

Thenue Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2012

Registered Housing Association No.HA1193

FSA Reference No. 1993R(S)

Scottish Charity No. SC032782

THE NUIE HOUSING ASSOCIATION LIMITED

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THENUE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2012

MANAGEMENT COMMITTEE

Yvonne McShea	Chairperson
George Alexander	Joint Vice Chairperson, Chairperson Audit Sub Committee and Finance and Staffing Sub Committee
Catherine Chalmers	
John Cowlan (Appointed 13 September 2011 and resigned 20 March 2012)	
Louise Irving (Resigned 20 March 2012)	
Charlotte Levy	Chairperson Housing Management Sub Committee
Catherine Martin	
Anne McIver (Resigned 13 September 2011)	
James McLellan	
Filbert Musau	
Sandra Nolan (Resigned 13 September 2011)	
William Redmond	Chairperson Property Services Sub Committee
Ann Scott	
Caroline Shepherd (Resigned 14 February 2012)	
Owen Stewart	
Maureen Timoney (Appointed 13 September 2011 and resigned 20 March 2012)	
Margaret Vass	Joint Vice Chairperson

EXECUTIVE OFFICERS

Charles Turner	Chief Executive
Brian Gannon	Head of Housing
Beth Reilly	Head of Property Services
John Russell	Head of Finance (IT & Corporate Services)

REGISTERED OFFICE

423 London Road
Glasgow
G40 1AG

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
GLASGOW
G2 7HF

BANKERS

Clydesdale Bank Plc
Business Banking Centre
St Rollox
70 Cathedral Street
Glasgow

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2012.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.1993R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032782.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

This past twelve months has again seen significant external factors that will determine how both the Association and its customers are expected to change. The proposed welfare reform and the introduction of Universal Credit, the Scottish Social Housing Charter and the new Scottish Housing Regulator are just three factors that make it more important than ever for the Association to continue to seek out efficiencies in its operations, manage risk effectively and continually strive to improve the quality of service provided to its customers.

During the year the Association's main development work has been the completion of Elmbank House and Rainbow House, both on Westland Drive and the continuation of our prestigious development on the corner of London Road and Green Street in Calton. Elmbank House was built around 1890 by the Glasgow Institution for Orphan Girls and is now a 'B' listed building. The Association acquired it back in 2002 and has now been converted into thirteen mainstream flats for rent. Rainbow House is a new residential development, built in the grounds of Elmbank House, specifically for CrossReach, who manage the building on behalf of the Association. Here 24 hour care and support is provided for the seventeen residents recovering from addictions. Overall some £5.4 million was required to develop these two projects, which included some £850,000 of the Association's own resources. The Green Street/London Road project which included a mix of family housing, supported housing, new regional offices for the Aberlour Trust and a new office for the Association was completed just after the year end.

During the year overall income increased to £9.9 million, (93% of this being rental income). The Association spent over £6.5 million maintaining and modernising its properties of which £3.8 million was capitalised at the year end and added to the cost of properties on our Balance Sheet. Much of this work was the ongoing commitment to bring all properties up to the Scottish Housing Quality Standard by 2015, and this year included huge numbers of kitchen modernisation, bathroom suite replacement work and whole house re-wiring. The Association's new borrowings have increased the average debt per unit from £7,356 to £9,884. Lost rent due to properties being empty in between tenancies, (voids), has decreased from 1.1% to 0.7% of rental income. The Association's quest to become more efficient has reduced the percentage of turnover spent on overheads from 9.3% to 6.8% and the average cost of completing a repair, from £115.41 to £104.24.

All of these factors have a bearing on the future, as the Association is very clear that keeping efficiencies on the agenda and minimising its exposure to risk, is important not just for itself, but for its customers over the years to come. Three-quarters of the Association's customers are in receipt of some form of Housing Benefit, and these are the people who will be hit the hardest, largely by the 'bedroom tax' from 2013 onwards. The work carried out at Thenue during the past twelve months is again aimed at ensuring that all the Association's customers get the best deal possible in years to come.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require 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 Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2012

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

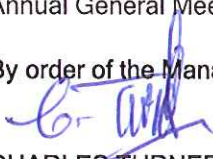
Donations

During the year the Association made charitable donations amounting to £nil (2011 £nil).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



CHARLES TURNER
Secretary
14 August 2012

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
THENUE HOUSING ASSOCIATION LIMITED
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 information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within 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 Control on Page 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
14 August 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Thenue Housing Association Limited for the year ended 31st March 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. 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 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

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE NUE HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
14 August 2012

THENUE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

	Notes	2012 £	Restated 2011 £
TURNOVER	2.	9,960,421	9,365,894
Operating Costs	2.	<u>(8,032,946)</u>	<u>(7,408,981)</u>
OPERATING SURPLUS	9.	1,927,475	1,956,913
Gain On Sale Of Housing Stock	7.	103,541	29,024
Release of Negative Goodwill	23.	66,300	(4,104)
Interest Receivable and Other Income		25,375	7,622
Interest Payable and Similar Charges	8.	<u>(1,014,416)</u>	<u>(746,930)</u>
		<u>(819,200)</u>	<u>(714,388)</u>
SURPLUS FOR YEAR		<u><u>1,108,275</u></u>	<u><u>1,242,525</u></u>

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2012 £	Restated 2011 £
Surplus for the financial year	1,108,275	1,242,525
Prior year adjustment (as explained in Note 26)	833,057	-
Total gains recognised since last annual report	<u><u>1,941,332</u></u>	<u><u>1,242,525</u></u>

THENUE HOUSING ASSOCIATION LIMITED

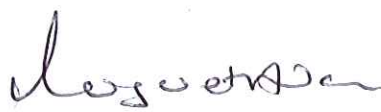
BALANCE SHEET AS AT 31st MARCH 2012

	Notes	2012	Restated
		£	2011
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	11.(a)	105,813,957	96,070,296
Less: Social Housing Grant	11.(a)	(65,995,476)	(61,682,873)
: Other Public Grants	11.(a)	(2,874,801)	(2,874,801)
		<u>36,943,680</u>	<u>31,512,622</u>
Other fixed assets	11.(b)	3,492,849	1,652,454
		<u>40,436,529</u>	<u>33,165,076</u>
Negative Goodwill	23.	(2,385,520)	(2,451,820)
FIXED ASSET INVESTMENTS			
Investment in subsidiaries	22.	100	100
Shared Equity Cost	22.	2,608,260	2,608,260
Shared Equity Grant	22.	(2,608,260)	(2,608,260)
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors	14.	1,523,093	1,981,172
Cash at bank and in hand		2,289,741	1,295,099
		<u>3,812,834</u>	<u>3,276,271</u>
CREDITORS: Amounts falling due within one year	15.	(2,226,982)	(2,553,156)
NET CURRENT ASSETS		<u>1,585,852</u>	<u>723,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,636,961</u>	<u>31,436,471</u>
CREDITORS: Amounts falling due after more than one year	16.	(26,883,588)	(19,758,447)
PROVISIONS FOR LIABILITIES AND CHARGES			
Furniture & Flooring Replacement	24.	(702,565)	(735,474)
		<u>(702,565)</u>	<u>(735,474)</u>
NET ASSETS		<u>12,050,808</u>	<u>10,942,550</u>
CAPITAL AND RESERVES			
Share Capital	18.	168	185
Designated Reserves	19.(a)	3,816,677	4,495,996
Revenue Reserves	19.(b)	8,233,963	6,446,369
		<u>12,050,808</u>	<u>10,942,550</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 14 August 2012.



Chairperson



Vice-Chairperson



Secretary

THENUE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2012

	Notes	2012 £	Restated 2011 £
Net Cash Inflow from Operating Activities	17.	3,633,695	2,662,803
Returns on Investment and Servicing of Finance			
Interest Received		25,375	7,622
Interest Paid		(1,026,591)	(746,930)
Net Cash Outflow from Investment and Servicing of Finance		(1,001,216)	(739,308)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(11,780,579)	(6,462,653)
Purchase of Other Fixed Assets		(1,885,563)	(1,160,282)
Social Housing Grant Received		4,735,398	3,302,911
Social Housing Grant Repaid		(41,963)	(217,713)
Proceeds on Disposal of Properties		204,072	40,272
Net Cash Outflow from Capital Expenditure and Financial Investment		(8,768,635)	(4,497,465)
Net Cash Outflow before use of Liquid Resources and Financing		(6,136,156)	(2,573,970)
Management of Liquid Resources			
Change in short term deposits with banks		-	2,000,000
Financing			
Loan Advances Received		7,368,596	10,293,770
Loan Principal Repayments		(237,800)	(9,799,117)
Share Capital Issued		2	6
Net Cash Inflow from Financing		7,130,798	494,659
Increase / (decrease) in Cash	17.	994,642	(79,311)

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Thenue Housing Association Limited present information about it as an individual undertaking and not about its Group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants

Retirement Benefits

The Association participates in the Scottish 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 in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Bathroom	30 years
Boiler	15 years
Cladding	20 years
Door	30 years
Heating System	30 years
Kitchens	20 years
Structure	50 years
Windows	30 years
Wiring	30 years

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	2%
Furniture and Fittings	20%
Computer Equipment	20%
Office Equipment	20%
Commercial Premises	2% to 3.33%

Note - the Association has elected to depreciate office and commercial premises by major component. However, due to the new office and commercial premises being under construction at the year end, the revised policy will have no impact until 31 March 2013. For completed office and commercial premises at 31 March 2012, there are no major components, therefore no prior year restatement was required.

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing 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 sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Negative Goodwill

Negative goodwill created through transfer of engagements is written off to the Income and Expenditure account as the non-cash assets acquired are depreciated or sold.

Provisions

The Association receives service charge income from supported accommodation tenants in relation to the costs of furniture and flooring replacement. In accordance with the Statement of Recommended Practice the balance of unspent service charge income relation to furniture and flooring is included as a liability where amounts are repayable or contributions are reduced.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012			2011		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	9,514,066	7,514,134	1,999,932	9,077,709	6,954,418	2,123,291
Other Activities	4.	446,355	518,812	(72,457)	288,185	454,563	(166,378)
Total		9,960,421	8,032,946	1,927,475	9,365,894	7,408,981	1,956,913

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General	Supported Housing £	Shared ownership £	2012	Restated
	Needs Housing £			Total £	2011 Total £
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	8,644,188	513,644	101,226	9,259,058	8,852,157
Service Charges Receivable	214,283	105,089	745	320,117	327,390
Gross Rents Receivable	8,858,471	618,733	101,971	9,579,175	9,179,547
Less: Rent losses from voids	59,279	5,045	785	65,109	101,838
Net Rents Receivable	8,799,192	613,688	101,186	9,514,066	9,077,709
Total Income From Social Letting	8,799,192	613,688	101,186	9,514,066	9,077,709
Expenditure on Social Letting Activities					
Service Costs	220,011	131,733	-	351,744	343,691
Management and maintenance administration costs	2,729,479	135,553	50,649	2,915,681	2,926,058
Reactive Maintenance	1,324,165	94,461	-	1,418,626	1,449,935
Bad Debts - Rents and Service Charges	28,588	2,174	2,674	33,436	60,998
Planned and Cyclical Maintenance, including Major Repairs	1,214,740	83,465	-	1,298,205	1,255,820
Depreciation of Social Housing	1,042,331	34,724	18,149	1,095,204	917,916
Impairment of Housing	401,238	-	-	401,238	-
Operating Costs of Social Letting	6,960,552	482,110	71,472	7,514,134	6,954,418
Operating Surplus on Social Letting Activities	1,838,640	131,578	29,714	1,999,932	2,123,291
2011 (As restated)	1,984,808	111,432	27,051		

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus /(Deficit) 2012	Operating Surplus /(Deficit) 2011
	£	£	£	£	£	£	£	£	£
Wider Role Activities	126,485	52,147	-	-	178,632	-	185,024	(6,392)	(4,409)
Factoring	-	-	-	62,276	62,276	15,223	64,201	(17,148)	(16,223)
Development and construction of property activities	28,690	-	-	-	28,690	-	97,361	(68,671)	(127,903)
Support Activities	-	-	91,139	-	91,139	-	115,632	(24,493)	(21,012)
Other Income	-	-	-	85,618	85,618	-	41,371	44,247	3,169
Total From Other Activities	155,175	52,147	91,139	147,894	446,355	15,223	503,589	(72,457)	(166,378)
2011	32,983	4,280	91,139	159,783	288,185	17,917	436,646	(166,378)	

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2012	2011
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>79,851</u>	<u>68,405</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>13,732</u>	<u>10,267</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>79,851</u>	<u>68,405</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

In accordance with the Association's cost sharing agreement with its subsidiary, Thenue Housing Services, officers' emoluments of £14,506 and employer pension costs of £2,495 (2011 - £1,751 and £262 respectively) were recharged to Thenue Housing Services.

6. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>63</u>	<u>64</u>
The average total number of Employees employed during the year was	<u>67</u>	<u>71</u>
Staff Costs were:	£	£
Wages and Salaries	2,007,437	1,906,383
Social Security Costs	149,216	128,570
Other Pension Costs	303,434	237,971
Temporary, Agency and Seconded Staff	-	22,744
	<u>2,460,087</u>	<u>2,295,668</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2012	2011
	£	£
Sales Proceeds	204,072	58,423
Cost of Sales	<u>100,531</u>	<u>29,399</u>
Gain On Sale Of Housing Stock	<u>103,541</u>	<u>29,024</u>

8. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>1,026,591</u>	<u>746,930</u>
	1,026,591	746,930
Less: Interest Capitalised	<u>12,175</u>	<u>-</u>
	<u>1,014,416</u>	<u>746,930</u>

Interest incurred in the development period on housing properties which has been written off to the income and expenditure account amounted to £Nil (2011 £Nil)

Interest capitalised was incurred at varying rates of interest.

9. SURPLUS FOR YEAR

	2012	Restated 2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:		
Depreciation & Impairment - Tangible Owned Fixed Assets	1,541,611	1,153,846
Loss on Aborted Development	-	17,651
Auditors' Remuneration - Audit Services	13,320	12,171
Operating Lease Rentals - Land & Buildings	55,762	59,182
Operating Lease Rentals - Other	<u>14,313</u>	<u>14,234</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2011- restated	93,268,289	7,677,154	1,395,750	102,341,193
Additions	3,939,407	7,407,435	-	11,346,842
Disposals	(21,760)	-	(84,978)	(106,738)
Schemes Completed	5,412,616	(5,412,616)	-	-
As at 31st March 2012	102,598,552	9,671,973	1,310,772	113,581,297
DEPRECIATION				
As at 1st April 2011- restated	6,092,821	-	178,076	6,270,897
Charge for Year	1,478,294	-	18,149	1,496,443
As at 31st March 2012	7,571,115	-	196,225	7,767,340
SOCIAL HOUSING GRANT				
As at 1st April 2011- restated	54,039,813	7,219,643	423,417	61,682,873
Additions	76,119	4,294,029	-	4,370,148
Disposals	-	-	(57,545)	(57,545)
Schemes Completed	4,565,746	(4,565,746)	-	-
As at 31st March 2012	58,681,678	6,947,926	365,872	65,995,476
OTHER CAPITAL GRANTS				
As at 1st April 2011- restated	2,624,801	250,000	-	2,874,801
As at 31st March 2012	2,624,801	250,000	-	2,874,801
NET BOOK VALUE				
As at 31st March 2012	33,720,958	2,474,047	748,675	36,943,680
As at 31st March 2011	30,510,854	207,511	794,257	31,512,622

Additions to housing properties includes capitalised development administration costs of £121,122 (2011: £91,215) and capitalised major repair costs to existing properties of £3,807,018 (2011: £1,915,042)

All land and housing properties are freehold.

Impairment Charges

An impairment charge of £401,328 has been recognised and included within the Housing Properties Held for Letting depreciation charges in relation to the Bridgeton Interwar properties which are due to be demolished.

This impairment charge has resulted in reduction of surplus and the net book value of housing properties by the amount of the charge.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Housing Accom Furnishings £	Commercial Property £	Office Premises £	Furniture & & Equipment £	Total £
COST					
As at 1st April 2011- restated	2,537	130,009	1,914,128	992,955	3,039,629
Additions	-	116,593	1,742,535	26,435	1,885,563
Eliminated on Disposals	-	-	-	-	-
As at 31st March 2012	<u>2,537</u>	<u>246,602</u>	<u>3,656,663</u>	<u>1,019,390</u>	<u>4,925,192</u>
AGGREGATE DEPRECIATION					
As at 1st April 2011- restated	2,537	11,429	440,094	933,115	1,387,175
Charge for year	-	1,143	9,999	34,026	45,168
Eliminated on disposal	-	-	-	-	-
As at 31st March 2012	<u>2,537</u>	<u>12,572</u>	<u>450,093</u>	<u>967,141</u>	<u>1,432,343</u>
NET BOOK VALUE					
As at 31st March 2012	<u>-</u>	<u>234,030</u>	<u>3,206,570</u>	<u>52,249</u>	<u>3,492,849</u>
As at 31st March 2011	<u>-</u>	<u>118,580</u>	<u>1,474,034</u>	<u>59,840</u>	<u>1,652,454</u>

12. CAPITAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>5,228,000</u>	<u>9,414,000</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2012 £	2011 £
Land and Buildings		
Expiring within one year	16,275	-
Expiring between two and five years	31,287	51,667
Expiring in over five years	7,516	7,516
Other		
Expiring within one year	14,121	4,699
Expiring between two and five years	<u>3,237</u>	<u>9,508</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2012	2011
	£	£
Arrears of Rent & Service Charges	502,423	462,649
Less: Provision for Doubtful Debts	(207,783)	(215,447)
	<u>294,640</u>	<u>247,202</u>
Social Housing Grant Receivable	738,769	1,190,264
Other Debtors	486,795	534,478
Amounts Due from Group Undertakings	2,889	9,228
	<u>1,523,093</u>	<u>1,981,172</u>

15. CREDITORS: Amounts falling due within one year

	2012	2011
	£	£
Housing Loans	249,214	243,559
Trade Creditors	914,129	734,018
Rent in Advance	414,822	420,688
Social Housing Grant in Advance	10,104	96,349
Other Taxation and Social Security	53,247	55,738
Consultants & Contractors	387,223	833,135
Other Creditors	43,594	38,439
Accruals and Deferred Income	154,649	131,230
	<u>2,226,982</u>	<u>2,553,156</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2011 £Nil)

16. CREDITORS: Amounts falling due after more than one year

	2012	2011
	£	£
Housing Loans	<u>26,883,588</u>	<u>19,758,447</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	249,214	243,559
Between one and two years	254,818	251,730
Between two and five years	1,351,788	1,251,428
In five years or more	25,276,982	18,255,289
	<u>27,132,802</u>	<u>20,002,006</u>
Less: Amount shown in Current Liabilities	249,214	243,559
	<u>26,883,588</u>	<u>19,758,447</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2012 £	Restated 2011 £
Operating Surplus	1,927,475	1,956,913
Depreciation and Impairment	1,541,611	1,153,846
Change in Provisions for liabilities and charges	(32,909)	15,526
Change in Debtors	6,584	(69,261)
Change in Creditors	190,953	(411,831)
Loss on Aborted Development	-	17,651
Share Capital Written Off	(19)	(41)
Net Cash Inflow from Operating Activities	<u>3,633,695</u>	<u>2,662,803</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2012 £	£	2011 £	£
Increase / (decrease) in Cash	994,642		(79,311)	
Cash flow from management of liquid resources	-		(2,000,000)	
Cash flow from change in debt	(7,130,796)		(494,653)	
Movement in net debt during year		(6,136,154)		(2,573,964)
Net debt at 1st April 2011		(18,706,907)		(16,132,943)
Net debt at 31st March 2012		<u>(24,843,061)</u>		<u>(18,706,907)</u>

<i>Analysis of changes in net debt</i>	At 01.04.11 £	Cash Flows £	Other Changes £	At 31.03.12 £
Cash at bank and in hand	1,295,099	994,642		2,289,741
Bank Overdrafts	-	-		-
Liquid Resources	1,295,099	994,642		2,289,741
Debt: Due within one year	(243,559)	(5,655)		(249,214)
Due after more than one year	(19,758,447)	(7,125,141)		(26,883,588)
Net Debt	<u>(18,706,907)</u>	<u>(6,136,154)</u>	-	<u>(24,843,061)</u>

THE NUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	185
Issued in year	2
Cancelled in year	(19)
At 31st March 2012	<u>168</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Designated Reserves	Major Repairs £	Total £
At 1st April 2011	4,495,996	4,495,996
Transfer to / (from) Revenue Reserves	(679,319)	(679,319)
At 31st March 2012	<u>3,816,677</u>	<u>3,816,677</u>

(b) Revenue Reserves	Total £
At 1st April 2011 (As restated)	6,446,369
Surplus for the year	1,108,275
Transfer (to) / from Designated Reserves	679,319
At 31st March 2012	<u>8,233,963</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012 No.	2011 No.
General Needs	2,488	2,489
Shared Ownership	68	70
Supported Housing	189	160
	<u>2,745</u>	<u>2,719</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

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

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

- 6 members are tenants of the Association
- 2 members are factored owners

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.

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 arm's length and is under normal commercial terms.

22. FIXED ASSET INVESTMENT

	2012 £	2011 £
Shared Equity Properties		
Development Cost of Shared Equity Property	2,608,260	2,608,260
Less: Grants Receivable	2,608,260	2,608,260
	<u>-</u>	<u>-</u>
Investments in Subsidiaries		
As at 31st March 2012 & 31st March 2011	<u>100</u>	<u>100</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Thenue Housing Services. The relationship between the Association and its subsidiary is set out in an independence agreement between

The following transactions took place between the entities during the year: The Association incurred costs on behalf of its subsidiary Thenue Housing Services Limited of £39,176 (2011 - £26,167). These costs have been recharged to Thenue Housing Services Limited. At the year end the amount owing by Thenue Housing Services Limited to the Association was £2,889 (2011- £9,228)

The aggregate amount of capital and reserves and the results of Thenue Housing Services for the year ended 31st March 2012 were as follows:

	2012 £	2011 £
Capital & Reserves	<u>49,095</u>	<u>47,106</u>
Profit for the year	<u>1,989</u>	<u>(168)</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. NEGATIVE GOODWILL

	2012
	£
Balance as at 1st April 2011	2,451,820
Release during the year	(66,300)
	<hr/>
As at 31st March 2012	2,385,520
	<hr/>

24. PROVISIONS FOR LIABILITIES AND CHARGES

Furniture & Flooring Replacement	2012	2011
	£	£
Balance as at 1st April 2011	735,474	719,948
(Decrease) / Increase in Provision	(32,909)	15,526
	<hr/>	<hr/>
Balance as at 31st March 2012	702,565	735,474
	<hr/>	<hr/>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Thenue Housing Association Limited participates in the Scottish Housing Association 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.

The Scheme offers five benefit structures to employers, namely:

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

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

Thenue Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2010 and the career average revalued earnings with a 1/70th accrual rate benefit structure for new entrants from 1st April 2010.

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

During the accounting period Thenue Housing Association Limited paid contributions at the rate of 7.4% to 9.6 % of pensionable salaries. Member contributions were 7.4% to 9.6 %.

As at the balance sheet date there were 47 active members of the Scheme employed by Thenue Housing Association Limited. The annual pensionable payroll in respect of these members was £1,413,434. Thenue Housing Association Limited 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 individual participating employers 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.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th 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 £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (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 30th 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%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2009 were as follows:

	% p.a.
- Investment return pre-retirement	7.4
- Investment return post-retirement - non pensioners	4.6
- Investment return post-retirement - pensioners	4.8
- Rate of Salary increases	4.5
- Rate of pension increases:	
pension accrued pre 6 April 2005 in excess of GMP	2.9
pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	3.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80ths	13.2
Career average 120ths	9.4

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 £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1st April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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 buyout 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.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PRIOR YEAR ADJUSTMENT

During the year, the Association changed its accounting policy in relation to housing properties and depreciation, as detailed in Note 1 of the Financial Statements, in order to incorporate component accounting. Major repairs which relate to identified components are capitalised, with major components being depreciated over the estimated useful economic lives of each identified component.

As a result of the change in accounting policy, a prior year adjustment has been required under Financial Reporting Standard 3 - Reporting Financial Performance and Financial Reporting Standard 18 - Accounting Policies.

During the component accounting work it was identified that the Association was depreciating some shared ownership properties over 30 years. The depreciation period was amended to 50 years as this was felt to be a better estimate of the useful life of the properties. The Association has chosen to restate the prior year in relation to this change.

The figures in the 2011 Financial Statements have been adjusted as follows:

	Reported in 2011 Accounts £	Restated 2011 figures £	Value of Restatement £
Housing Property	30,679,565	31,512,622	833,057
Revenue Reserves	<u>5,613,312</u>	<u>6,446,369</u>	<u>833,057</u>
Other Revenue Grant	62,055	-	62,055
Housing Depreciation Charge	869,135	917,916	48,781
Major Repairs Charge	<u>2,324,983</u>	<u>1,255,820</u>	(1,069,163)
			<u>(958,327)</u>

The restatement has resulted in a decrease in both income of £62,055 and expenditure of £1,020,382 and thus the reported surplus in 2011 has been restated by £958,327 and now stands at £1,242,525