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THE SCOTTISH HOUSING REGULATOR
15 SEP 2010
HIGHLANDER HOUSE

Financial Statements

Southside Housing Association Limited

For the Year Ended 31 March 2010

Register of Friendly Societies No. 1694R(S)

Registered Housing Association No. HCB186

Registered Charity No. SC036009

www.hwca.com

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

CONTENTS

MEMBERS, EXECUTIVES AND ADVISERS

Committee of Management

Betty MacNeill	(Chairperson)
Abbas Abid	(Vice Chair)
Iain Dyer	(Secretary)
Shahida Zafar	
Kenneth Ross	
Gordon Anderson	
Hanif Mirza	
Samina Shariff	
Michael Graham	
Liz Currie	
Alison MacNeill	
Gordon Gunn	
Anne Lyness	
Margaret McIntyre	
Dorothy Murray	
Alan Ferguson	
Cllr Alastair Watson	

Bankers

Bank of Scotland
236 Albert Drive
Glasgow
G41 2NL

Royal Bank of Scotland plc
36 St Andrew Square
Edinburgh
EH2 2YB

Dunfermline Building Society
Carnegie Avenue
Dunfermline
KY11 5PS

Clydesdale Bank Plc
20 Waterloo Street
Glasgow
G2 6DB

Solicitors

Tods Murray WS
33 Bothwell Street
Glasgow
G2 6NL

Executive Officers

Patrick McGrath	(Director)
Marilyn Beveridge	(Housing Manager)
Norma Taylor	(Supporting Services Manager)

Registered Office

553 Shields Road
Glasgow
G41 2RW

Auditors

HW Chartered Accountants and Statutory Auditors
231/233 St Vincent Street
Glasgow
G2 5QY

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2010

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

Principal activities

The principal activity of the Association is the provision of rented accommodation.

Review of business and future developments

The Association reported an operating surplus of £249,334 (2009 – Surplus £342,509).

The rent increase applied in the year was 1.9%, which represented December 2008 RPI plus 1%. The Association has had a period of significant rent increases in recent years to meet its investment requirements but is committed to a long term strategy of keeping rent increases to no more than inflation plus 1%. Although wage inflation and other service sector costs have run ahead of inflation in recent years the Association has tried to combat this by careful control of costs and staff re-structuring. The Association aims to work within RPI + 1% ceiling for rent increases.

The Association has continued to have an active development programme. Work on 1596 Pollokshaws Road was completed in March 2010 and generated 15 units for rent and 15 units for shared equity. All units were funded by Glasgow City Council using its Reprovisioning programme (GHA), mainstream HAG and private finance.

New build projects at St. Andrew's Road and Barlogan and Barfillan both started on site this year. Preparatory work on Manse Brae and Tantallon Road has continued throughout 2009/10.

The Association also carried out Major Tenement improvement works at Melville Street, and Pollokshaws Road through its factoring subsidiary SFARS.

The raising of private capital finance has continued to be far more difficult in the current financial climate.

The Association purchased one property under the Government Mortgage to Rent Scheme during the past year. The Association also bought 25% shares in existing shared ownership units and re-sold a further 25% share. In relation to 1596 Pollokshaws Road, 15 shared equity units were sold.

The Association's performance as a regulated housing provider continues to be good. Key outputs on control of rent arrears, re-let times, the minimizing of rent loss etc, are all better than most Scottish Housing Associations'. Control of rent arrears in particular has improved significantly.

Progress with Second Stage Transfer has continued to be slow.

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.

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.

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 Communities Scotland.

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 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 6.

Auditors

A resolution to appoint Alexander Sloan, Chartered Accountants, Glasgow as auditor will be put to the members at the Annual General Meeting.

By order of the committee

Iain Dyer
Secretary

24th June 2010.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

SOUTHSIDE HOUSING ASSOCIATION LIMITED

We have audited the Financial Statements on pages 9 to 31 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 12 and 13.

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 auditors' 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

As described on pages 3 to 5 the Management Committee is responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

It is our responsibility 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 relevant legislation. We also report to you if, in our opinion, the Management Committee's report is not consistent with the Financial Statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law 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.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

SOUTHSIDE HOUSING ASSOCIATION LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Housing Association at 31 March 2010 and of the surplus 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, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Richard Gibson BAcc CA CF (Senior Statutory Auditor)
For on behalf of HW, Chartered Accountants
Statutory Auditors
231/233 St. Vincent Street
Glasgow
G2 5QY

Date 29.07.10

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

SOUTHSIDE HOUSING ASSOCIATION LIMITED

In addition to the audit of the Financial Statements, we have reviewed whether the statement on pages 3 and 4 reflects 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". The objective of our review was to enable us to conclude on, whether the Committee of Management has provided the disclosure required by the guidance and whether the statement is inconsistent with the information of which we are aware from our audit of the Financial Statements. We are not required to form an opinion on the effectiveness of the Association's system of internal financial control.

Opinion

With respect to the Committee of Management's statement on internal financial controls on page 4, in our opinion the Committee of Management has provided the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting", and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

Richard Gibson BAcc CA CF (Senior Statutory Auditor)
For on behalf of HW, Chartered Accountants
Statutory Auditors
231/233 St. Vincent Street
Glasgow
G2 5QY

Date..29.07.10.........

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2010

	Notes	2010 £	2009 £
TURNOVER	2.	4,139,776	2,866,035
Operating costs	2.	(3,890,442)	(2,523,526)
OPERATING SURPLUS	6.	249,334	342,509
Profit on sale of fixed assets		-	12,883
Interest receivable and other income		5,029	39,820
Interest payable	7.	(143,376)	(333,854)
TOTAL SURPLUS FOR YEAR BEFORE TAXATION		110,987	61,358
Tax on surplus on ordinary activities	8.	-	-
SURPLUS FOR YEAR		110,987	61,358

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 12 to 31 form part of these Financial Statements.

BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £	2009 £
TANGIBLE FIXED ASSETS			
Housing properties - Cost less depreciation	9.	54,818,376	50,082,996
Less Social Housing Grant		(47,846,299)	(44,357,771)
		6,972,077	5,725,225
Other	9.	104,200	110,375
		7,076,277	5,835,600
INVESTMENTS			
Investment in Subsidiary Company	10.	1	1
Shared Equity Cost	10.	402,380	-
Shared Equity Grant	10.	(402,380)	-
		1	1
CURRENT ASSETS			
Property Held for Sale		77,875	560,927
Debtors	11.	2,578,439	1,271,754
Cash at bank and in hand		836,151	1,335,157
		3,492,465	3,167,838
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12.	(2,223,366)	(2,009,736)
NET CURRENT ASSETS		1,269,099	1,158,102
TOTAL ASSETS LESS CURRENT LIABILITIES		8,345,377	6,993,703
Creditors: Amounts falling due after one year	13.	(6,372,816)	(5,131,989)
		1,972,561	1,861,714
CAPITAL AND RESERVES			
Called up share capital	14.	283	423
Designated reserves	15.	1,451,544	1,451,544
Revenue reserves		520,734	409,747
		1,972,561	1,861,714

Approved by the Management Committee on 24 June 2010

Elizabeth MacNeill Elizabeth MacNeill CHAIRPERSON

Iain Dyer SECRETARY

Abbas Abid VICE CHAIRPERSON

CASHFLOW STATEMENT

FOR THE YEAR TO 31 MARCH 2010

	Notes	2010 £	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17.	**1,263,178**	1,420,352
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**5,029**	39,820
Interest paid		**(111,228)**	(333,854)
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(106,199)**	(294,034)
TAXATION			
Tax paid		-	-
Grant Received		-	-
		-	-
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchase of housing		**(4,712,069)**	(2,813,193)
Cash paid for purchase of other fixed assets		**(12,368)**	(4,590)
Social Housing Grant received less repaid		**1,772,831**	1,935,058
Other Grants Received		**10,116**	-
Proceeds on disposal of housing properties		-	12,883
		(2,941,490)	(869,842)
NET CASH (OUTFLOW) / INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		**(1,784,511)**	256,476
FINANCING			
Loan finance received		**2,203,226**	-
Loans repaid		**(917,726)**	(223,109)
Shares issued		**5**	12
		1,285,505	(223,097)
(DECREASE) / INCREASE IN CASH	18.	**(499,006)**	**33,376**

The notes on pages 12 to 31 form part of these Financial Statements.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also 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.

Group Accounts

These accounts represent the accounts of Southside Housing Association as a single entity and do not incorporate its subsidiary, Southside Factoring & Related Services Ltd.

Southside Housing Association is exempt from preparing group accounts under S14(2) of Friendly and Industrial and Provident Societies Act 1968.

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.

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, equipment, vehicles	-	15%/20%/33 ⅓ % straight line
Office accommodation	-	2% straight line
Property Improvements	-	20% straight line

f) Capitalisation of Interest

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

1. ACCOUNTING POLICIES (Continued)

g) Development Administration

Development administration costs relating to development activities are capitalised based on the time spent by staff on this activity, as well as overheads directly incurred in 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

Major Repairs

The Association maintains its housing properties in a state of repair, which at least maintains their residual value at prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure on the basis of a costed programme.

j) 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.

k) Leases

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

l) VAT

VAT is only charged on Management Fees and L.H.O. Management allowances. The Association does not charge VAT on any other items.

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

	Note	Turnover £	Operating Costs £	2010 Operating Surplus/ (Deficit) £	2009 Operating Surplus/ (Deficit) £
	3a/b				
Social Lettings		**2,214,136**	**1,986,021**	**228,115**	318,792
Other activities		**1,925,640**	**1,904,421**	**21,219**	23,717
Total Operating Surplus		**4,139,776**	**3,890,442**	**249,334**	342,509
Total Operating Surplus 2009		2,866,035	2,523,526	342,509	

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	Housing Accommodation	Supported Housing	Shared Ownership	2010 Total	2009 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable net of Service Charges	1,351,095	462,623	138,470	**1,952,188**	1,825,330
Service Charges Receivable	111,610	111,228	40,626	**263,464**	257,129
Gross Rents Receivable	**1,462,705**	**573,851**	**179,096**	**2,215,652**	2,082,459
Less: Rent losses from voids	(14,316)	-	-	**(14,316)**	(9,804)
Net income from Rent and Service Charges	**1,448,389**	**573,851**	**179,096**	**2,201,336**	2,072,655
Net Grants Receivable					
Major Repair Grants	-	-	-	-	54,501
Revenue Grants from Scottish Ministers	12,800	-	-	**12,800**	-
Total Turnover from Social Letting Activities	**1,461,189**	**573,851**	**179,096**	**2,214,136**	2,127,156
Operating Costs					
Service costs	99,381	99,041	36,175	**234,597**	175,787
Management and maintenance administration costs	461,469	139,103	82,799	**683,371**	745,477
Reactive maintenance costs	290,416	87,542	-	**377,958**	326,912
Bad Debts – rents and service charges	(6,782)	-	-	**(6,782)**	35,358
Planned and Cyclical Maintenance Direct Costs	438,716	132,244	-	**570,960**	392,684
Depreciation of social housing	79,336	23,916	22,665	**125,917**	132,146
Operating Costs for Social Letting Activities	**1,362,536**	**481,846**	**141,639**	**1,986,021**	1,808,364
Operating Surplus on Letting activities	**98,653**	**92,005**	**37,457**	**228,115**	318,792
Operating Surplus 2009	**245,537**	**52,505**	**20,750**	**-**	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2010

3b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £	Other revenue grant £	Supporting People £	Other Income £	Total Turnover £	Other Operating Costs £	Operating Surplus / (Deficit) £	2009 £
Wider Role Activities	-	-	-	-	-	555	(555)	-
Care and Repair	-	254,481	-	-	254,481	242,882	11,599	(2,090)
Factoring/Commercial	-	-	-	53,711	53,711	-	53,711	83,340
Development (inc Stage 3)	152,825	-	-	-	152,825	151,160	1,665	(18,892)
Support	-	-	167,386	-	167,386	224,905	(57,519)	(36,808)
Property sales	-	-	-	866,000	866,000	866,000	-	-
Other activities mainly LHO income	-	-	-	100,917	100,917	88,599	12,318	(1,833)
Services – Other Owners	-	-	-	330,320	330,320	330,320	-	-
Total from other activities	**152,825**	**254,481**	**167,386**	**1,350,948**	**1,925,640**	**1,904,421**	**21,219**	**23,717**
Total from previous Period of Account	**136,802**	**270,871**	**182,190**	**149,016**	**738,879**	**(715,162)**	**23,717**	**-**

4. 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.

	2010	2009
	£	£
Total Emoluments (including pension Contributions and benefits in kind)	**70,085**	68,245
Emoluments of highest paid Director (excluding pension contributions)	**60,732**	59,222

The Director is an ordinary member of the Association's pension scheme described in note 22. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £9,353 (2009 - £9,022).

	Number	Number
£60,000 to £70,000	**1**	1

Total expenses re-imbursed in so far as not chargeable to income tax	**£**	£
Management Committee	**2,653**	**2,905**

Re-imbursement is only made for expenses directly incurred in connection with performing the Association's business. Expenses incurred are within the designated classes under Schedule 7 of the Housing (Scotland) Act 2001.

	2010	2009
	£	£

5. EMPLOYEES

	Number	Number
The average weekly numbers of persons employed during the year was:	**27**	26

Staff Costs:

	£	£
Wages and Salaries	**671,518**	623,867
Social Security Costs	**51,778**	48,550
Pension Contributions	**63,662**	55,731
Agency Staff	**23,750**	51,020
	810,708	**779,168**

6. OPERATING SURPLUS

	2010	2009
Operating surplus is stated after charging: -	£	£
Depreciation	**144,457**	167,000
Auditors Remuneration - Audit Services	**6,412**	8,614

7. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans and Overdrafts	87,414	269,042
On Other Loans	63,138	64,812
	150,552	333,854
Less: Interest Capitalised	(7,176)	-
	143,376	**333,854**

8. TAXATION

There was no charge to corporation tax in the current or previous year.

9. TANGIBLE FIXED ASSETS

	Housing Properties Held for Letting £	Housing Properties in course of construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 April 2009	38,097,747	6,681,524	6,204,595	50,983,866
Additions	911,262	6,227,633	-	7,138,895
Transfers to current assets	-	(2,277,601)	-	(2,277,601)
Disposals	-	-	-	-
Schemes Completed	1,719,158	(1,719,158)	-	-
Transfers from Housing Properties	(175,303)	175,303	-	-
At 31 March 2010	**40,552,864**	**9,087,701**	**6,204,595**	**55,845,160**
Social Housing Grant				
At 1 April 2009	33,161,046	6,396,771	4,799,954	44,357,771
Additions	55,024	4,796,607	-	4,851,631
Transfers to current assets	-	(1,363,103)	-	(1,363,103)
Schemes Completed	1,228,184	(1,228,184)	-	-
Transfers from Housing Properties	(151,935)	151,935	-	-
At 31 March 2010	**34,292,319**	**8,754,026**	**4,799,954**	**47,846,299**
Depreciation				
At 1 April 2009	749,626	-	151,244	900,870
Provided during year	103,249	-	22,665	125,914
Disposals	-	-	-	-
At 31st March 2010	**852,875**	**-**	**173,909**	**1,026,784**
Net Book Value				
At 31st March 2010	**5,407,670**	**333,675**	**1,230,732**	**6,972,077**
At 31st March 2009	4,187,075	284,753	1,253,397	5,725,225

9. TANGIBLE FIXED ASSETS (continued)

	Office Premises £	Office Furniture and Equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2009	137,001	283,557	10,001	430,559
Additions	-	1,412	10,956	12,368
At 31 March 2010	137,001	284,969	20,957	442,927
Depreciation				
At 1 April 2009	47,670	262,513	10,001	320,184
Charge for year	2,740	15,803	-	18,543
At 31 March 2010	50,410	278,316	10,001	338,727
Net Book Value				
At 31 March 2010	86,591	6,653	10,956	104,200
At 31 March 2009	89,331	21,044	-	110,375

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (Continued)

10. INVESTMENTS

Shared Equity Properties	2010 £	2009 £
Development Cost of Shared Equity Property	402,380	-
Less: Grants Receivable	(402,380)	-
	-	-

Investments in Subsidiaries	2010	2009
As at 31 March 2010 & 31 March 2009	1	1

The Association has a 100% owned subsidiary, Southside Factoring & Related Services Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Southside Factoring & Related Services Ltd for the year ended 31 March 2010 were as follows:

	2010 £	2009 £
Capital & Reserves	(81,786)	(105,203)
Profit/(Loss) for year	23,417	(36,814)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (Continued)

11. DEBTORS

	2010 £	2009 £
Amounts falling due within one year:		
Arrears of rent and service charges	85,527	160,719
Less: provision for doubtful debts	(42,767)	(57,466)
	42,760	103,253
Social Housing grants receivable	1,907,496	688,540
Prepayments and accrued income	13,135	17,731
Inter-company Account	245,017	381,253
Other debtors	370,031	80,977
	2,578,439	**1,271,754**

12. CREDITORS DUE WITHIN ONE YEAR

	2010 £	2009 £
Housing loans	231,593	186,920
Trade creditors	1,214,168	713,264
SHG Repayable	190,423	687,164
Other creditors	157,202	30,940
Rents in advance	109,231	89,428
Accruals and deferred income	320,749	302,020
	2,223,366	**2,009,736**

13. CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR

	Company	
	2010 £	2009 £
Housing loans		
Within one year	231,593	186,920
Between one and two years	225,825	185,018
Due between two and five years	690,968	620,348
Due after five years	5,456,023	4,326,623
Total Due	6,604,409	5,318,909
Less included in current liabilities (note 11)	(231,593)	(186,920)
	6,372,816	**5,131,989**

Loans 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 31 MARCH 2010 (Continued)

14. SHARE CAPITAL

	2010 £	2009 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1 April 2009	423	421
Issued during the year	5	12
Forfeited during the year	(145)	(10)
At 31 March 2010	**283**	**423**

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 not refundable if a person ceases to be a member.

15. DESIGNATED RESERVES

	2010 £	2009 £
Balance at 1 April 2009	1,451,544	1,451,544
Transferred in year	-	-
Balance at 31 March 2010	**1,451,544**	**1,451,544**

16. REVENUE RESERVES

	Total £
At 1st April 2009	409,747
Surplus/(deficit) for the year	110,987
Transfer (to)/from designated reserves	-
Revenue reserves at 31 March 2010	**520,734**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (Continued)

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

	2010 £	2009 £
OPERATING SURPLUS FOR THE YEAR	249,334	342,509
Depreciation	144,457	166,993
Decrease / (Increase) in debtors	(87,729)	(38,308)
(Decrease) / Increase in creditors	474,209	600,360
Change in properties developed for resale	483,052	348,808
Share Capital Written Off	(145)	(10)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,263,178**	**1,420,352**

18. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	2010	2009
(Decrease)/Increase in cash in year	(499,006)	33,376
Cash (Inflow)/outflow from financing	(1,285,500)	223,109
Change in net debt	(1,784,506)	256,488
Net debt at 1 April 2009	(3,983,752)	(4,240,240)
Net debt at 31 March 2010	**(5,768,258)**	**(3,983,752)**

19. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 April 2009 £	Cash Flows £	Other Changes £	As at 31 March 2010 £
Debt due within 1 year	**(186,920)**	**(44,673)**	-	**(231,593)**
Debt due after 1 year	**(5,131,989)**	**(1,240,827)**	-	**(6,372,816)**
Cash at bank and in hand	**1,335,157**	**(499,006)**	-	**836,151**
	(3,983,752)	**(1,784,506)**	-	**(5,768,258)**

20. HOUSING STOCK

		2010 Number	2009 Number
The number of units of accommodation in management at the year end was			
General needs	- new build	81	66
	- rehabilitation	334	349
Supported housing		126	108
Shared ownership		77	79
		618	**602**

In addition, The Association owns 7 commercial units. Some units have multiple occupancy and therefore may have more than one tenancy associated with it.

21. CAPITAL COMMITMENTS

	£	£
Expenditure contracted less paid and certified	10,284,222	12,481,111
	10,284,222	**12,481,111**

The proposed funding for the Capital Commitments is Social Housing Grant and Private Finance.

22. PENSION OBLIGATIONS

Southside Housing Association participates in the SFHA Pension Scheme.

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

The Scheme offers three benefit structures to employers, namely:

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (Continued)

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.

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

During the accounting period Southside Housing 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 17 active members of the Scheme employed by Southside Housing Association.

Southside Housing Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to the individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The 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 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 with the value of liabilities of £54 million, equivalent to 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 a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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%)	2.25
- 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:

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

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 next full actuarial valuation will be carried out as at 30 September 2009.

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.

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.

Southside Housing 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 for Southside Housing Association was £2,233,189.38.

Growth Plan

Southside Housing Association participates in the The Pension 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 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 Provision.

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 the 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.

Southside Housing Association paid contributions at the rate of NIL% during the accounting period. Members paid contributions at the rate of NIL% during the accounting period.

As at the balance sheet date there was 1 member of the Plan employed by Southside Housing Association. Southside Housing Association continues to offer membership of the Plan to its employees.

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 multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the Plan 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 have now been completed and have been formalized. 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 Provision (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%.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (Continued)

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

		% pa
-	Investment return pre-retirement	7.6
-	Investment return post retirement	
	- Actives/deferres	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 Scheme Actuary has prepared a funding position update as at 30 September 2009. The market value of the Plan's assets at that date was £765 million and the Plan's Technical Provisions (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £55 million, equivalent to a funding level of 93%.

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.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million (as at 30 September 2008) will be cleared within 10 years if the investment returns from assets are in-line with the 'best estimate' assumptions. 'Best estimate' means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 8.4% per annum pre-retirement, 5.1% per annum post retirement (actives and deferreds) and 5.6% per annum post-retirement (pensioners).

A copy of the recovery plan 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 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.

The next full actuarial valuation will be carried out as at 30 September 2011.

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. The Trustee's current policy is that it only applies to employers with pre-October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (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 pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 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

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

2 members are tenants of the Association
1 member is a relevant local councilor
1 member is an employee of an RSL

Thos members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions' between the Association and any entity with which a Governing Body Member has a connection with is made at arms length and is under normal commercial terms.

24. SUBSIDIARY UNDERTAKING

Southside Housing Association Ltd has a wholly owned subsidiary, Southside Factoring and Related Services Limited, a company incorporated in Scotland. The subsidiary's nature of business is the provision of factoring and management services to homeowners.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010 (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 pre-October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre-October 2001 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

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

2 members are tenants of the Association
1 member is a relevant local councilor
1 member is an employee of an RSL

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

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