

TOLLCROSS HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2010



TOLLCROSS HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2010

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Registration information

Financial Services Authority

Industrial and Provident Societies 1965
Registered number 1798(R)S

The Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered number HCB 197

Members, Executive and Advisers

Committee of Management

Mr W Dougan	-	Chairperson
Mr I Smith	-	Vice Chairperson
Mrs I McEwing		
Mr C Sweeney	-	Secretary
Mr H Wak-Williams		
Ms E Skimmins		
Ms E Barrowman		
Ms C Newton		
Mr M Clarke		
Mrs A Philips (appointed 3 July 2009)		
Mr C Cassidy (appointed 26 October 2009)		
Mr T Cleary (appointed 26 October 2009)		
Ms T Cullis (resigned 26 October 2009)		
Ms A Bell (resigned 26 October 2009)		

Executive Officers

Mr C Douglas	-	Director
Mr T Hastings	-	Finance & IT Co-ordinator
Mr D McGoldrick	-	Maintenance Manager
Mrs A Evans	-	Housing Manager

Registered Office

84 Braidfauld Street
Glasgow
G32 8PJ

Auditor

Scott-Moncrieff
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Clydesdale Bank plc
865 Shettleston Road
Glasgow
G32 7NS

Solicitors

Brechin Tindal Oatts
Glasgow
G2 5HS

**Report of the Management Committee
For the year ended 31 March 2010**

The Committee of Management presents 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 results for the year are set out in the income and expenditure account on page 7.

During the year to 31 March 2010, the Association has continued its main business of providing rented accommodation for people in housing need. The Association has also carried out a programme of maintenance and improvements to its properties.

In 2010/11 the Association will continue in its main business and will also seek opportunities in terms of development, wider action and other initiatives.

The Association obtained charitable status on 28 September 2009.

Changes in fixed assets

Details of fixed assets are set out in Notes 9 and 10.

The committee of management and executive officers

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

Each member of the committee of management holds one fully paid share of £1 in the Association. The executive officers of the Association 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 committee.

Statement of committee's responsibilities

Housing association legislation requires the committee to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for the period ended on that date. In preparing those financial statements the committee are required to:-

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and estimates that are reasonable and prudent;
- * State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- * Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the association will continue in business.

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association.

The committee is 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.

**Report of the Management Committee
For the year ended 31 March 2010**

Internal Financial Controls

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

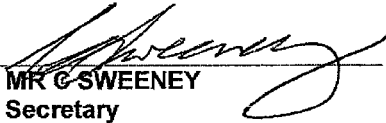
Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

Auditors

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the committee


MR G SWEENEY
Secretary

Dated: 24 May 2010

Report of the Auditors to the Members of Tollcross Housing Association Limited

We have audited the financial statements on pages 7 to 24, which have been prepared under the accounting policies set out on pages 12 to 14 and in accordance with the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

This report is made solely to the Association's members as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of committee and auditors

As described on page 2 the Association's Committee of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association is not disclosed.

We report to you whether in our opinion the information given in the Management Committee Report is consistent with the financial statements.

Basis of 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 Committee of Management 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 irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the Auditors to the Members of Tollcross Housing Association Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007;
- the information given in the Management Committee Report is consistent with the financial statements.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 24 May 2010

**Report of the Auditors to the Management Committee of
Tollcross Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement on Page 3 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

In our opinion, your statement on internal financial control on page 3 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Scott - Moncrieff

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Dated: 24 May 2010

Income and Expenditure Account
For the year ended 31 March 2010

	Notes	2010 £	2009 £
Turnover	2	1,899,696	1,843,728
Less: Operating costs	2	1,863,004	1,971,212
Operating surplus/(deficit)	2	36,692	(127,484)
Gain on disposal of fixed assets		61,483	24,923
Interest receivable and other income	5	14,012	57,937
Interest payable and similar charges	6	(6,815)	(29,497)
Surplus /(Deficit) on ordinary activities before taxation		105,372	(74,121)
Tax on surplus on ordinary activities	18	-	-
Surplus / (Deficit) for the year		<u>105,372</u>	<u>(74,121)</u>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains and losses other than those included in the surplus/(deficit) above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus/(deficit) on ordinary activities for the year and the retained surplus/(deficit) for the period stated above and their historical cost equivalents.

TOLLCROSS HOUSING ASSOCIATION LIMITED

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Balance Sheet
As at 31 March 2010

	Notes	2010 £	2009 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	20,129,794	19,689,632
Less SHG and other grants	9	18,927,172	18,495,268
		1,202,622	1,194,364
Other fixed assets	10	1,954	8,377
		1,204,576	1,202,741
Current assets			
Debtors	11	464,143	254,149
Cash at bank and in hand		292,687	267,888
Cash held in deposit accounts		1,049,045	1,134,720
		1,805,875	1,656,757
Creditors: amounts falling due within one year	12	688,215	563,676
Net current assets		1,117,660	1,093,081
Total assets less current liabilities		2,322,236	2,295,822
Creditors: amounts falling due after more than one year	13	352,883	431,844
Net assets		1,969,353	1,863,978
Capital and reserves			
Share capital	14	668	665
Designated reserves	7	1,346,000	1,346,000
Revenue reserve	8	622,685	517,313
		1,969,353	1,863,978

The financial statements on pages 7 to 24 were authorised for issue by the Committee of Management on 24 May 2010 and were signed on its behalf by:

Mr W Dougan

Mr I Smith

Mr C Sweeney

Chairperson

Vice Chairman

Secretary

The notes on pages 12 to 24 form part of these financial statements

Cash Flow Statement
For the year ended 31 March 2010

	Notes	2010 £	2009 £
Net cash movement from Operating activities	1	2,429	(565,494)
Returns on investments and servicing of finance	2	7,197	28,440
Taxation	2	(356)	-
Investing activities	2	35,925	(17,207)
		<hr/> 45,195	<hr/> (554,261)
Management of liquid resources	2	85,675	(85,313)
Financing	2	(83,617)	(62,033)
Increase/(decrease)	4	<hr/> 47,253	<hr/> (701,607)

Notes to the Cash Flow Statement
For the year ended 31 March 2010

1) Reconciliation of Surplus for year to Net Cash Movement from Operating Activities	2010 £	2009 £
Operating surplus/(deficit)	36,692	(127,484)
Depreciation	23,722	50,074
(Increase)/decrease in debtors	(209,994)	41,990
Increase/(decrease) in creditors	152,009	(530,074)
	<u>2,429</u>	<u>(565,494)</u>
2) Gross Cash Flows		
Returns on investments and servicing of Finance		
Interest received	14,012	57,937
Interest paid	(6,815)	(29,497)
	<u>7,197</u>	<u>28,440</u>
Management of liquid resources		
Cash lodged in/(lodged in) business term deposit	183,510	(30,269)
Cash (lodged in) 3 month deposit	2,164	83,918
Cash (lodged in) 1 month deposit	(99,999)	(138,962)
	<u>85,675</u>	<u>(85,313)</u>
Investing activities		
Payment for purchase and development of property	(511,100)	(113,325)
HAG received	482,595	77,332
Sale of housing properties	115,121	53,022
Payments to acquire other tangible fixed assets	-	-
HAG repaid and abated	(50,691)	(34,236)
	<u>35,925</u>	<u>(17,207)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2010

2)	Gross Cash Flows (contd)	2010 £	2009 £
	Taxation		
	Corporation tax paid	(356)	-
	Financing		
	Issue of ordinary share capital	3	16
	Loans repaid/acquired	(83,620)	(62,049)
		(83,617)	(62,033)

3)	Analysis of Changes in Net Funds	At 31 March 2009 £	Cash Flow £	Other Changes £	At 31 March 2010 £
	Cash in hand, at bank	267,888	24,799	-	292,687
	Overdraft	(22,454)	22,454	-	-
		245,434	47,253	-	292,687
	Current asset investments	1,134,720	(85,675)	-	1,049,045
	Debt due within 1 year	(90,422)	4,659	-	(85,763)
	Debt due after 1 year	(431,844)	78,961	-	(352,883)
		857,888	45,198	-	903,086

4)	Reconciliation of Net Cash Flow to Movement in Net Funds (Note 3)	2010 £	2009 £
	Increase/(decrease) in cash in year	47,253	(701,607)
	Cash flow to increase debt	83,620	62,049
	Cash inflow from increase in liquid resources	(85,675)	85,313
	Change in net funds	45,198	(554,245)
	Net funds at 1 April 2009	857,888	1,412,133
	Net funds at 31 March 2010	903,086	857,888

**Notes to the Financial Statements
For the year ended 31 March 2010**

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (i) below.

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

(b) Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government. Also included is any income from first tranche shared ownership disposals.

(c) Loans

Mortgage loans are advanced by Private Lenders or The Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government. Mortgage loans in the balance sheet include amounts due but not received.

(d) Social housing grant (SHG)

Social Housing Grant, at amounts approved by The Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

**Notes to the Financial Statements
For the year ended 31 March 2010**

1. Accounting policies (continued)

(e) Fixed assets - Housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs
3. Interest charged on the mortgage loans raised to finance the scheme
4. Amounts equal to acquisition and development allowances received
5. Administration costs relating to private finance

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Interest is capitalised from first draw down of private finance according to the funding arrangements agreed by The Scottish Government. This will normally occur after SHG has been claimed up to the agreed limit.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated.

(f) Depreciation

1. Housing properties

Housing properties at cost, less grants received, less land, are depreciated over their expected useful lives of 50 years.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life at the following rates:-

Fixtures & Fittings	- 15% straight line
Office Property	- Over 15 years
Commercial Premises	- Over 15 years
Computer Equipment	- Over 5 years

A full year's depreciation is charged in the year of purchase.
No charge is made in the year of disposal.

**Notes to the Financial Statements
For the year ended 31 March 2010**

1. Accounting policies (continued)

(g) Designated Reserves (Note 7)

(i) Cyclical maintenance

The reserve is based on the association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

(ii) Major Repairs

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to General Reserves as appropriate.

(h) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(i) Pensions (Note 19)

The Association contributes to a defined benefit scheme, the cost of which is written off to the income and expenditure account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

Notes to the financial statements
For the year ended 31 March 2010

2. Particulars of Turnover, Operating Costs and Operating Surplus/(deficit)

	Turnover £	2010 Operating Costs £	Operating surplus £	Turnover £	2009 Operating Costs £	Operating (Deficit) £
Income and Expenditure From lettings						
Social Lettings	1,774,094	(1,658,035)	116,059	1,704,611	(1,770,540)	(65,929)
Other activities	125,602	(204,969)	(79,367)	139,117	(200,672)	(61,555)
	<u>1,899,696</u>	<u>(1,863,004)</u>	<u>36,692</u>	<u>1,843,728</u>	<u>(1,971,212)</u>	<u>(127,484)</u>

Notes to the financial statements
For the year ended 31 March 2010

3. Particulars of turnover, operating costs and operating surplus/(deficit) from social letting activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2010 Total £	2009 Total £
Income from rent and service charges						
Rent receivable net of service charges	1,548,108	75,347	40,244	-	1,663,699	1,586,811
Service charges	37,138	-	-	-	37,138	37,673
Gross income from rents and service charges	1,585,246	75,347	40,244	-	1,700,837	1,624,484
Less voids	(8,648)	-	-	-	(8,648)	(7,578)
Net income from rents and service charges	1,576,598	75,347	40,244	-	1,692,189	1,616,906
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	42,281	39,624	-	-	81,905	87,705
Total turnover from social letting activities	1,618,879	114,971	40,244	-	1,774,094	1,704,611
Expenditure						
Management and maintenance administration costs	778,779	24,988	3,232	-	806,999	769,655
Service charges	93,201	-	-	-	93,201	67,187
Planned cyclical maintenance including major repairs	495,308	-	-	-	495,308	656,816
Reactive maintenance costs	229,696	-	-	-	229,696	227,356
Bad debts – rents and service charges	15,532	-	-	-	15,532	24,670
Depreciation of social housing	14,042	-	3,257	-	17,299	24,856
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	1,626,558	24,988	6,489	-	1,658,035	1,770,540
Operating Surplus/(Deficit) on letting activities, 2010	(10,707)	89,983	33,755	-	116,059	-
Operating Surplus/(Deficit) on letting activities, 2009	(169,775)	70,830	33,016	-		(65,929)

TOLLCROSS HOUSING ASSOCIATION LIMITED

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Notes to the financial statements for the year ended 31 March 2010
4. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating deficit	
	£	£	£	2010 £	2009 £	£	£	2010 £	2009 £
Wider role activities #	80,709	-	-	80,709	97,019	-	147,542	(66,833)	(44,646)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	28,611	28,611	23,780	-	16,929	11,682	6,533
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-
Other agency / management services	-	14,260	-	14,260	15,568	-	29,404	(15,144)	(14,562)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-
Other activities	-	-	2,022	2,022	2,750	-	11,094	(9,072)	(8,880)
Total from other activities, 2010	<u>80,709</u>	<u>14,260</u>	<u>30,633</u>	<u>125,602</u>	<u>139,117</u>	<u>-</u>	<u>204,969</u>	<u>(79,367)</u>	<u>-</u>
Total from other activities, 2009	<u>97,019</u>	<u>15,568</u>	<u>26,530</u>	<u>139,117</u>	<u>288,527</u>	<u>-</u>	<u>200,672</u>	<u>-</u>	<u>(61,555)</u>

Undertaken to support the community, other than the provision, construction, improvement and management of housing

Notes to the Financial Statements
For the year ended 31 March 2010

5. Interest Receivable and Other Income

	2010	2009
	£	£
Interest receivable on deposits	14,012	57,937

6. Interest Payable and Similar Charges

Other interest payable	6,815	29,497
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7. Designated Reserves

	Opening Balance £	Transfer between Reserves £	Transfer to Revenue Reserve £	Transfer from Revenue Reserve £	Closing Balance £
Cyclical maintenance	320,000	-	-	-	320,000
Major repairs reserve	1,026,000	-	-	-	1,026,000
	1,346,000	-	-	-	1,346,000

8. Revenue Reserves

	2010	2009
	£	£
At 1 April 2009	517,313	504,434
Surplus/(deficit) for the year	105,372	(74,121)
	622,685	430,313
Transfer from designated reserves	-	87,000
At 31 March 2010	622,685	517,313

Notes to the Financial Statements
For the year ended 31 March 2010

9. Tangible Fixed Assets – Housing properties

	Housing Properties Held for Letting	Shared Ownership Properties Held for Letting	Mortgage to Rent Properties	Total
Cost	£	£	£	£
At start of year	18,323,910	1,550,311	47,458	19,921,679
Additions during year	511,100	-	-	511,100
Disposals	(18,616)	(34,123)	-	(52,739)
At end of year	18,816,394	1,516,188	47,458	20,380,040
Depreciation				
At start of year	211,480	20,518	949	232,947
Charge for year	24,590	3,257	-	27,847
On disposals	(6,825)	(3,723)	-	(10,548)
At end of year	229,245	20,052	949	250,246
SHG and other Grants				
At start of year	17,047,996	1,413,122	34,150	18,495,268
Received during year	432,595	-	-	432,595
Repaid/abated during year	(18,616)	(32,075)	-	(50,691)
At end of year	17,511,975	1,381,047	34,150	18,927,172
Net Book Value				
At 31 March 2010	1,075,174	115,089	12,359	1,202,622
At 31 March 2009	1,064,334	116,671	12,359	1,194,364

10. Tangible Fixed Assets - Other fixed assets

	Office Premises	Fixtures Fittings & Equipment	Total
Cost	£	£	£
At start of year	179,696	198,700	378,396
Additions during year	-	-	-
Disposals	-	-	-
At end of year	179,696	198,700	378,396
Depreciation			
At start of year	179,033	190,986	370,019
Charge for year	663	5,760	6,423
On disposals	-	-	-
At end of year	179,696	196,746	376,442
Net Book Value			
At 31 March 2010	-	1,954	1,954
At 31 March 2009	663	7,714	8,377

Notes to the Financial Statements
For the year ended 31 March 2010

11. Debtors	2010	2009
	£	£
Rental debtors	66,123	63,667
Technical arrears	76,397	58,837
Provision for bad debts	(37,523)	(23,300)
	<hr/>	<hr/>
	104,997	99,204
Prepayments and accrued income	301,484	2,458
Amounts due from other owners	57,662	152,487
	<hr/>	<hr/>
	464,143	254,149
	<hr/>	<hr/>

12. Creditors – Amounts falling due within one year	2010	2009
	£	£
Overdraft	-	22,454
Loans	85,763	90,422
Trade creditors	135,825	164,628
Corporation tax	-	356
Accruals and deferred income	25,731	55,348
Deferred grants	342,343	136,181
Contracted work and retentions unpaid	-	1,183
Rents in advance	98,553	93,104
	<hr/>	<hr/>
	688,215	563,676
	<hr/>	<hr/>

13. Creditors – Amounts falling due outwith one year	2010	2009
	£	£
Loans:		
Housing	352,883	431,844
	<hr/>	<hr/>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments.

	2010	2009
	£	£
Between one and two years	69,844	85,360
Between two and five years	147,452	176,166
In five years or more	135,587	170,318
	<hr/>	<hr/>
	352,883	431,844
	<hr/>	<hr/>

**Notes to the Financial Statements
For the year ended 31 March 2010**

14. Share Capital

	2010 £	2009 £
At beginning of year	665	649
Shares of £1 each fully paid and issued during the year	3	16
	<u>668</u>	<u>665</u>
Shares forfeited	501	480
	<u>167</u>	<u>185</u>
Active shareholders at 31 March 2010	<u>167</u>	<u>185</u>

15. Directors' Emoluments

The directors are defined as the members of the Management Committee, the chief executive and any other person reporting directly to the chief executive or the Management Committee whose total emoluments exceed £60,000 per year. No employees fell within this category in either this year or last. No emoluments were paid to any member of the Management Committee during the year.

16. Employee Information

The average monthly number of persons employed during the year was:

	2010 No	2009 No
Office staff	14	15
Wardens	<u>1</u>	<u>1</u>
Staff costs (including director's emoluments):		
Wages and salaries	528,253	482,120
Social security costs	37,814	38,151
Pension costs (Note 19)	53,203	49,678
	<u>619,270</u>	<u>569,949</u>

17. Operating Surplus

Operating surplus is stated after charging:		
Depreciation	34,271	50,074
Auditor's remuneration		
- In their capacity as auditors	8,750	8,000
- In respect of other services	4,336	750
	<u>47,357</u>	<u>58,824</u>

18. Taxation

Due to losses carried forward from previous years, there is no tax liability.

In addition the Association obtained charitable status on 28 September 2009.

**Notes to the Financial Statements
For the year ended 31 March 2009**

19. Pensions

General

Tollcross Housing Association Limited (the Association) participates in the SFHA 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 three benefit structures to employers, namely:

- (a) Final salary with a 1/60th accrual rate;
- (b) Career average revalued earnings with a 1/60th accrual rate;
- (c) Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. The Association has elected to operate the Final salary with 1/60th accrual rate structure.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its 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 levels. 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 the Association paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 10 active members of the Scheme employed by the Association. The 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 individual participating employers. SFHA is a multi-employer scheme where the scheme 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 Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared to liabilities of £54 million. (equivalent to a past service funding level of 83.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed 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%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

**Notes to the Financial Statements
For the year ended 31 March 2010**

19. Pensions

General

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 30th September 2006 were as follows:-

- Investment return pre retirement 7.20% per annum
- Investment return post retirement 4.90% per annum
- Rate of salary increases 4.60% per annum
- Rate of pension increases
 - pension accrued pre 6 April 2005 2.60% per annum
 - pension accrued from 6 April 2005 2.25% per annum
- (for leavers before 1 October 1993 pension increases are 5%)
- Rate of price inflation 2.60% per annum

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. Using these tables the assumed life expectancy in years for pension scheme members at age 65 are as follows;

	Males	Females
Non Pensioners	21.6 years	24.4 years
Pensioners	20.7 years	23.6 years

The long term joint contribution rates required from employers and members to meet the cost of future benefit accrual for the final salary 60ths benefit structure were assessed as 17.8%. 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 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 for the Final salary 60ths benefit structure from 1 April 2008 is 23.1%, comprising employer contributions of 15.4% and member contributions of 7.7%.

A small number of employers that have closed the Scheme to new entrants are required to pay an additional 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.

Notes to the Financial Statements
For the year ended 31 March 2010

19. Pensions

General

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a 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 Association does not intend to withdraw from the Scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for the Association was £2,830,122.

20. Housing Stock

The number of units of accommodation in management was as follows:-

	Units in Management	
	2010	2009
General needs	640	641
Shared ownership	25	27
Supported housing	30	30
	<hr/>	<hr/>
	695	698
	<hr/>	<hr/>

21. Legislative Provisions

The association is incorporated under the Industrial and Provident Societies Act 1965.

22. Related Party Transactions

The membership of the Management Committee at the Association is drawn from the local community, with some members also being tenants. Members of the Management Committee who are tenants receive no favourable treatment and such transactions are carried out at arms length.