION	2013	2012
	£	£
At the beginning of the year	349,285	308,089
Charge for the year	(43,892)	41,196
At the end of the year	<u>305,393</u>	<u>349,285</u>

The provision for deferred tax is made up as follows:

Accelerated capital allowances	311,784	349,285
Short term timing differences	(6,391)	-
	<u>305,393</u>	<u>349,285</u>

15. SHARE CAPITAL

	2013	2012
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1st April 2012	479	442
Issued during the year	59	59
Forfeited during the year	(49)	(22)
At 31st March 2013	<u>489</u>	<u>479</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 2013, shares issued were split as follows:

	No.	No.
Active members	489	479
Ceased members	799	750
	<u>1,288</u>	<u>1,229</u>

16. DESIGNATED RESERVES

	Furniture and Equipment Replacement	Capital Expenditure	Cyclical Maintenance Reserve	Major Repairs Reserve	Regeneration Initiative Reserve	Total
	£	£	£	£	£	£
Balance at 1st April 2012	80,000	-	-	571,675	262,625	914,300
Transfer in	-	-	-	389,379	172,566	561,945
Transfer out	(80,000)	-	-	(262,896)	(196,211)	(539,107)
Balance at 31st March 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,158</u>	<u>238,980</u>	<u>937,138</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

17. RECONCILIATION OF MOVEMENT IN REVENUE RESERVES

	£
At beginning of year as previously stated	2,327,371
Surplus for the year	93,186
Transfer from designated reserves	(22,838)
	<u>2,397,718</u>
Revenue reserves carried forward at 31st March 2013	<u>2,397,718</u>

18. RECONCILIATION OF OPERATING SURPLUS
TO NET CASH INFLOW FROM
OPERATING ACTIVITIES

	2013 £	2012 £
OPERATING SURPLUS FOR THE YEAR	138,665	316,352
Depreciation and amortisation	224,852	221,023
Increase in debtors	(122,176)	(14,253)
Decrease in creditors	102,695	(51,977)
	<u>344,036</u>	<u>471,145</u>
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>344,036</u>	<u>471,145</u>

19. RECONCILIATION OF NET CASHFLOW
TO MOVEMENT IN NET FUNDS/(DEBT)

Increase in cash in year	15,988	118,010
Cash outflow from financing	86,135	64,190
Cash movement in liquid resources	4,090	2,524
	<u>106,213</u>	<u>184,724</u>
Change in net funds/(debt)	106,213	184,724
Net funds/(debt) at 1st April 2012	161,258	(23,466)
	<u>267,471</u>	<u>161,258</u>
Net funds at 31st March 2013	<u>267,471</u>	<u>161,258</u>

REIDVALE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013

20. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	As at 1st April 2012 £	Cash Flows £	Other Changes £	As at 31st March 2013 £
Debt due within 1 year	(64,187)	64,187	(59,235)	(59,235)
Debt due after 1 year	(646,446)	21,948	59,235	(565,263)
Cash at bank and in hand	518,613	15,988		534,601
Term deposits	353,278	4,090		357,368
	<u>161,258</u>	<u>106,213</u>	<u>-</u>	<u>267,471</u>

21. HOUSING STOCK

	2013 No	2012 No
The number of units of accommodation in management at the year end was:		
General needs - new build	131	131
- rehabilitation	738	738
Supported housing	44	44
	<u>913</u>	<u>913</u>

REIDVALE HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013****22. PENSION OBLIGATIONS**

Reidvale Housing Association participates in two pension schemes for its employees.

Scottish Housing Associations Pension Scheme

Reidvale Housing Association Limited (the "Association") 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 contributions payable.

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

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

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities relating to employment with all the 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 Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Reidvale Housing Association Limited was £3,916,028.

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2013**

22. PENSION OBLIGATIONS (continued)

The Scheme offers five benefit structures to employers, namely:

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

The Association has elected to operate the final salary with a 1/60 accrual rate benefit structure for active members as at 1 April 2010 and the final salary with a 1/60 accrual rate benefit structure for new entrants from 1 April 2010.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

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 £535,770.

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

2009 Valuation Assumptions	% pa
▪ Investment return pre retirement	7.4
▪ Investment return post retirement – non-pensioners	4.6
▪ Investment return – pensioners	4.8
▪ Rate of salary increases	4.5
▪ Rate of pension increases	
pension accrued pre 6 April 2005	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5%)	
▪ Rate of price inflation	3.0

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

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

Mortality Tables:

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

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2013**

22. PENSION OBLIGATIONS (continued)

Contribution Rates for Future Service (payable from 1 April 2011):	%pa
Final Salary 1/60	19.2
Career average revalued earnings 1/60	17.1
Career average revalued earnings 1/70	14.9
Career average revalued earnings 1/80	13.2
Career average revalued earnings 1/120	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.)

The Pension Trusts' Growth Plan

The Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State Scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001, contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Association makes no contribution to the Plan. Members paid contributions at the rate of 5-6% during the accounting year.

As at the balance sheet date there were two active members of the Plan employed by the Association. The Association continues to offer membership of the Plan to its employees.

REIDVALE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2013**

22. PENSION OBLIGATIONS (continued)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% p.a.
Rate of return pre retirement	7.6
Rate of return post retirement:	
Active/deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

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.

The Pensions 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 Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

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 Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Plan so that a liability arises to employers from membership of any series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

REIDVALE HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2013****22. PENSION OBLIGATIONS (continued)**

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. If the liabilities exceed assets there is a buy-out debt.

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

23. 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.