

YOKER HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2010

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

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YOKER HOUSING ASSOCIATION LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

Management Committee

M. Walker, Chairperson (Re-appointed 18.06.08)

M. Elsby, Vice-Chairperson (Re-appointed 23.09.09)

E. McAughtrie, Secretary (Re-appointed 20.06.07)

Cllr G. Hendry (Appointed 18.06.08)

A. McGinley (Appointed 18.06.08)

C. Reid (Re-appointed 18.06.08)

D Smith (Re-appointed 23.09.09)

A. Trainer (Re-appointed 18.06.08)

C. Walker (Appointed 23.09.09)

I. Wason, (Re-appointed 23.09.09)

Executive Officer

C. J. Forrest B.Acc., C.A., Director

Registered Office

10 Kelso Place

Yoker

Glasgow

G14 0LL

Auditors

Alexander Sloan

Chartered Accountants

38 Cadogan St

Glasgow

G2 7HF

Bankers

The Bank of Scotland

The Mound

Edinburgh

EH1 1YZ

Solicitors

MacRoberts, Solicitors

Excel House

30 Sempie St

Edinburgh

EH3 8BL

Mitchells Robertson, Solicitors

George House

36 North Hanover St

Glasgow

G1 2AD

YOKER HOUSING ASSOCIATION LIMITED

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REPORT OF THE MANAGEMENT COMMITTEE

The Management Committee presents its Report and Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965 No. 1998(R)S. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036604.

Principal Activities

The Association is a registered charity whose principal activities include the provision of low cost affordable housing for rent to those in the greatest housing need and the improvement of housing which does not meet tolerable standards.

Review of Business & Future Developments

The members of the Management Committee are of the opinion that the state of affairs of the Association is satisfactory. The surplus for the year, after taxation, was £561,016 (2009 - £736,770). Following a transfer of £278,707 (2009 - £340,884), the retained surplus for the year was £282,309 (2009 - £395,886). Net Assets now stand at £5,162,847 (2009 - £4,601,805).

Resources continue to be applied to progress new build housing development schemes this year. Further stock growth through the completion of new housing for rent with Social Housing Grant subsidy will consolidate the Association's asset base at approximately 622 units by the end of 2010.

Management Committee & Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlord Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

Internal Financial Control

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

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

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

Internal Financial Control (Continued)

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

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

Auditors

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

By order of the Management Committee


E. McAughtrie
Secretary

Date: 25 May 2010

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF YOKER HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 2 and 3 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 1999/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on Pages 2 and 3 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants

Glasgow, 25 May 2010

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

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

We have audited the financial statements of Yoker Housing Association Limited for the year ended 31 March 2010 on pages 6 to 20. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective Responsibilities of Management Committee and Auditors

As described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Management Committee in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlord Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors

Glasgow, 25 May 2010

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

INCOME & EXPENDITURE ACCOUNT

	Notes	2010	2009
		£	£
TURNOVER	3	1,759,450	1,635,238
Operating Costs	3	(1,205,536)	(966,766)
OPERATING SURPLUS	3	553,914	668,472
(Loss) / Gain on Sale of Housing Stock	8	(1,736)	897
Interest Receivable		11,155	67,401
Interest Payable	9	(2,317)	-
		<u>7,102</u>	<u>68,298</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	10	561,016	736,770
Tax on surplus on ordinary activities	11	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>561,016</u>	<u>736,770</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account.

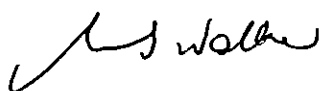
YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

BALANCE SHEET

	Notes	2010	2009
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	12a)	46,553,217	44,312,143
Less: Social Housing Grant	12a)	(42,199,441)	(40,512,184)
		<u>4,353,776</u>	<u>3,799,959</u>
Other fixed assets	12b)	1,401,083	112,629
		<u>5,754,859</u>	<u>3,912,588</u>
CURRENT ASSETS			
Stocks	1	2,033	2,324
Debtors	15	120,727	148,364
Cash at bank and in hand	18	1,340,617	1,823,163
		<u>1,463,377</u>	<u>1,973,851</u>
CREDITORS: Amounts falling due within one year	16	(855,386)	(1,284,631)
		<u>607,991</u>	<u>689,220</u>
NET CURRENT ASSETS			
		<u>6,362,850</u>	<u>4,601,808</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	17	(1,200,003)	(3)
		<u>5,162,847</u>	<u>4,601,805</u>
NET ASSETS			
		<u><u>5,162,847</u></u>	<u><u>4,601,805</u></u>
CAPITAL AND RESERVES			
Share Capital	19	312	286
Designated Reserves	20a)	2,615,670	2,336,963
Revenue Reserves	20b)	2,546,865	2,264,556
		<u>5,162,847</u>	<u>4,601,805</u>

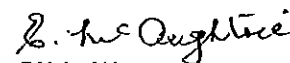
Signed on behalf of the Management Committee on the 25th of May 2010



M Walker
Chairperson



M Elsbey
Vice-Chairperson



E McAughtrie
Secretary

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

CASH FLOW STATEMENT

	Notes	2010		2009	
		£	£	£	£
Net Cash Inflow from Operating Activities	18		708,126		479,609
Returns on Investment and Servicing of Finance					
Interest Received		11,155		67,401	
Interest Paid		(2,317)		-	
Net Cash Inflow from Returns on Investment and Servicing of Finance			8,838		67,401
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(2,313,414)		(3,057,168)	
Purchase of Other Fixed Assets		(1,301,969)		(101,641)	
Social Housing Grant Received		1,690,532		1,673,945	
Social Housing Grant Repaid		-		(42,628)	
Proceeds on Disposal of Properties		(1,736)		50,742	
Net Cash (Outflow) from Capital Expenditure and Financial Investment			(1,926,587)		(1,476,750)
Net Cash (Outflow) before use of Liquid Resources and Financing			(1,209,623)		(929,740)
Financing					
Loan Advances Received		1,200,000		-	
Share Capital Issued		74		26	
Net Cash Inflow from Financing			1,200,074		26
(Decrease) in Cash	18		(9,549)		(929,714)

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – "Accounting by registered social landlords 2008", and on the historical cost basis. They also comply with the Registered Social Landlord Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government.

Retirement Benefits

The Association participates in the S.F.H.A. Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%.

Depreciation and Impairment of Other Fixed Assets

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

Furniture and Equipment	- 25%
Motor Vehicles	- 20%

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

Stocks

Stock of maintenance supplies is stated at the lower of cost and net realisable value.

Social Housing Grant and Other Grants In Advance / Arrears

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

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

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales of Housing Properties

Surpluses or deficits on the sale of housing properties are accounted for in the Income and Expenditure Account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

Work to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation of Development Overheads

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

Development Interest

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

Designated Reserves

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

The Planned Repairs Reserve has been designated to meet future repair and maintenance obligations carried out in accordance with a planned programme of works. This programme is based on the Association's liability to maintain housing properties in a state of repair, which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. RETIREMENT BENEFITS

General

Yoker Housing Association Limited participates in the SFHA Pension Scheme.

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

The Scheme offers three benefit structures to employers, namely:

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

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. Yoker Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2008 and the final salary with 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

During the accounting period Yoker Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were nine active members of the Scheme employed by Yoker Housing Association Limited. Yoker Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to 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 Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%.

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

Financial Assumptions

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

Investment return pre retirement: 7.2% p.a.	Investment return post retirement: 4.9% p.a.
Rate of salary increases: 4.6% p.a.	Rate of price inflation: 2.6% p.a.
Rate of pension increases - pension accrued pre 6 April 2005: 2.6% p.a. - pension accrued from 6 April 2005: 2.2% p.a. (for leavers before 1 October 1993 pension increases are 5.0% p.a.)	

Valuation Results

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

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. RETIREMENT BENEFITS (Continued)

Valuation Results (Continued)

The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

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

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

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

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the valuation it was agreed that the shortfall of £54m would be dealt with by the payment of additional employer contributions of 5.3% of pensionable salaries with effect from 1 April 2008. With effect from 1 April 2008, the joint contribution rates for each of the benefit structures was as follows:

Benefit structure	Joint contribution rate (% of pensionable salaries)
Final salary 60ths	23.1 % comprising employer contributions of 15.4 % and member contributions of 7.7 %
Career average 60ths	19.9 % comprising employer contributions of 13.3 % and member contributions of 6.6 %
Career average 70ths	17.9 % comprising employer contributions of 11.9 % and member contributions of 6.0 %

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5 % to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Yoker Housing Association Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2006. As the Association does not have any plans to withdraw from the SFHA Scheme and there is no reliable current estimate of the potential liability, this is not considered to be a Contingent Liability.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2010				2009			
		Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£	£	£
Social Lettings	4	1,714,905	-	1,149,979	564,926	1,568,755	-	911,622	657,133
Other Activities	5	44,545	-	55,557	(11,012)	66,483	-	55,144	11,339
Total		1,759,450	-	1,205,536	553,914	1,635,238	-	966,766	668,472

4. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	2010 Total	2009 Total
	£	£	£
Income from Letting			
Rent receivable net of service charges	1,659,847	1,659,847	1,494,879
Service charges	71,881	71,881	92,805
Gross Income From Rents and Service Charges	1,731,728	1,731,728	1,587,684
Less: Rent losses from voids - lettable	(5,981)	(5,981)	(6,541)
- unlettable	(10,842)	(10,842)	(12,388)
Total Turnover From Social Letting Activities	1,714,905	1,714,905	1,568,755
Expenditure on Social Letting Activities			
Management and maintenance administration costs	462,133	462,133	400,271
Service costs	68,605	68,605	92,790
Planned and cyclical maintenance including major repair costs	235,778	235,778	108,732
Reactive maintenance costs	295,662	295,662	232,192
Bad debts - rents and service charges	15,461	15,461	19,172
Depreciation of social housing	72,340	72,340	58,465
Operating Costs For Social Letting Activities	1,149,979	1,149,979	911,622
Operating Surplus For Social Lettings	564,926	564,926	657,133

There is no other accommodation except for general needs.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Cost Of Sales £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2010 £	Operating Surplus /(Deficit) 2009 £
Wider Role Activities	8,095	-	-	8,095	-	-	8,457	(362)	(1,031)
Factoring	-	-	24,387	24,387	-	18,470	20,945	(15,028)	8,180
Agency Services for Registered Social Landlords	-	-	12,063	12,063	-	-	7,685	4,378	4,190
Total From Other Activities	8,095	-	36,450	44,545	-	18,470	37,087	(11,012)	11,339
2009	32,980	-	33,503	66,483	-	(2,126)	57,270	11,339	

6. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association. One officer of the Association received emoluments (excluding pension contributions) greater than £60,000 as follows:

	2010	2009
Emoluments payable to Chief Executive (excluding pension contributions)	<u>68,343</u>	<u>64,369</u>

The Chief Executive is an ordinary member of the Association's pension scheme described in notes 1 and 2. No enhanced or special terms apply to his membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £9,531 (2009 - £9,181).

7. EMPLOYEE INFORMATION

	2010	2009
The average monthly number of full time equivalent persons employed during the year was	<u>No. 9</u>	<u>No. 9</u>
Staff Costs were:	£	£
Wages and Salaries	275,819	266,397
Social Security Costs	18,172	16,849
Other Pension Costs	39,622	35,698
	<u>333,613</u>	<u>318,944</u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	-	48,000
Abatement of Social Housing Grant - Right To Buy Sales	-	28,680
	-	76,680
Cost of Sales	(1,736)	(75,783)
(Loss) / Gain On Sale Of Housing Stock	<u>(1,736)</u>	<u>897</u>

9. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans & Overdrafts	<u>2,317</u>	<u>-</u>

10. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	85,855	64,780
Auditors' Remuneration - Audit Services	5,000	4,905
	<u>5,000</u>	<u>4,905</u>

11. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2010	2009
	£	£
(i) Analysis of Charge In Year		
Current Tax: UK Corporation Tax on surplus for the year	-	-
Total Current Tax (Note 11(ii))	<u>-</u>	<u>-</u>

(ii) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of Corporation Tax in the U.K. (28%). The differences are explained below:

Surplus on ordinary activities before tax	<u>561,016</u>	<u>736,770</u>
Surplus on ordinary activities x standard rate of Corporation Tax in the U.K. of 28% (2008 - 30%)	157,084	206,295
Effects of: Charitable income not chargeable to tax	<u>(157,084)</u>	<u>(206,295)</u>
Current tax charge for period (Note 11(i))	<u>-</u>	<u>-</u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TANGIBLE FIXED ASSETS

a) Housing Properties

	Held for Letting £	In course of Construction £	Total £
COST			
At 1st April 2009	41,883,787	2,694,027	44,577,814
Additions	134,229	2,179,185	2,313,414
Schemes Completed	2,503,706	(2,503,706)	-
Disposals	-	-	-
At 31st March 2010	<u>44,521,722</u>	<u>2,369,506</u>	<u>46,891,228</u>
DEPRECIATION			
At 1st April 2009	265,671	-	265,671
Disposals	-	-	-
Charge for Year	72,340	-	72,340
At 31st March 2010	<u>338,011</u>	<u>-</u>	<u>338,011</u>
SOCIAL HOUSING GRANT			
At 1st April 2009	38,444,652	2,067,532	40,512,184
Additions	90,247	1,597,010	1,687,257
Schemes Completed	1,731,501	(1,731,501)	-
Disposals	-	-	-
At 31st March 2010	<u>40,266,400</u>	<u>1,933,041</u>	<u>42,199,441</u>
NET BOOK VALUE			
At 31st March 2010	<u>3,917,311</u>	<u>436,465</u>	<u>4,353,776</u>
At 31st March 2009	<u>3,173,464</u>	<u>626,495</u>	<u>3,799,959</u>

Additions to housing properties includes capitalised development administration costs of £26,909 (2009 - £21,058).

All housing properties are freehold.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Premises	Motor Vehicles	Furniture & Equipment	Total
	£	£	£	£
COST				
At 1st April 2009	100,536	19,070	96,863	216,469
Additions	1,255,563	35,797	10,609	1,301,969
Eliminated on Disposals	-	-	-	-
At 31st March 2010	<u>1,356,099</u>	<u>54,867</u>	<u>107,472</u>	<u>1,518,438</u>
AGGREGATE DEPRECIATION				
At 1st April 2009	-	11,256	92,584	103,840
Eliminated on Disposals	-	-	-	-
Charge for year	-	8,588	4,927	13,515
At 31st March 2010	-	<u>19,844</u>	<u>97,511</u>	<u>117,355</u>
NET BOOK VALUE				
At 31st March 2010	<u>1,356,099</u>	<u>35,023</u>	<u>9,961</u>	<u>1,401,083</u>
At 31st March 2009	<u>100,536</u>	<u>7,814</u>	<u>4,279</u>	<u>112,629</u>

No equipment has been acquired under finance lease contracts.

13. CAPITAL COMMITMENTS

	2010	2009
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>586,000</u>	<u>3,570,000</u>

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

14. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-

	2010	2009
	£	£
Office Equipment		
Expiring within one year	<u>-</u>	<u>-</u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DEBTORS - Amounts Receivable within One Year

	2010	2009
	£	£
Arrears of Rent & Service Charges	51,252	56,437
Less: Provision for Doubtful Debts	(36,757)	(35,271)
	<u>14,495</u>	<u>21,166</u>
Social Housing Grant Receivable	10,702	13,977
Other Debtors	82,056	100,090
Prepayments and Accrued Income	13,474	13,131
	<u><u>120,727</u></u>	<u><u>148,364</u></u>

16. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Bank Overdrafts	28,914	501,911
Trade Creditors	326,126	387,926
Rent In Advance	66,514	77,568
Other Taxation and Social Security	8,938	7,375
Other Creditors	348,781	245,817
Accruals and Deferred Income	76,113	64,034
	<u><u>855,386</u></u>	<u><u>1,284,631</u></u>

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

	2010	2009
	£	£
Housing Loans	<u><u>1,200,003</u></u>	<u><u>3</u></u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-

Between two and five years	1,200,000	-
In five years or more	3	3
	<u><u>1,200,003</u></u>	<u><u>3</u></u>
Less: Amount shown in Current Liabilities	-	-
	<u><u>1,200,003</u></u>	<u><u>3</u></u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CASH FLOW STATEMENT

<i>Reconciliation of operating Surplus to net cash inflow from operating activities</i>	2010	2009
	£	£
Operating Surplus	553,914	668,472
Depreciation	85,855	64,528
Decrease / (Increase) in Stocks	291	(595)
Decrease / (Increase) in Debtors	24,362	(9,894)
Increase / (Decrease) in Creditors	43,752	(242,869)
Share Capital Written Off	(48)	(33)
Net Cash Inflow from Operating Activities	708,126	479,609

<i>Reconciliation of net cash flow to movement in net debt</i>	2010
	£
(Decrease) in cash in period	(9,549)
Cash flow from increase in debt	(1,200,000)
Movement in net debt during year	(1,209,549)
Net debt at 1st April 2009	1,321,249
Net debt at 31st March 2010	111,700

<i>Analysis of changes in net debt</i>	At	Cash	Other	At
	01.04.09	Flows	Changes	31.03.10
	£	£	£	£
Cash at bank and in hand	1,823,163	(482,546)		1,340,617
Bank Overdrafts	(501,911)	472,997		(28,914)
Liquid Resources	1,321,252	(9,549)		1,311,703
Debt: Due within one year	-	-		-
Due after more than one year	(3)	(1,200,000)		(1,200,003)
Net Debt	1,321,249	(1,209,549)		111,700
<i>Analysed in Balance Sheet</i>				
Cash at bank and in hand	1,823,163			1,340,617
Bank Overdrafts	(501,911)			(28,914)
Mortgage Loans				
Due after more than one year	(3)			(1,200,003)
	1,321,249			111,700

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	286
Issued in year	74
Cancelled in year	(48)
At 31st March 2010	<u>312</u>

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

20. RESERVES

(a) Designated Reserves

	Planned Repairs £	Total £
At 1st April 2009	2,336,963	2,336,963
Transfer (to) / from Revenue Reserves	278,707	278,707
At 31st March 2010	<u>2,615,670</u>	<u>2,615,670</u>

(b) Revenue Reserves

	Total £
At 1st April 2009	2,264,556
Surplus for the Year	561,016
Transfer to Designated Reserves	(278,707)
At 31st March 2010	<u>2,546,865</u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2010	2009
	No.	No.
General Needs - New Build	115	110
- Improved	490	490
- Unimproved	2	2
	<u>607</u>	<u>602</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

Some members of the Management Committee / Board have related party relationships with the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee / Board are summarised as follows:

- Nine members are tenants of the Association
- One member is a local councillor

Those committee members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage. Any transactions between the Association and any entity with which a Committee Member has a connection is made at arm's length and is under normal commercial terms.