

**Viewpoint Housing Association Limited**

**Financial Statements**

**for the year ended 31 March 2012**

**Register of Housing Associations NO. HEP 199**

**Register of Industrial & Provident Societies No. 1228 RS**

**Charity registered with OSCR No. SCO05619**

Viewpoint Housing Association Limited  
Financial Statements  
For the year ended 31 March 2012

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Viewpoint Housing Association Limited  
Report of the Board  
31 March 2012

**Board of Trustees**

Dr R G Smith	(Chairman)
Mr R Rae	(Vice Chair)
Mr I W Calder	(Chair of the Audit committee)
Miss E M Morrison	
Mr G Anderson	
Mr C Cunningham	(Resigned 5 August 2011)
Mrs N Donaldson	
Mr I Macdonald	(Elected 20 September 2011)
Ms J Macrae	(Elected 20 September 2011)
Mr R McNeill	
Ms J Simpson	
Mr R Stewart	
Mr V Stewart	
Mr I Thompson	(Co-opted 26 July 2012)

**Executive Officers**

Chief Executive/Secretary	Mrs Dorry McLaughlin
Director of Housing and Property Services	Ms Sandra Brydon
Director of Finance and ICT	Mrs Jenni Fairbairn
Head of Care Services	Mrs Donna Macleod (appointed 12 September 2011)

**Registered Office**

4 South Oswald Road  
EDINBURGH  
EH9 2HG

**Registration Numbers**

Register of Housing Associations No. HEP 199  
Register of Industrial & Provident Societies No. 1228 RS  
Charity registered with OSCR No. SCO05619

**Solicitors**

DWF Biggart Baillie  
No 2 Lochrin Square  
96 Fountainbridge  
EDINBURGH  
EH3 9QA

**External Auditor**

Chiene + Tait  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
EDINBURGH  
EH3 6NL

HBJ Gateley  
Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

**Bankers**

The Royal Bank of Scotland  
36 St Andrew Square  
EDINBURGH  
EH2 2YB

**Internal Auditors**

Baker Tilly UK Audit LLP  
139 Fountainbridge  
EDINBURGH  
EH3 9QG

**Viewpoint Housing Association Limited**  
**Report of the Board**  
**31 March 2012**

The Board of Trustees (the Board) presents its report and the audited financial statements for the year ended 31 March 2012.

**Principal Activities**

Viewpoint (Viewpoint Housing Association Ltd) was formed for the benefit of the community and is a Social Housing Landlord and Care Home provider specialising in housing, support and care homes with nursing with the primary objective of providing high quality accommodation and services. Although our main client group is older people we also provide mainstream housing to those in need.

Viewpoint's Head Office is in Edinburgh and its properties and services are largely in Edinburgh and Fife. Viewpoint has 3 care homes with nursing (120 bedspaces) and 1353 housing properties. The accommodation and services range from amenity housing through to enhanced sheltered housing with higher levels of support for older people, general needs flats and a number of specialist projects managed in partnership with support organisations.

Viewpoint works in partnership with other organisations and is a member of the Rowan Group through which any Housing Association Grant funded development programme would be administered.

**Financial Performance**

During the financial year 2011/12 Viewpoint introduced the new SORP 2010 requirement on component accounting. This is *"where the tangible fixed asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its useful economic life."*

The introduction of this accounting policy has resulted in a prior year adjustment for those components identified in relation to the depreciation charge and also for the cost of replacement components which had previously been expensed, now being capitalised.

The results for the year are shown in the Income and Expenditure Account on page 13. The surplus of £2,456k (2011: £1,197 restated) shows an improvement on the previous year's performance. The operating surplus for housing activities was £2,120k and for care homes and other activities £644k.

This surplus was in part due to Viewpoint realising a full year of efficiency measures introduced in 2010/11. This provides us with a sound platform for delivering a programme of works to meet SHQS by 2015 and improve the standards of our accommodation and environment into the future. This programme continued in 2011/12 with investment on replacement and additional components of properties of £997k in housing and £291k in care homes. Ongoing investment needs are expected to remain high and as a result additional reserves have been designated to meet these. Designated reserves at 31 March 2012 of £6,599k (2011: £4,464k) are designed to cover the next three years expenditure needs on properties. A stock condition survey during 2012/13 will provide more detailed information.

The cyclical and planned maintenance spend for 2012/13 has been forecast at £2.1M. Of this, significant investment will be as follows:

- |                                |       |
|--------------------------------|-------|
| • Kitchen replacements         | £423k |
| • Roof works                   | £219k |
| • Lifts                        | £459k |
| • Non domestic heating systems | £111k |

In addition to these investment needs we are also seeing a reduction in grant to fund adaptations which tenants need as a result of disability or infirmity. These adaptations are an essential ingredient of enabling older people to remain living independently in their own homes. Viewpoint does not wish to be in a position where it becomes unable to support such adaptations.

Viewpoint is well aware that affordability is an issue for our tenants and residents and we are mindful of potential increases in service costs which are beyond our control eg fuel and other utility costs. However some of the efficiency gains made during 2011/12 will have a positive impact on service charges. The forthcoming Welfare Reform will also affect our customers particularly changes to Housing Benefit entitlement and it is, therefore, our aim to remain as efficient as we can and to be mindful of affordability when setting rents and charges.

**Structure, Governance and Management**

Viewpoint is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority as a Friendly Society. Viewpoint is also registered with the Office of the Scottish



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Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord. Viewpoint was pleased to be reclassified as low risk from medium risk by the Scottish Housing Regulator during the year.

Viewpoint has a fully owned subsidiary Benview Trading whose purpose is to manage housing/homes funded by a Special Needs Capital Grant. Viewpoint provides management and development services to Benview Trading for which they are charged. The results of Benview Trading Limited for the year ended 31 March 2012 have not been consolidated into Viewpoint Housing Association Limited as these are of an immaterial nature to the results of Viewpoint.

Viewpoint is governed by a voluntary Board of Trustees (Board) whose members are elected by the membership and are unpaid. During the year the Board completed its Governance Review Action Plan developed in 2009 and is applying the Governance Policies developed and approved. The Chairman conducted appraisals of each Board member and the Board continues to monitor the effectiveness of its governance arrangements bi-annually.

One Board member resigned during the year (Mr C Cunningham). There were two new appointments (Ms J Macrae and Mr I MacDonald).

Management is delegated by the Board to the Executive Team. This Team comprises the Chief Executive, Directors of Finance and ICT, Housing and Property Services and Head of Care.

Each member of the Board holds one fully paid share of £1 in Viewpoint. The Chief Executive and Executive Team members hold no interest in Viewpoint's share capital, and although not having the legal status of directors, act as Executives within the authority delegated by the Board.

Viewpoint maintains insurance to cover its Board and Officers against liabilities in relation to their duties carried out on behalf of Viewpoint, as authorised by Viewpoint's rules.

The Board meets six weekly and in between meetings receives mailings related to its strategy and operating environment. The Board held an away day during the year to review Viewpoint's Strategic Plan. Board members also attended training including Charity Investment, Governance and Trustee Training Events.

### **Resident and Tenant Involvement**

The role of the Scottish Housing Regulator and the introduction of the Social Housing Charter means that Viewpoint must develop and maintain robust mechanisms for engagement with its customers. The Viewpoint Tenants Representative Group (VTRG) provides Viewpoint with a sounding board against which to test its plans and with which to consult about strategic and operational matters. The VTRG has provided us with challenging yet constructive feedback on services during the year and we have welcomed this. Senior management and the Board will continue to meet regularly with the VTRG and are developing an action plan to take forward the outcomes of our recent tenant satisfaction survey, VTRG recommendations for improvement as well as to broaden the scope for all customers to become involved.

All tenants and the VTRG were consulted on the annual rent review. The VTRG contributed to various responses to government and Scottish Housing Regulator consultations. The VTRG's work with Viewpoint to draft a response to the new Social Housing Charter was particularly valued.

In addition to the VTRG Viewpoint holds local consultations with customers and will be further developing this approach during 2012/13 with the introduction of a local survey toolkit. Care home residents and stakeholders are encouraged to participate in the running of the homes. Focus groups were held to review menus and to develop the sensory garden at St. Raphael's and residents were involved in staff recruitment. Customer surveys at each of the homes showed satisfaction levels exceeding 86%.

### **Strategy, Objectives and Business Review**

Viewpoint carried out a further review of its Strategic Plan in October 2011. No changes were made to the vision, values, strategic aims or objectives. However it was decided to set targets against which to measure progress in achieving the strategic objectives and to provide greater clarity about what Viewpoint would look like once those objectives have been achieved.

The following sets out the Strategic Objectives and those targets:

#### **To enhance the quality of existing and develop new services which older people want.**

- Achieve a dementia care award/standards by March 2014
- Open a step up/step down or intermediate care facility by March 2014
- Secure ongoing funding for the Craft Café by March 2014



Viewpoint Housing Association Limited  
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31 March 2012

**To be efficient and to offer value for money - making a sufficient surplus to invest in existing and future accommodation and services.**

- Develop or acquire new accommodation or a substantial new service by March 2014

**To have accountable leaders who walk our values and are passionate about our vision.**

- Achieve at least 85% employee satisfaction with 'management and leadership' by March 2014

**To communicate our vision both internally and externally and generate confidence in the services we offer.**

- Achieve occupancy and customer feedback that shows Viewpoint is recognised as a reputable player in the housing, care, support and, in particular, 'care village' market place by March 2015

**To maintain our accommodation to high standards and to ensure that it not only meets regulatory standards but is fit for the future.**

- Achieve 0% refusals of accommodation as a result of poor condition of stock or environment by March 2014
- 100% of accommodation for older people to meet a minimum defined standard for an increasingly ageing population by March 2016

**To have a well trained, qualified and motivated staff team that welcomes feedback and embraces change.**

- Achieve Investors in People bronze by June 2014

**To seek out and take account of the views of our customers.**

- Achieve 85% satisfaction overall and 80% in all dimensions in all business areas in customer surveys by March 2015

These objectives are underpinned by key priorities which are reviewed by the Executive Team and are reported to the Board. The following progress was made:

- Day to day repairs tender progressed and a major works programme developed and procured
- Gardening services reviewed to improve quality. A new contractor was appointed at reduced cost
- Staff structures reviewed in the care homes to achieve a more appropriate skills mix
- Insurances retendered securing £30,000 annual savings
- Pensions reviewed and a wider review of Pay and Benefits completed
- Investors in People standard awarded
- Laundry and catering services reviewed in the care homes
- ICT infrastructure reviewed and virtualisation project initiated.

The year has seen many changes to Viewpoint's regulatory frameworks. The new Scottish Housing Regulator and Care Inspectorate came into being during the year and the former embarked on a series of consultations about the way Registered Social Landlords are regulated. Viewpoint welcomes the introduction of the Social Housing Charter and the emphasis on outcomes and tenant engagement as well as the anticipated involvement of tenants in the work of the Scottish Housing Regulator itself.

The Scottish Government has progressed its National Dementia Strategy and Viewpoint has been involved in the Reshaping Care agenda and informing the direction of the Change Fund. Both initiatives are focused on enabling older people to remain at home for as long as possible. Viewpoint made progress in implementing its Dementia Strategy and reviewing services for older people in general. The following initiatives were undertaken:

- Dementia Road Shows were developed in partnership with Alzheimer Scotland to inform sheltered tenants and other stakeholders about dementia and where to access services and support. These were well received with 95% of those attending saying that the roadshows provided them with an understanding of the difficulties/challenges that people living with dementia have to overcome.



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- With the support of the Viewpoint Trust, Viewpoint opened a Craft Café in the former chapel between St. Raphael's and Marian House care homes. Open three days a week this café offers tenants and residents the opportunity to develop new skills in arts and crafts or indeed refresh dormant skills.
- Designed and developed with the support of the Viewpoint Trust a sensory garden at St. Raphael's care home.

Sustaining quality in the care homes has been a key objective during the year. We were pleased at the beginning of 2012/13 to receive four grade fives (maximum grade six) at St. Raphael's care home and to see the positive impact of structural changes in staffing arrangements and the introduction of auditing tools. We still have work to do to improve the grades at Lennox House although we hope that the improved leadership will bear fruit within the first six months of the coming year.

Likewise in housing we were pleased to receive grade fours (maximum grade six) for our housing and support service in an inspection at the start of 2012/13. In addition the results of our tenant satisfaction survey carried out in April 2012 showed some high levels of satisfaction. However the outcome of that survey also showed that we have work to do with our tenants to find ways to improve satisfaction levels with the repairs service and generally in our amenity and alarmed accommodation.

We are seeing more tenants in housing receiving Housing Benefit and the impact of Welfare Reform may well see affordability becoming a real issue for our tenants. We were able to keep our rent increase below inflation at 2.5% in April 2012 and we hope that we will be able to contain service charge costs to a reasonable level with the efficiency savings we have already made although there is uncertainty about the future impact of fuel costs.

We performed well against our Key Performance Indicators for the year. However we were unable to validate our emergency repair response times performance. The new day to day repairs contract should assist with this in the future.

Care Home occupancy fell a little short of the target of 97% although the turnover of care home staff was below target and the reliance on agency staff whilst high at Lennox House, fell at St. Raphael's and Marian House.

Housing void turnaround times excluding low demand which averaged 44 days during 2010/11 reduced to 20 during the year. This was within target and resulted in a void loss for the year of 1.60% compared to 2.71% in 2010/11.

Whilst all of Viewpoint's housing is on target to meet the Social Housing Quality Standard, as set by the Scottish Housing Regulator, by 2015, this year saw us embark on a major programme of works both in housing and the homes. The total spend on planned and cyclical works for the year amounted to £1,587k in housing and £348k in the care homes. The application of rigorous procurement caused delays to the programme but we are confident that we have a sound platform for delivering on time and within budget in the future. Features of this planned maintenance programme included:

- Lift replacement at St. Raphael's care home and Gillespie
- New kitchens at Haugh Park, Salisbury Road and Argyle Park Terrace
- Roofing works at Lennox House
- Render works at Charterhall/Cluny Gardens
- Window replacements at Buchan Gardens, Fife and Lynedoch House Edinburgh

### **The Future**

During the coming year our focus must be on delivering greater customer engagement and satisfaction as well as involving them in supporting us to embrace risk based regulation and the challenges of the Social Housing Charter. In addition, all of Viewpoint's services must be influenced by the emerging personalisation agenda, including the prospect of individual budgets and direct payments.

A key element of our strategy will involve improved marketing of both homes and housing to all stakeholders, but particularly current and prospective customers.

During the coming year we will continue to develop and improve services with a particular focus on achieving the following:

- Implement the local survey toolkit and drill down into customer satisfaction levels and target action where it is most required.
- Work with the VTRG to develop its membership and increase tenant involvement



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- Deliver the planned and cyclical works programme and programme in works identified by the stock condition, heating and lifts surveys
- Facilitate a day centre run by Midlothian Council at Glenesk
- Develop IT hubs in all three care homes and five complexes building on the support provided by the Queensberry House Trust in 2009/10
- Review our ICT applications and redesign our web site
- Review financial and human resource management processes to ensure they meet business needs
- Work with Law at Work to further develop our Health and Safety systems
- Provide dementia training for all staff and Board members to facilitate implementation of the Dementia Strategy

To help us gauge our performance during 2012/13 our suite of Key Performance Indicators has been reviewed and amended to reflect business priorities. These are discussed regularly by all managers and the Board receives a quarterly report on performance against targets. The Board will be focussing particularly on achieving the following performance targets which are directly related to our Strategic Aims and Objectives:

**CARE HOMES**

	<b>Target</b>
Average Occupancy Rate %	97%
CIC places as % of total occupancy	25%
Average Weekly Fees per Private Resident	>Budget
Arrears over 8 weeks	0
Arrears as % income receivable	5%
Resident satisfaction with overall service (date)	>85%
Employee satisfaction with overall employment	>85%
Complaints which are referred to third parties not upheld	100%
Requirements/recommendations from Inspection reports dealt with within 6 months	100%

**HOUSING**

Void Loss as % Rent and S/C Receivable	3%
Average Void Turnaround Time	30 days
Rent & SC collected as % of Rent & SC due	100%
Arrears as % of Rent & SC Income	2%
Completion of programme of SHQS works for year	100%
Planned and Cyclical Maintenance forecast spend as % budget	100%
Routine Repairs completed within 15 days	95%
Urgent Repairs responded to within 3 days	100%
Emergency Repairs responded to within 2 hours	100%
Gas Safety Certificates overdue	0
Complaints which are referred to third parties not upheld	100%
Tenant satisfaction with overall service	>85%
Tenants in local estate surveys satisfied with safety, security and anti social behaviour	>85%

**FINANCE**

Gearing Ratio	25%
Interest Cover	2
Compliance with Bank Covenants	Yes

**HUMAN RESOURCES**

	<b>Housing &amp; Central Support</b>	<b>Care Homes</b>
Sick hours as % total hours	<5%	5%
Turnover	<5%	<10%
Vacancy rate	<5%	<5%
Average time to recruit vacant post	3 months	3 months

**HEALTH & SAFETY**

Risk Assessments carried out	100%
High risks controlled within 1 month	100%



**Viewpoint Housing Association Limited**  
**Report of the Board**  
**31 March 2012**

**Employee Information and Engagement**

Viewpoint has an establishment of 270 full and part time employees. At 31 March 2012 there were 216 full time equivalent employees in post.

The staff sickness absence rate during the year was 6% against a target of 5% and turnover was low at 1.4%.

A Leadership Development Programme was introduced and implemented for the Executive Team and Leadership Group during the year.

Viewpoint is committed to employee involvement and consultation and carried out a staff engagement survey during the year. The results mirrored the benchmark average for organisations undertaking similar surveys but it highlighted areas where more work is needed. As a result a Competency Framework for all managers and supervisors is being introduced and the Employee Forum will be engaged in monitoring progress of the resultant action plan. Staff involvement is achieved through the Employee Forum which meets monthly, a quarterly staff newsletter and a system of core briefings. In November 2011 Viewpoint held its second Staff Conference which fed directly into the Strategic Plan Review. Viewpoint successfully achieved Investors in People status in early 2011/12.

**Treasury Management**

Viewpoint cannot invest in transactions of a speculative nature. The Board reviews Viewpoint's Treasury Policy and Strategy bi-annually. Cash funds are held in institutions who have a long term grading of A as a minimum.

Borrowings are secured on a combination of fixed and variable rate finance. 70% of Viewpoint's bank loan facilities were fixed at 31 March 2012.

A significant part of the Association's finance is raised through loan-stock provided by loan-stock tenants. These loans are unsecured and with the exception of Croft an Righ, where loans are repaid in full as tenancies end, they are repaid six months after a loan-stock tenancy has ended or earlier if the property is re-let in that period. Any decisions taken regarding the borrowing requirements for the Association must consider the status of the loan-stock portfolio at that time.

**Risk Management**

Viewpoint reviewed its Risk Strategy, Policy and the format of the Risk Map during the year. Risk is a standing agenda item for both the Audit Committee and Board.

The key risks facing Viewpoint are:

<b>Risk</b>	<b>Mitigation</b>	<b>Monitoring Tools</b>
Falling care or support standards	Care home audits and support service reviews	Board monitoring of Operational Priorities and Care Inspection report action plans
Reductions in public funding including Welfare Reform, free personal care, National Care Home Contract rates.	Lobbying and responses to consultations and continuous efficiency savings.	Management accounts and KPIs.
Reputational damage as a result of founded or unfounded risks materialising particularly from media coverage	Communication Strategy	Press coverage monitored by the Board.
Competitors geared up to respond to market changes better than Viewpoint eg step up/down or community services	Market scanning	Board monitors the Strategic Plan objectives which includes new developments.
Recession leads to reduction in care home private payers	Efficiency savings eg pay and benefits review, review of ancillary services. Marketing plans and differentiation strategy for the homes.	Board monitors through management accounts and KPIs including care home grades and standards.

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31 March 2012

Failure to meet SHQS and accommodation not fit for the future.	Stock condition survey and better control of planned and cyclical works programme. Financial Plan supports investment in the accommodation.	Management Accounts reporting and KPIs established. Board oversight of Care Homes Review
Poor customer satisfaction	Operational priorities underpin achieving high levels of customer satisfaction along with our commitment to customer involvement.	Resident satisfaction surveys, VTRG contact and audits of services.
Death or injury to a customer due to health and safety negligence	H&S Policies and systems being developed but still progress to be made. All appropriate insurances in place.	H&S reports to the Board, H&S expertise on the Board.

Substantial progress was made in reviewing Health and Safety Policies during the year and rolling them out to managers. Law at Work was appointed in early 2012/13 following a rigorous tender process to provide consultancy advice and to give focus to the Employee Health and Safety Consultation Group. Dunedin Canmore Housing Association have been appointed to deliver general Health and Safety training during the coming year to complement the training being carried out in specialised areas.



Viewpoint Housing Association Limited  
Statement of the Board's Responsibilities  
31 March 2012

**Responsibilities of the Board**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

The Industrial and Provident Societies Acts and registered social housing legislation require the Board 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 its income and expenditure for that period.

In preparing these financial statements, the Board is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Association and to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and The Registered Social Landlords Accounting Requirements (Scotland) Order 2007. The Board also has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

At the time of approval of this report:

- a) so far as the Trustees are aware, there is no relevant audit information of which the Auditor is unaware, and
- b) the Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Association's Auditor is aware of that information.

**External Auditor**

Chiene and Tait has indicated its willingness to continue in office. A resolution proposing their re-appointment for 2012/13 will be submitted at the Annual General Meeting.

By order of the Board



**Dorry McLaughlin**

**Secretary**

29 August 2012

Viewpoint Housing Association Limited  
The Board's Statement on Internal Financial Control  
31 March 2012

The Board acknowledges its ultimate responsibility for ensuring that Viewpoint has in place a system of internal financial controls that is appropriate to the various business environments 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; and
- The safeguarding of assets.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board reviews reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. Significant progress continues to be made in addressing control weaknesses identified in previous years. Our Risk Assessment strategy and policy is being rigorously implemented and Financial Control policies enhanced and implemented. Our annual report from our internal auditors draws attention to control weaknesses and there is work to be done to further enhance the Association's controls. However, no high risks are identified where controls have yet to be put in place.
- Formal procedures have been established for instituting appropriate action to correct these weaknesses which have been accepted by the Board. Management work effectively to ensure that the Association's financial health and our tenants and residents welfare is secure.
- Financial risk identification has been carried out and the Risk Map has been approved by the Board. The Board reviews the annual strategy and development-funding plan and both it and the internal management plan are subject to approval by the Board. A treasury management policy is in place to guide and review all borrowing and investment activities and is reviewed regularly and policy changes approved by the Board.

Given the reviews to date, the Board is satisfied that the control system was sufficient to give them confidence in the current financial statements. The arrangements comply with the Scottish Housing Regulator's and Scottish Federation of Housing Association's publication "Raising Standards in Housing"

**Going Concern**

After making enquiries to the Directors, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future being a period of at least 12 months after the date on which the report and the financial statements are signed and, therefore, these financial statements are prepared on a going concern basis.

By order of the Board



Date: 28<sup>th</sup> Aug 2012



## Independent Auditor's Report to the Members of Viewpoint Housing Association Limited

We have audited the financial statements of Viewpoint Housing Association Limited for the year ended 31 March 2012 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the 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, and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 9, the Board is responsible for the preparation of financial statements which 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 Ethical Standards for Auditors.

### **Scope of the audit of 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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report of the Board to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing (Scotland) Act 2001, The Registered Social Landlords Accounting Requirements (Scotland) Order 2007, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002, or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Trustee's annual report is inconsistent in any material respect with the financial statements; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

### **Corporate Governance Matters**

In addition to our audit of the financial statements, we have reviewed the Board's statement concerning internal financial control made under "The Code of Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Independent Auditor's Report to the Members of  
Viewpoint Housing Association Limited

**Basis of opinion**

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance 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**

With respect to the Board's statements on internal financial control, in our opinion the Board has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.



**CHIENE + TAIT**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**

31 August 2012

Viewpoint Housing Association Limited  
Income and Expenditure Account  
For the year ended 31 March 2012

	Notes	2012 £	2011 (Restated) £
Turnover	2	<b>12,605,935</b>	11,529,617
Operating Costs	2	<b>(9,840,886)</b>	(9,768,510)
Operating Surplus	2	<b>2,765,049</b>	1,761,107
Gain/(Loss) on Sale of Fixed Assets		<b>8,500</b>	(242,334)
Interest Receivable and Other Income	4	<b>45,334</b>	35,266
Interest Payable and similar charges	5	<b>(362,623)</b>	(357,157)
Net Surplus for the year	8(a)	<b><u>2,456,260</u></b>	<b><u>1,196,882</u></b>

The historical cost surpluses and deficits are identical to those shown in the financial statements.

Statement of Total Recognised Gains and Losses

	Notes	2012 £	2011 (Restated) £
Recognised Surplus for the Year		<b>2,456,260</b>	<b><u>1,196,882</u></b>
Prior Year Adjustment	8	<b>329,898</b>	
Total recognised gains and losses since the last annual report		<b><u>2,786,158</u></b>	

The comparatives for the year ended 31 March 2011 have been restated as the Association has introduced component accounting in accordance with the Statement of Recommended Practice (SORP) "Accounting by Registered Social Housing Providers Update 2010".

The notes on pages 16 to 37 form an integral part of these financial statements.



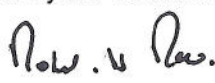
Viewpoint Housing Association Limited  
Balance Sheet  
As at 31 March 2012

	Notes	2012 £	2011 (Restated) £
<b>Fixed assets</b>			
Housing Properties and Homes - Depreciated Cost	9	54,237,032	54,670,760
Less: Housing Association Grant	9	(30,485,707)	(31,268,905)
Less: Capital Donations	9	(4,038,811)	(4,020,276)
		<u>19,712,514</u>	<u>19,381,579</u>
Other fixed assets	10	880,148	901,425
Investments	11	111	111
<b>Total fixed assets</b>		<u>20,592,773</u>	<u>20,283,115</u>
<b>Current assets</b>			
Debtors	12	882,147	834,954
Cash at bank and in hand		6,956,464	3,999,707
		<u>7,838,611</u>	<u>4,834,661</u>
<b>Creditors - amounts due within one year</b>	13	(3,327,221)	(2,359,207)
<b>Net current assets</b>		<u>4,511,390</u>	<u>2,475,454</u>
<b>Total assets less current liabilities</b>		<u>25,104,163</u>	<u>22,758,569</u>
<b>Creditors - amounts falling due after more than one year</b>	14	(10,058,209)	(10,168,890)
<b>Net Assets</b>		<u>15,045,954</u>	<u>12,589,679</u>
<b>Capital and Reserves</b>			
Share Capital	15	298	282
Designated Reserves	6	8,699,616	6,564,464
Restricted Reserves	7	177,109	103,867
Revenue Reserves	8a	6,168,931	5,921,066
<b>Total capital and reserves</b>		<u>15,045,954</u>	<u>12,589,679</u>

Approved and authorised for issue by the Board of Management and signed on its behalf:



R Smith  
Chairman



R Rae  
Board Member



D McLaughlin  
Secretary

Date: 28/8/12

The notes on pages 16 to 37 form an integral part of these financial statements.



Viewpoint Housing Association Limited  
Cash Flow Statement  
For the year ended 31 March 2012

	Notes	2012 £	2011 (Restated) £
<b>Net cash inflow from operating activities</b>	22a	<u>4,054,586</u>	<u>2,861,522</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		28,172	18,389
Interest paid		<u>(359,515)</u>	<u>(355,667)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(331,343)</u>	<u>(337,278)</u>
<b>Investment</b>			
Additions to housing properties		(791,887)	(988,987)
Housing Association Grant received		8,546	152,275
Capital grants received		18,535	-
Payments to acquire other assets		(239,423)	(127,073)
Receipt from sale of assets		<u>8,500</u>	<u>64,215</u>
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<u>(995,729)</u>	<u>(899,570)</u>
<b>Cash inflow before management of liquid resources and financing</b>		2,727,514	1,624,674
<b>Management of Liquid Resources</b>			
Cash transferred to fixed term deposits		(1,000,000)	-
<b>Financing</b>			
Loans repaid		(878,787)	(1,269,538)
Loans received		<u>775,778</u>	<u>388,633</u>
<b>Net cash (outflow) from financing</b>		<u>(103,009)</u>	<u>(880,905)</u>
<b>Increase in cash</b>	22b	<u>1,624,505</u>	<u>743,769</u>

The notes on pages 16 to 37 form an integral part of these financial statements.

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**1. Principal Accounting Policies**

**(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in the paragraphs (b) to (v) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The financial statements have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords – Update 2010" and applicable accounting standards. The Association has formal authority from the Financial Services Authority to exclude its subsidiary from inclusion or consolidation into its group financial statements, due to the immateriality of the amounts involved in Benview Trading Limited. These financial statements therefore present information about the Association as an individual undertaking and not about its group.

**(b) Going concern**

The Association made a surplus of £2,456k for the year which was a considerable increase on the previous year's restated surplus of £1,197k. A net current asset position of £4,511k was reported at 31 March 2012 (2011: £2,475k). The Association was compliant with its bank covenants during the year.

The results of the Association's programme to improve its financial efficiency are evident. Updated financial projections have been prepared which indicate it will have sufficient financial resources to meet its short, medium and long term commitments. The Board has reviewed the projections and cash flow for the next 12 months which appear satisfactory and therefore has a reasonable expectation that the Association has adequate resources to continue operating for the foreseeable future. For the above reasons, these accounts have been prepared on a going concern basis.

**(c) Turnover**

Turnover represents rental and service charge income, income from care homes, income from fees and other revenue based grants receivable from local authorities and from the Housing and Regeneration Division of the Scottish Government.

**(d) Finance**

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

**(e) Housing Association Grants and Capital Donations**

Housing Association Grants (HAG) are made by Housing and Regeneration Division of the Scottish Government and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is fully allocated to the land and structure components.

HAG and other grants are repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

**(f) Housing Association Grant - Acquisition and Development Allowances receivable**

Acquisition and Development Allowances are determined by the Housing the Scottish Government and are advanced as grants. They are intended to finance certain internal administrative cost relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to the development account when they are receivable.

**(g) Fixed assets - Housing land and buildings (note 9)**

Properties included in housing properties are stated at cost. The cost of such properties includes:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads.
- (iii) the replacement of components which are treated separately for depreciation purposes (note j).



Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**1. Principal Accounting Policies (continued)**

These costs are either termed "qualifying costs" by the Housing and Regeneration Division of the Scottish Government for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they 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 financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

If capital expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Right to Buy legislation does not apply to the Association's housing properties on account of the Association's charitable status.

**(h) Improvements Capitalised**

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:

- An increase in rental income, or;
- A material reduction in future maintenance costs, or;
- A significant extension of the life of the property.

Works to existing properties that fail to meet the above criteria are charged to the Income and Expenditure account.

**(i) Depreciation**

**(i) Housing properties and care homes**

No depreciation is charged on the cost of land. Depreciation on properties is charged over the remaining useful life of the assets by dividing the depreciable book value by the estimated remaining useful economic life in years.

The depreciable book value is calculated by taking total cost less land cost, HAG received, capital donations received and accumulated depreciation. Properties are charged at the following annual rates:

Care Homes and Housing Properties      60 years

Major components are treated as separate assets and depreciated over their expected useful economic lives at the following rates:

Structure	60 years
Windows	Between 30 and 50 years
Heating Systems	Between 20 and 30 years
Kitchens	20 years
Bathrooms	Between 20 and 30 years
Lifts	20 years
Fire Systems	Between 10 and 15 years
Door Entry and Call Alarm Systems	Between 10 and 15 years

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**1. Principal Accounting Policies (continued)**

(ii) Other fixed assets

The Association's assets are written off on a straight -line basis over their useful lives as follows:

Heritable office property	50 years
Fixtures & fittings	5 years
Office equipment & computer software	Between 3 and 5 years
Motor vehicles	4 years
Garden equipment	6 years
Kitchen equipment	5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

**(j) Impairment of fixed assets**

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets is recognised in the Income and Expenditure account.

**(k) Reserves**

Designated reserve - Reserves for future cyclical repairs and maintenance (note 6)

Cyclical maintenance, being the Association's commitment to maintain its properties in accordance the planned programme of works, is set aside in a designated reserve, to the extent that it will not be met from revenue in the year in which it is incurred.

Designated reserve - Major repairs fund (note 6)

Major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG or revenue generated in the year. This reserve is intended to cover major repairs expenditure as well as the replacement of capitalised components.

Designated reserve - Sinking fund (note 6)

Sinking fund items include recurring items and the replacement of capitalised components which do not fall within either the cyclical or major repairs programmes and have funding requirements extending over more than one year.

Designated reserve - Capital reserve (note 6)

Capital reserve is based on the Association's liability to maintain those properties, which were not provided either in part or whole through receipt of HAG funding.

An amount equal to the relevant cyclical and major repairs cost is transferred to revenue reserves each year and an estimate of expected future requirements is calculated to set the required annual transfer from revenue reserve.

The balance on the Association's Designated Reserves at 31 March 2012 is sufficient to cover forecast expenditure under the planned maintenance programme for the three-year period through to 2014/2015.

Designated reserve - New care home reserve (note 6)

This reserve was established as a result of the sale proceeds of the former care home at Inverleith Terrace in the year to 31 March 2008. The Board has designated the proceeds for the future construction or acquisition of a new care home.

Restricted reserves (note 7) - These relate to donations and legacies whose use is limited to the provision of amenities at specific housing complexes and care homes.



Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**1. Principal Accounting Policies (continued)**

**(l) Negative goodwill (note 8)**

In accordance with SORP 2010, the historic value of negative goodwill has been credited to the opening reserves (March 2010) as a prior year adjustment.

**(m) Managing Agents**

Housing and accounting records are maintained on behalf of Craiglea Place Proprietors Association which reflect management agreements. The agreement with Blackford Grange was terminated as at 31 March 2011. While management fees for the provision of this service are included in these financial statements as income, the transactions of the managed bodes are not included.

**(n) Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the Income and Expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in these accounts.

**(o) Lease obligations**

Rentals paid under operating leases are charged to the Income and Expenditure account on the accruals basis.

**(p) Pensions**

The Association participates in the centralised Scottish Housing Associations' Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Contributions 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. As it is not possible in the normal course of events to identify the Association's share of underlying assets and liabilities, it is accounted for on the basis of the contributions for the year.

The Association also contributes to the personal pension schemes of employees not eligible to participate in the above scheme on a defined contribution basis.

During the year Viewpoint Housing Association changed its non-contributory pension scheme to become contributory. All staff are eligible to join this scheme. Viewpoint will contribute, matching Employee's contributions, between 3% and 6% of contracted salaries. Contributions are charged in the Income & Expenditure Account as they become payable in accordance with the rules of the scheme.

**(q) Value Added Tax (VAT)**

The Association is not VAT registered; as a result all expenditure is stated inclusive of Value Added Tax.

**(r) Prepayment of Loan Set-Up Costs**

Loan set-up costs are treated as prepaid and will be charged to the Income and Expenditure account over the life of the loan. This treatment is consistent with Financial Reporting Standard 4 'Capital Instruments'. The capital element of the future payments is treated as a liability.

**(s) Liquid resources**

Liquid resources are defined as cash and cash equivalents being assets readily convertible into cash without curtailing or disrupting the business of the Association.

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**1. Principal Accounting Policies (continued)**

**(t) Loan stock**

Loan stock, being unsecured loans from tenants under the terms of a number of the Association's tenancy agreements, is shown as long term creditors, with the exception of an estimated £250k which is included in housing loans within current liabilities. The current liability reflects the amount the Association estimates will be repaid within one year.



Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**2. Turnover, Operating Costs and Operating Surplus**

		<b>2012</b>		<b>2011</b> (Restated)
		<b>Turnover</b>	<b>Operating Costs</b>	<b>Operating Surplus / (Deficit)</b>
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>
Social Lettings	3a	<b>7,011,357</b>	<b>(4,890,965)</b>	<b>2,120,392</b>
Other activities	3b	<b>5,594,578</b>	<b>(4,949,921)</b>	<b>644,657</b>
Total 2012		<b>12,605,935</b>	<b>(9,840,886)</b>	<b>2,765,049</b>
Total 2011		<b>11,529,617</b>	<b>(9,768,510)</b>	<b>1,761,107</b>

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**3a. Income and Expenditure from Social Housing Lettings**

	2012			2011 (Restated)
	General Needs Housing £	Supported Housing £	Total £	Total £
Rent receivable net of service charges	1,000,683	3,594,168	4,594,851	4,406,186
Service charges receivable – eligible for Housing Benefit	194,664	1,755,637	1,950,301	1,549,531
Service charges receivable – not eligible for Housing Benefit	19,728	578,147	597,875	922,322
Gross Income from rents and service charges	1,215,075	5,927,952	7,143,027	6,878,039
Less: voids	(26,200)	(107,137)	(133,337)	(207,351)
Net Income from rents & service charges	1,188,875	5,820,815	7,009,690	6,670,688
Grants from Scottish Ministers	-	-	-	-
Other revenue grants	-	1,667	1,667	-
<b>Total Turnover from social letting activities</b>	<b>1,188,875</b>	<b>5,822,482</b>	<b>7,011,357</b>	<b>6,670,688</b>
Service costs	(216,955)	(1,839,554)	(2,056,509)	(1,946,975)
Management & maintenance administration costs	(143,870)	(700,931)	(844,801)	(934,579)
Reactive maintenance costs	(131,188)	(482,547)	(613,735)	(658,287)
Bad debts - rents & service charges	(8,906)	(13,203)	(22,109)	(35,419)
Planned & cyclical maintenance including major repairs	(110,970)	(479,086)	(590,056)	(636,082)
Depreciation on social housing	(155,924)	(607,831)	(763,755)	(721,755)
Impairment on social housing	-	-	-	-
<b>Operating costs for social housing activities</b>	<b>(767,813)</b>	<b>(4,123,152)</b>	<b>(4,890,965)</b>	<b>(4,933,097)</b>
<b>Operating Surplus</b>	<b>421,062</b>	<b>1,699,330</b>	<b>2,120,392</b>	<b>1,737,591</b>
Operating Surplus for social housing 2011	171,413	1,566,178	1,737,591	

During the year £997,169 (2011: £985,387) of major repairs work was capitalised and £114,131 (2011: £52,099) was expensed.



Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**3b. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities**

	Grants from Scottish Ministers £	Supporting People Income £	Other Income £	Total Turnover £	Operating costs – bad debts £	Other operating Costs £	Operating Surplus/ (Deficit) £	2011 (Restated) Operating Surplus/ (Deficit) £
Development activities and construction of property activities	-	-	-	-	-	(46,580)	(46,580)	(98,677)
Support Activities	-	273,241	-	273,241	-	(237,555)	35,686	28,331
Care Activities	1,881,411	-	3,389,005	5,270,416	(26,181)	(4,610,861)	633,374	95,788
Agency and Managed Services for Registered Social Landlords	-	-	26,896	26,896	-	(25,495)	1,401	(17,857)
Wider Role Activities	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Developments for sale to Non RSLs	-	-	-	-	-	-	-	-
Other	-	-	24,025	24,025	-	(3,249)	20,776	15,931
<b>Total from Other Activities for 2012</b>	<b>1,881,411</b>	<b>213,241</b>	<b>3,439,926</b>	<b>5,594,578</b>	<b>(26,181)</b>	<b>(4,923,740)</b>	<b>644,657</b>	<b>23,516</b>
<b>Total from Other Activities for 2011</b>	<b>1,843,206</b>	<b>271,543</b>	<b>2,744,180</b>	<b>4,858,929</b>	<b>(29,791)</b>	<b>(4,805,622)</b>	<b>23,516</b>	

Care Activities include restricted legacy income of £91k (2011: £14k) intended specifically for care purposes.

Other includes Garage Rents, Parking Space Lease and Office Income £24k (2011: £19k).

Major repairs work to Care Homes of £290k (2011: £68k) have been capitalised in the year and £6k (2011: £2k) has been expensed.

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

4. Interest Receivable and Similar Income	2012 £	2011 £
Interest receivable on cash deposits	28,799	18,587
Interest charged to subsidiaries	16,535	16,679
	<u>45,334</u>	<u>35,266</u>

5. Interest Payable and Similar Charges	2012 £	2011 £
Interest on bank loans and overdrafts	362,623	357,157
	<u>362,623</u>	<u>357,157</u>

6. Designated Reserves	At April 2011 £	Transfers to Revenue Reserves £	Transfers from Revenue Reserves £	At 31 March 2012 £
Cyclical Maintenance	694,438	(501,196)	1,177,753	1,370,995
Major Repairs	3,482,573	(827,770)	269,060	2,923,863
Sinking Fund	54,192	(388,749)	2,406,054	2,071,497
Capital Reserve	232,807	-	-	232,807
	<u>4,464,010</u>	<u>(1,717,715)</u>	<u>3,852,867</u>	<u>6,599,162</u>
New Care Home Reserve	2,100,454	-	-	2,100,454
	<u>6,564,464</u>	<u>(1,717,715)</u>	<u>3,852,867</u>	<u>8,699,616</u>

No restrictions are placed on these reserves, but the Board has designated their use for specific purposes. Allocations to these reserves and the basis of designation have been reviewed and the balance on the Association's reserves at 31 March 2012 is sufficient to cover forecast spend under the planned maintenance programme for the years 2012/13 through to 2014/15.

The New Care Home reserve was established from the sale proceeds of the former care home property at Inverleith Terrace which the Board have designated for the future construction or acquisition of a new care home.

7. Restricted Reserves	2012 £	2011 £
As stated at 1 April	103,867	113,219
Legacy Income received during the year (including Interest)	90,898	13,914
Transfer to revenue reserve for expenditure	(17,656)	(23,266)
At 31 March	<u>177,109</u>	<u>103,867</u>

The balance of the restricted reserves at 31st March 2012 is limited to the provision of amenities at specific housing complexes and care homes. These balances are likely to be fully expended within the next five years.



Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

8a. Revenue Reserves	2012 £	2011 £ (Restated)
As previously reported	5,591,167	4,942,462
Prior Year Adjustment - negative goodwill	88,375	121,143
Prior Year Adjustment - component accounting depn	(5,640,190)	(5,437,484)
Prior Year Adjustment - component accounting asset replacement	5,881,713	5,141,585
Restated at 31 March 2011	<u>5,921,065</u>	<u>4,767,706</u>
Surplus for Year	2,456,260	1,196,882
Transfer to restricted reserves	(90,898)	(13,914)
Transfer from restricted reserves for expenditure on restricted items	17,656	23,266
Net Transfer (to) designated reserves	<u>(2,135,152)</u>	<u>(52,874)</u>
At 31 March	<u>6,168,931</u>	<u>5,921,066</u>

8b. Impact of change in accounting policies on results for the year:	2012 £	2011 £
Component replacement costs previously expensed now capitalised	1,242,550	892,062
Additional depreciation	(399,316)	(354,639)
Negative Goodwill	<u>(32,768)</u>	<u>(32,768)</u>
Impact on operating surplus	<u>810,466</u>	<u>504,655</u>

The prior year adjustment reflects the introduction of component accounting in accordance with SORP update 2010 which confirms the housing and care homes properties always comprise of several components.

Viewpoint Housing Association has determined that its properties include major components as set out in note 1 to these financial statements. The SORP 2010 requires these components to be accounted for separately to the land and structure of the building for depreciations purposes. SORP 2010 also recommends that negative goodwill should be released to revenue reserves.

8c. Negative Goodwill	2012 £	2011 £
As 31 March 2011		
As previously reported	88,375	121,143
Prior year adjustment (release to revenue reserve)	<u>(88,375)</u>	<u>(121,143)</u>
As restated	<u>-</u>	<u>-</u>

Viewpoint Housing Association Limited  
Notes to the Financial Statements  
For the year ended 31 March 2012

**9a Housing Properties**

<b>Cost</b>	<b>Housing Properties held for letting £</b>	<b>Housing Properties under construction £</b>	<b>Care Homes £</b>	<b>Total £</b>
At 1 April (restated note 8a)	57,440,736	814,354	8,093,175	66,348,265
Additions	997,169	-	290,751	1,287,920
Disposals	(180,118)	(814,354)	(40,796)	(1,035,268)
At 31 March	<u>58,257,787</u>	<u>-</u>	<u>8,343,130</u>	<u>66,600,917</u>
<b>Depreciation</b>				
At 1 April (restated note 8a)	(9,864,832)	-	(1,812,672)	(11,677,504)
Depreciation charge for year	(763,756)	-	(143,539)	(907,295)
Disposals	180,118	-	40,796	220,914
At 31 March	<u>(10,448,470)</u>	<u>-</u>	<u>(1,915,415)</u>	<u>(12,363,885)</u>
<b>Cost less depreciation</b>	<u>47,809,317</u>	<u>-</u>	<u>6,427,715</u>	<u>54,237,032</u>
<b>Housing Association Grant</b>				
At 1 April	(30,454,551)	(814,354)	-	(31,268,905)
Additions	(31,156)	814,354	-	783,198
At 31 March	<u>(30,485,707)</u>	<u>-</u>	<u>-</u>	<u>(30,485,707)</u>
<b>Other Capital Donations</b>				
At 1 April	(1,665,195)	-	(2,355,081)	(4,020,276)
Additions	-	-	(18,535)	(18,535)
At 31 March	<u>(1,665,195)</u>	<u>-</u>	<u>(2,373,616)</u>	<u>(4,038,811)</u>
Total Grants as 31 March	<u>(32,150,902)</u>	<u>-</u>	<u>(2,373,616)</u>	<u>(34,524,518)</u>
<b>Net Book Value at 31 March 2012</b>	<u>15,658,415</u>	<u>-</u>	<u>4,054,099</u>	<u>19,712,514</u>
Net Book Value at 31 March 2011 (restated)	<u>15,456,158</u>	<u>-</u>	<u>3,925,422</u>	<u>19,381,580</u>

**9b. Development Administration Costs and Interest Capitalised**

	<b>2012 £</b>	<b>2011 £</b>
Development administration costs capitalised during the year	2,832	3,091
Interest capitalised during the year	<u>-</u>	<u>-</u>

**9c. Leased Assets**

None of the Association's land or properties were held under a lease.

**9d. Housing Properties under construction**

The disposal shown in housing properties under construction represents the disposal of the site at Lanark Road West. No profit or loss was incurred on this disposal.



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**10. Other Fixed Assets**

	Heritable Office Property	Kitchen, Office, Computer Software and Garden Equipment £	Fixtures and Fittings £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 April	738,996	786,179	2,098,774	283,928	3,907,877
Additions	-	11,219	176,795	43,010	231,024
Disposals	-	(16,909)	-	(34,192)	(51,101)
At 31 March	<u>738,996</u>	<u>780,489</u>	<u>2,275,569</u>	<u>292,746</u>	<u>4,087,800</u>
<b>Depreciation</b>					
At 1 April	(246,061)	(663,375)	(1,835,061)	(261,955)	(3,006,452)
Charged during year	(16,042)	(65,213)	(146,583)	(24,463)	(252,301)
Disposals	-	16,909	-	34,192	51,101
At 31 March	<u>(262,103)</u>	<u>(711,679)</u>	<u>(1,981,644)</u>	<u>(252,226)</u>	<u>(3,207,652)</u>
<b>Net Book Value at 31 March 2012</b>	<u><b>476,893</b></u>	<u><b>68,810</b></u>	<u><b>293,925</b></u>	<u><b>40,520</b></u>	<u><b>880,148</b></u>
Net Book Value at 31 March 2011	<u><b>492,935</b></u>	<u><b>122,804</b></u>	<u><b>263,713</b></u>	<u><b>21,973</b></u>	<u><b>901,425</b></u>

**11. Investments**

	2012 £	2011 £
Shares in Lomond Park	100	100
Shares in subsidiary company	11	11
	<u>111</u>	<u>111</u>

The Association holds one hundred unlisted shares in Lomond Park private gardens.

The subsidiary company at 31 March was:

Name	Country of Registration	Nature of Business	Proportion of Ordinary Shares held
Benview Trading Limited	Scotland	Management of housing /homes funded by Special Needs Capital Grant	100%

The amount subscribed at par for the ordinary shares of £1 each held by Viewpoint Housing Association Limited was £1. The results for the subsidiary company and net asset value at the year end are as follows:

	2012 £	2011 £
Profit/(Loss) on ordinary activities after taxation	<u>1,221</u>	<u>(1,088)</u>
Net Liabilities	<u>(49,449)</u>	<u>(50,670)</u>

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<b>12. Debtors:</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due after more than one year:</b>		
Amounts due from Group Undertakings	246,625	258,865
<b>Amounts falling due within one year:</b>		
Rental Debtors	437,155	321,786
Less: provision for bad and doubtful debts	(143,602)	(107,090)
	<u>293,553</u>	<u>214,696</u>
Other Debtors	51,536	80,742
Grants receivable	11,880	-
Amounts due from Group Undertakings	131,476	111,432
Prepayments and accrued income	108,281	107,321
Amounts due from Managed Schemes	29,946	55,347
Trade Debtors	8,850	6,551
	<u>882,147</u>	<u>834,954</u>
<b>13. Creditors: Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Housing loans principal payable within one year (see note 14)	398,923	391,251
Bank Overdraft	543,050	210,798
Trade Creditors	911,272	541,327
Other Creditors	197,362	219,988
Other taxes and social security	94,769	87,348
Prepaid rent	354,612	304,736
Accruals and deferred income	827,233	603,759
	<u>3,327,221</u>	<u>2,359,207</u>
<b>14. Creditors: Amounts falling due after more than one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Debt</b>		
Housing Loans	5,371,835	5,510,120
Loan Stock	4,273,175	4,234,933
Other/Office Loans	413,199	423,837
	<u>10,058,209</u>	<u>10,168,890</u>
<b>Debt analysis</b>	<b>2011</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Debt is repayable as follows:</b>		
In one year or less	398,923	391,251
In more than one year but less than two years	409,029	398,923
In more than two years but less than five years	944,723	1,089,904
In more than five years	8,704,457	8,680,063
	<u>10,547,132</u>	<u>10,560,141</u>
Less: disclosed in note 13	(398,923)	(391,251)
	<u>10,058,209</u>	<u>10,168,890</u>

Bank loans are secured by specific charges over properties, the interest on bank loans is payable at a rate of interest of 6.22% (2011:6.22%). No interest is payable on loan stock.



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15. Non Equity Share Capital	2012 £	2011 £
Issued, allotted and fully paid shares of £1 each		
At 1 April	282	263
Cancelled during the year	-	-
Issued during the year	16	19
At 31 March	<u>298</u>	<u>282</u>

Each member of the Association holds one share of £1 in the Association. Those shares carry no rights to dividend or distribution 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.

16. Staff Costs	2012 £	2011 £
Staff costs during the year		
Wages and salaries	4,035,230	4,044,130
Social security costs	303,849	317,338
Other pension costs	326,963	293,458
	<u>4,666,042</u>	<u>4,654,926</u>

In addition to the above costs the Association incurred further costs of £405,840 (2011:£395,852) relating to the use of agency staff, primarily in the care homes.

The average number of full-time equivalents employed during the year was:-

Office staff	35	40
Warden, care staff, caterers and cleaners	169	152
Maintenance	12	13
<b>Total FTE employees</b>	<u>216</u>	<u>205</u>

The Association is controlled by a voluntary Board of Management who received no remuneration during the year to 31 March 2012 (2011 £nil).

The Directors also include the Chief Executive, and any other person reporting directly to the Chief Executive.

Aggregate emoluments payable to Directors whose emoluments are £60,000 or more (excluding pension contributions and benefits in kind)	<u>134,980</u>	<u>128,138</u>
Aggregate emoluments payable to the highest paid Director (excluding pension contributions)	<u>79,000</u>	<u>79,178</u>
Pension Contributions of highest paid Director	<u>7,200</u>	<u>11,550</u>

With effect from 1 April 2011, past service deficit payments were payable on pensionable salary roll at September 2009. For the year to 31 March 2012 the amount payable for past service deficit was £137,724. With effect from 1 April 2011, Employers contributions reduced from 15.4% to 9.6%. No past service deficit amounts are allocated to individual staff members.

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**16. Staff Costs (continued)**

The emoluments (excluding pension contributions) of the Directors, including the highest paid Director, were within the following ranges:

£60,001 to £70,000	1	0
£70,001 to £80,000	<u>1</u>	<u>1</u>
The aggregate amount of compensation payable to Officers and staff for loss of office	<u>12,500</u>	<u>34,318</u>
Expenses not chargeable to United Kingdom income tax reimbursed to members of the Board of Management	<u>1,195</u>	<u>1,785</u>

**17. Pension Obligations**

The pension costs for Viewpoint Housing Association Ltd relate to the following schemes:

- **The Friends Provident Personal Pension Scheme** of which 80 employees are members (2011: 120). The scheme was changed in December 2011, previously for employees with service prior to July 2010, this was a 6% employers only contribution scheme. Since July 2010 new employees contribute up to 6% with Viewpoint Housing Association making matching contributions. From December 2011, all Employer contributions are on the basis of matching employee's contributions. During the year Viewpoint Housing Association made contributions of £88,684 (2011: £113,862).
- **The Royal Scottish Insurance Pension Scheme** of which 1 employee is a member (2011:1). The member contributes 5% and this is matched by Viewpoint Housing Association, £803 (2011: £1,653).

As only one employee is a member of this scheme details of the actuarial assessment and financial assumptions are not disclosed as they are not material to these financial statements.

- **The Scottish Housing Associations' Pension Scheme**

Viewpoint Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

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

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

1. Viewpoint Housing Association participates in the Scottish Housing Associations' Pension Scheme.



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**17. Pension Obligations (continued)**

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

3. 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.

4. 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.

5. Viewpoint Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 31 March 2011.

During the accounting period *Viewpoint* paid contributions at the rate of 9.6% to 15.4% of pensionable salaries. Member contributions varied between 7.7% and 9.6%.

6. As at the balance sheet date there were 43 active members of the Scheme employed by Viewpoint Housing Association. The annual pensionable payroll in respect of these members was £1,064,648.

7. Viewpoint Housing Association continues to offer membership of the Scheme to existing scheme members. Only members of the Executive team are permitted as new entrants.

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

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

2009 Valuation Assumptions		% 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 post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)		2.2
Rate of price inflation		3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement



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**17. Pension Obligations (continued)**

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions *	10.4

(\* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

**Growth Plan**

1. Viewpoint Housing Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.
2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.
3. The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.
4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
5. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
6. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
7. The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.
8. Viewpoint Housing Association paid contributions at the rate of 0% during the accounting period. Members paid contributions at the rates between 2 and 8% during the accounting period.
9. As at the balance sheet date there were 2 active members of the Plan employed by Viewpoint Housing Association. Viewpoint Housing Association continues to offer membership of the Plan to its employees.
10. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
11. The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.



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**17. Pension Obligations (continued)**

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

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

13. In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.
14. The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.
15. The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.
16. 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.
17. The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.
18. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.
19. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
20. The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
21. Viewpoint Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for Viewpoint Housing Association was £104k.

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**18. Operating Lease Commitments**

At 31 March 2012 the company was committed to make the following payments during the next year in respect of operating leases:

	2012 £	2011 £
Leases which expire:		
Within one year	483	546
Within two to five years	28,188	4,746
	<u>28,671</u>	<u>5,292</u>

**19. Taxation**

There was no charge to corporation tax in 2011 or in 2012. The Association has charitable status and is eligible for exemptions from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

**20. Capital Commitments**

	2012	2011
Capital expenditure that has been contracted for but has not been provided for in the financial statements	214,919	-
Capital expenditure that has been authorised but not contracted for	<u>97,000</u>	<u>120,000</u>

The Association has necessary arrangements in place to fund these capital commitments.

**21. Contingent Liabilities**

**The Scottish Housing Association's Pension Scheme**

Viewpoint Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Viewpoint Housing Association was £10,354,167.

**Growth Plan**

Viewpoint Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for Viewpoint Housing Association was £104,122.

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**22. Notes to the Cash Flow Statement**

**a. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities**

	2012	2011 (Restated)
	£	£
Operating surplus on ordinary activities	2,765,049	1,761,107
Depreciation of housing and care properties	907,295	858,911
Depreciation – other	252,301	278,473
(Increase) in debtors	(21,311)	(17,854)
Increase/(Decrease) in creditors	151,252	(19,115)
Net cash inflow from operating activities	<u>4,054,586</u>	<u>2,861,522</u>

**b. Reconciliation of Net Cash Flow to Movement in Net Debt**

	2012	2011
	£	£
Increase in cash for the year	1,624,505	743,769
Cash flow from Liquid Resources	1,000,000	-
Cash outflow from decrease in debt	878,787	1,269,538
Cash inflow from increase in debt	(775,778)	(388,633)
Change in net debt resulting from cash flows	<u>2,727,514</u>	<u>1,624,674</u>
Net Debt as at 1 April 2010	<u>(6,771,232)</u>	<u>(8,395,906)</u>
Net Debt as at 31 March 2011	<u>(4,043,718)</u>	<u>(6,771,232)</u>

**c. Analysis of Changes in net debt**

	at 1 April 2011	Cash flow	Other Changes	At 31 March 2012
	£	£	£	£
<b>Net Cash</b>				
Cash at bank and in hand	3,999,707	1,956,757	-	5,956,464
Bank Overdrafts	(210,798)	(332,252)	-	(543,050)
	<u>3,788,909</u>	<u>1,624,505</u>	<u>-</u>	<u>5,413,414</u>
<b>Liquid Resources</b>	-	1,000,000	-	1,000,000
<b>Debt</b>				
Debt due within one year	(391,251)	(7,672)	-	(398,923)
Debt due after one year	(10,168,890)	110,681	-	(10,058,209)
	<u>(6,771,232)</u>	<u>2,727,514</u>	<u>-</u>	<u>(4,043,718)</u>



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**23. Housing Stock**

	2012 No	2011 No
General needs	293	293
Supported	1,100	1,097
Total units	<u>1,393</u>	<u>1,390</u>
	2012	2011
		£
Housing accommodation managed on behalf of other bodies	<u>62</u>	<u>96</u>
Accommodation managed by other bodies:		
The Action Group	6	5
Garvald Glenesk Limited	1	1
Community Integrated Care	7	7
Carr-Gomm Scotland	<u>8</u>	<u>8</u>

**24. Operating Surplus on Ordinary Activities**

Operating Surplus on ordinary activities was arrived at after charging:	2012	2011
	£	£
External Auditor fees	16,420	16,652
External Auditor non-audit services	<u>-</u>	<u>-</u>

**25. Related Party Disclosure**

**Tenant members of the Board**

During the year the following member of the Board of Management was a tenant of the Association:- Jean Simpson. Transactions with the Association are undertaken on standard terms, as applicable to all tenants.

**Benview Trading Limited**

Viewpoint Housing Association provides funding assistance and management and development services to Benview Trading Limited, a private company, in relation to the development of capital projects in which the two organisations hold complementary interests. Benview also provides Viewpoint with advisory services in connection with the same projects. All staff employed in Benview are employees of Viewpoint.

During the year, Viewpoint Housing Association received £2,812 (2011: £2,704) in management and development fees from Benview Trading Limited. During the year Viewpoint Housing Association Limited charged interest of £15,973 on a loan to Benview Trading Limited. At 31 March 2012 the balance outstanding on this loan was £258,866 (31 March 2011: £270,632). At the period end the total amount due from this company was £378,573 (2011: £370,783) (Note 12). Interest of £562 (2011: £500) on the inter-company current account balance of £119,709 was charged to Benview at a rate comparable with that which is received on the Association's bank deposits.

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**25. Related Party Disclosure (continued)**

The following members of the Association's Board who served during the year are also directors of Benview Trading Limited:

Dr R G Smith  
Miss E M Morrison  
Mr R Stewart

**Viewpoint Trust**

Viewpoint Trust was established in 1987 to raise and allocate funds to provide housing and any associated amenities for the aged and infirm who, in the opinion of the Trustees, would derive benefit there from. There are no staff employed by the Trust and financial and secretarial services are provided by Viewpoint Housing Association. No trustees of Viewpoint Trust were members of the Board of Viewpoint Housing Association. During the year, a grant of £16,101 (2011: £nil) was received from the Trust and this was used to fund a sensory garden at St Raphael's Care Home. In February 2012 grants of £74,797 were also received to be used for the benefit of residents of the Association's care homes, these funds were unspent at the year end although they are to be used to fund the Craft Café which opened in May 2012. Grants from the Trust are treated as restricted income (note 7). Management fees of £4,160 (2011: £4,160) were paid by the Trust to Viewpoint Housing Association. At the period end the amount due from the Viewpoint Trust was £5,374 (2011: £12,603).

