

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2012

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

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MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

Management Committee

M. Elsby, Chairperson (Re-appointed 23.09.09)
C. Walker, Vice-Chairperson (Appointed 23.09.09)
E. McAughtrie, Secretary (Re-appointed 22.09.10)

P. Elsby (Appointed 21.09.11)
Cllr G. Hendry (Re-appointed 21.09.11)
P. May (Appointed 21.09.11)
A. McGinley (Re-appointed 22.09.10)
C. Reid (Re-appointed 22.09.10)
D Smith (Re-appointed 21.09.11)
A. Trainer (Appointed 21.09.11)
M. Walker (Re-appointed 21.09.11)

Executive Officer

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

Registered Office

2310 Dumbarton Road
Yoker
Glasgow
G14 0JS

Auditors (External)

Alexander Sloan
Chartered Accountants
38 Cadogan St
Glasgow
G2 7HF

Auditors (Internal)

Wylie & Bisset LLP
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Bankers

The Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

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

Solicitors

MacRoberts, Solicitors
Excel House
30 Semple St
Edinburgh
EH3 8BL

Mitchells Robertson, Solicitors
George House
36 North Hanover St
Glasgow
G1 2AD

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REPORT OF THE MANAGEMENT COMMITTEE

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

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 £560,266 (2011 - £305,294). Following a transfer of £nil (2011 - £nil), the retained surplus for the year was £560,266 (2011 - £305,294). Net Assets now stand at £6,780,632 (2011 - £6,220,318). The Association adopted a change in accounting policy during the year resulting in the re-statement of the comparative figures for 2011.

The on-going lack of available Social Housing Grant funding means that the Association is again unlikely to progress either tenement improvement or new build housing development schemes this year. While construction and development of new housing for rent will continue to be pursued by the Association in the medium term, resources will continue to be applied to planned and major repairs and maintenance of existing housing stock.

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.

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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: 29 May 2012

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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 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on 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, 29 May 2012

YOKER HOUSING ASSOCIATION LIMITED

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

We have audited the financial statements of Yoker Housing Association for the year ended 31st March 2012 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Committee of Management and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the financial statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

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

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2012 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations we require for audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors

Glasgow, 29 May 2012

YOKER HOUSING ASSOCIATION LIMITED

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INCOME & EXPENDITURE ACCOUNT

	Notes	2012 £	Restated 2011 £
TURNOVER	3	1,876,160	1,794,909
Operating Costs	3	(1,295,824)	(1,463,169)
OPERATING SURPLUS	3	580,336	331,740
(Loss) on Sale of Housing Stock	8	(5,814)	(6,258)
Interest Receivable		9,438	4,359
Interest Payable	9	(23,694)	(24,547)
		(20,070)	(26,446)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	10	560,266	305,294
Tax on surplus on ordinary activities	11	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		560,266	305,294

All amounts relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

	2012 £	2011 £
Surplus for the financial year	560,266	305,294
Prior year adjustment as explained in Note 23	767,326	-
Total gains and losses recognised since last financial statements	1,327,592	305,294

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BALANCE SHEET

	Notes	2012	Restated 2011
		£	£
TANGIBLE FIXED ASSETS			
Housing Properties - Depreciated Cost	12a)	47,120,170	47,144,520
Less: Social Housing Grant	12a)	(41,901,455)	(42,050,669)
		<u>5,218,715</u>	<u>5,093,851</u>
Other fixed assets	12b)	1,654,091	1,720,515
		<u>6,872,806</u>	<u>6,814,366</u>
CURRENT ASSETS			
Stocks	1	3,798	2,932
Debtors	15	317,865	351,150
Cash at bank and in hand	18	949,340	475,866
		<u>1,271,003</u>	<u>829,948</u>
CREDITORS: Amounts falling due within one year	16	(363,174)	(423,993)
		<u>907,829</u>	<u>405,955</u>
NET CURRENT ASSETS			
		<u>7,780,635</u>	<u>7,220,321</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	17	(1,000,003)	(1,000,003)
		<u>6,780,632</u>	<u>6,220,318</u>
NET ASSETS			
		<u><u>6,780,632</u></u>	<u><u>6,220,318</u></u>
CAPITAL AND RESERVES			
Share Capital	19	420	372
Designated Reserves	20a)	2,615,670	2,615,670
Revenue Reserves	20b)	4,164,542	3,604,276
		<u>6,780,632</u>	<u>6,220,318</u>
		<u><u>6,780,632</u></u>	<u><u>6,220,318</u></u>

Signed on behalf of the Management Committee on the 29th of May 2012



M Elsby
Chairperson



C Walker
Vice-Chairperson



E McAughtrie
Secretary

YOKER HOUSING ASSOCIATION LIMITED

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CASH FLOW STATEMENT

	Notes	2012	Restated 2011
		£	£
Net Cash Inflow from Operating Activities	18	599,279	392,412
Returns on Investment and Servicing of Finance			
Interest Received		3,254	4,359
Interest Paid		(23,513)	(24,547)
Net Cash (Outflow) from Returns on Investment and Servicing of Finance		(20,259)	(20,188)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(370,823)	(710,942)
Purchase of Other Fixed Assets		(9,170)	(399,186)
Social Housing Grant Received		272,746	92,777
Social Housing Grant Repaid		(56,773)	(95,982)
Proceeds on Disposal of Properties		58,500	100,874
Proceeds on Disposal of Other Fixed Assets		-	4,250
Net Cash (Outflow) from Capital Expenditure and Financial Investment		(105,520)	(1,008,209)
Net Cash Inflow / (Outflow) before use of Liquid Resources and Financing		473,500	(635,985)
Financing			
Loan Principal Repayments		-	(200,000)
Share Capital Issued		48	74
Net Cash Inflow / (Outflow) from Financing		48	(199,926)
Increase / (Decrease) in Cash	18	473,548	(835,911)

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.

Housing Properties, Office Premises and Depreciation

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. The Association depreciates housing properties and office premises by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as either Housing Properties or Office Premises within Note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<u>Component</u> (Useful Economic Life)	
Structure	(50 yrs)
Windows	(25 yrs)
Central Heating Boilers	(15 yrs)
Central Heating Infrastructure	(25 yrs)
Kitchens	(15 yrs)
Bathrooms	(15 yrs)
Electrical Infrastructure	(25 yrs)
Lifts	(25 yrs)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

2. RETIREMENT BENEFITS

General

Yoker Housing Association Limited participates in the Scottish Housing Association Pension Scheme ("The Scheme").

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

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1 / 60th accrual rate.
- Career average revalued earnings with a 1 / 60th accrual rate
- Career average revalued earnings with a 1 / 70th accrual rate
- Career average re-valued earnings with a 1 / 80th accrual rate
- Career average re-valued earnings with a 1 / 120th 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 31 March 2008 and the final salary with 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

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

As at the balance sheet date there were eight 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 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 67.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 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 £340 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £208 million, equivalent to a past service funding level of 62.2%.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. RETIREMENT BENEFITS (Continued)

Financial Assumptions

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

Investment return pre-retirement:	7.4% p.a.
Investment return post retirement (non-pensioners):	4.6% p.a.
Investment return post retirement (pensioners):	4.8% p.a.
Rate of salary increases: 4.5% p.a.	Rate of price inflation: 3.0% p.a.
Rate of pension increases - pension accrued pre 6 April 2005 in excess of GMP:	2.9% 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 SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

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	18.1 years	20.6 years
Pensioners	18.1 years	20.6 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	19.2 %
Career average 60ths	17.1 %
Career average 70ths	14.9 %
Career average 80ths	13.2 %
Career average 120ths	9.4 %

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

Following consideration of the results of the valuation it was agreed that the shortfall of £160m would be dealt with by the payment of additional contributions of 10.4% of pensionable salaries per annum with effect from 1 April 2011, increasing each 1 April in line with the rate of salary increases assumption.

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

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

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

Yoker Housing Association Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2011. As the Association does not have any plans to withdraw from the 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 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2012				2011 - Restated			
		Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£	£	£
Social Lettings	4	1,823,733	-	1,242,353	581,380	1,770,348	-	1,425,144	345,204
Other Activities	5	52,427	-	53,471	(1,044)	24,561	-	38,025	(13,464)
Total		1,876,160	-	1,295,824	580,336	1,794,909	-	1,463,169	331,740

4. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	Restated		
	General Needs Housing £	2012 Total £	2011 Total £
Income from Letting			
Rent receivable net of service charges	1,799,020	1,799,020	1,709,213
Service charges	29,155	29,155	61,804
Gross Income From Rents and Service Charges	1,828,175	1,828,175	1,771,017
Less: Rent losses from voids - lettable	(1,046)	(1,046)	(2,633)
- unlettable	(3,396)	(3,396)	(6,102)
Net Income From Rents and Service Charges	1,823,733	1,823,733	1,762,282
Other revenue grants	-	-	8,066
Total Turnover From Social Letting Activities	1,823,733	1,823,733	1,770,348
Expenditure on Social Letting Activities			
Management and maintenance administration costs	624,911	624,911	575,350
Service costs	37,732	37,732	66,936
Planned and cyclical maintenance including major repair costs	142,827	142,827	289,762
Reactive maintenance costs	199,271	199,271	281,929
Bad debts - rents and service charges	27,114	27,114	16,102
Depreciation of social housing	210,498	210,498	195,065
Operating Costs For Social Letting Activities	1,242,353	1,242,353	1,425,144
Operating Surplus For Social Lettings	581,380	581,380	345,204

There is no other accommodation except for general needs.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

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	Cost Of Sales	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2012	Restated Operating Surplus / (Deficit) 2011
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	2,175	(2,175)	(285)
Factoring	-	-	22,035	22,035	-	5,233	16,273	529	(13,179)
Agency Services for Registered Social Landlords	-	-	18,370	18,370	-	-	18,006	364	-
Other Agency Services	-	-	12,022	12,022	-	-	11,784	238	-
Total From Other Activities	-	-	52,427	52,427	-	5,233	48,238	(1,044)	(13,464)
2011	-	-	24,561	24,561	-	11,324	26,701	(13,464)	

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:

	2012	2011
Emoluments payable to Chief Executive (excluding pension contributions)	78,020	76,676

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 £6,676 (2011 - £9,939).

7. EMPLOYEE INFORMATION

	2012	2011
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	13	10
Staff Costs were:	£	£
Wages and Salaries	352,967	296,205
Social Security Costs	24,404	23,711
Other Pension Costs	57,771	41,161
	435,142	361,077

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. (LOSS) ON SALE OF HOUSING STOCK

	Restated	
	2012	2011
	£	£
Sales Proceeds	58,500	29,400
Abatement of Social Housing Grant - Right To Buy Sales	10,752	11,007
	<u>69,252</u>	<u>40,407</u>
Cost of Sales	(75,066)	(46,665)
	<u>(5,814)</u>	<u>(6,258)</u>

9. INTEREST PAYABLE

	2012	2011
	£	£
On Bank Loans & Overdrafts	<u>23,694</u>	<u>24,547</u>

10. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Restated	
	2012	2011
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	286,093	270,518
Auditors' Remuneration - Audit Services	5,500	5,250
	<u>291,593</u>	<u>275,768</u>

11. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Restated	
	2012	2011
	£	£
(i) Analysis of Charge in Year		
Current Tax: UK Corporation Tax on surplus for the year	-	-
	<u>-</u>	<u>-</u>
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>560,266</u>	<u>305,294</u>
Surplus on ordinary activities x standard rate of Corporation Tax in the U.K. of 28%	156,874	85,482
Effects of: Charitable income not chargeable to tax	<u>(156,874)</u>	<u>(85,482)</u>
Current tax charge for period (Note 11(i))	<u>-</u>	<u>-</u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

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 2011 - Restated	48,487,010	31,855	48,518,865
Additions	372,397	-	372,397
Schemes Completed	-	-	-
Disposals	(204,499)	-	(204,499)
At 31st March 2012	<u>48,654,908</u>	<u>31,855</u>	<u>48,686,763</u>
DEPRECIATION			
At 1st April 2011 - Restated	1,374,345	-	1,374,345
Disposals	(18,250)	-	(18,250)
Charge for Year	210,498	-	210,498
At 31st March 2012	<u>1,566,593</u>	<u>-</u>	<u>1,566,593</u>
SOCIAL HOUSING GRANT			
At 1st April 2011 - Restated	42,019,806	30,863	42,050,669
Additions	29,494	-	29,494
Schemes Completed	-	-	-
Disposals	(178,708)	-	(178,708)
At 31st March 2012	<u>41,870,592</u>	<u>30,863</u>	<u>41,901,455</u>
NET BOOK VALUE			
At 31st March 2012	<u>5,217,723</u>	<u>992</u>	<u>5,218,715</u>
At 31st March 2011 - Restated	<u>5,092,859</u>	<u>992</u>	<u>5,093,851</u>

Additions to housing properties includes capitalised development administration costs of Enil (2011 - Enil).

All housing properties are freehold.

The brought forward balances as at 1st April 2011 have been restated following a prior year adjustment as detailed in Note 23 to the Financial Statements.

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

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 2011 - Restated	1,653,011	54,291	154,017	1,861,319
Additions	-	-	9,170	9,170
Eliminated on Disposals	-	-	-	-
At 31st March 2012	1,653,011	54,291	163,187	1,870,489
AGGREGATE DEPRECIATION				
At 1st April 2011 - Restated	40,771	14,432	85,601	140,804
Eliminated on Disposals	-	-	-	-
Charge for year	40,770	8,658	26,166	75,594
At 31st March 2012	81,541	23,090	111,767	216,398
NET BOOK VALUE				
At 31st March 2012	1,571,470	31,201	51,420	1,654,091
At 31st March 2011 - Restated	1,612,240	39,859	68,416	1,720,515

No equipment has been acquired under finance lease contracts.

The brought forward balances as at 1st April 2011 have been restated following a prior year adjustment as detailed in Note 23 to the Financial Statements.

13. CAPITAL COMMITMENTS

	2012 £	2011 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	-

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:-	2012 £	2011 £
Office Equipment		
Expiring within one year	-	-

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. DEBTORS - Amounts Receivable within One Year

	2012	Restated 2011
	£	£
Arrears of Rent & Service Charges	74,894	57,113
Less: Provision for Doubtful Debts	(61,932)	(45,547)
	<u>12,962</u>	<u>11,566</u>
Social Housing Grant Receivable	-	243,252
Other Debtors	277,784	84,466
Prepayments and Accrued Income	<u>27,119</u>	<u>11,866</u>
	<u><u>317,865</u></u>	<u><u>351,150</u></u>

The brought forward balances as at 1st April 2011 have been restated following a prior year adjustment as detailed in Note 23 to the Financial Statements.

16. CREDITORS: Amounts falling due within one year

	2012	Restated 2011
	£	£
Bank Overdrafts	-	74
Trade Creditors	82,474	102,425
Rent in Advance	87,017	75,139
Other Taxation and Social Security	8,106	10,287
Other Creditors	100,247	94,717
Accruals and Deferred Income	<u>85,330</u>	<u>141,351</u>
	<u><u>363,174</u></u>	<u><u>423,993</u></u>

The brought forward balances as at 1st April 2011 have been restated following a prior year adjustment as detailed in Note 23 to the Financial Statements.

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

	2012	2011
	£	£
Housing Loans	<u><u>1,000,003</u></u>	<u><u>1,000,003</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	1,000,000	1,000,000
In five years or more	<u><u>3</u></u>	<u><u>3</u></u>

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. CASH FLOW STATEMENT

		Restated
	2012	2011
	£	£
<i>Reconciliation of operating Surplus to net cash inflow from operating activities</i>		
Operating Surplus	580,336	331,740
Depreciation	286,092	265,777
(Increase) in Stocks	(866)	(899)
(Increase) / Decrease in Debtors	(203,783)	2,127
(Decrease) in Creditors	(62,500)	(206,319)
Share Capital Written Off	-	(14)
Net Cash Inflow from Operating Activities	599,279	392,412

		2012
	£	£
<i>Reconciliation of net cash flow to movement in net debt</i>		
Increase in cash in period	473,548	
Cash flow from decrease in debt	-	
Movement in net debt during year		473,548
Net debt at 1st April 2011		(524,211)
Net debt at 31st March 2012		(50,663)

	At	Cash	Other	At
	01.04.11	Flows	Changes	31.03.12
	£	£	£	£
Cash at bank and in hand	475,866	473,474		949,340
Bank Overdrafts	(74)	74		-
Liquid Resources	475,792	473,548		949,340
Debt: Due within one year	-	-		-
Due after more than one year	(1,000,003)	-		(1,000,003)
Net Debt	(524,211)	473,548		(50,663)

Analysed in Balance Sheet

Cash at bank and in hand	475,866	949,340
Bank Overdrafts	(74)	-
Mortgage Loans		
Due after more than one year	(1,000,003)	(1,000,003)
	(524,211)	(50,663)

YOKER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS 31st March 2012

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2011	372
Issued in year	48
Cancelled in year	-
	<u> </u>
At 31st March 2012	420
	<u> </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 2011	2,615,670	2,615,670
Transfer (to) / from Revenue Reserves	-	-
	<u> </u>	<u> </u>
At 31st March 2012	2,615,670	2,615,670
	<u> </u>	<u> </u>
 (b) Revenue Reserves		Total £
At 1st April 2011 - Restated		3,604,276
Surplus for the Year		560,266
Transfer to Designated Reserves		-
		<u> </u>
At 31st March 2012		4,164,542
		<u> </u>

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2012 No.	2011 No.
General Needs - New Build	130	130
- Improved	488	489
- Unimproved	2	2
	<u> </u>	<u> </u>
	620	621
	<u> </u>	<u> </u>

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.

23. PRIOR YEAR ADJUSTMENT

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

In addition, the Association re-classified development costs previously considered not payable and subsequently paid as well as Social Housing Grant previously considered irrecoverable and subsequently recovered.

As a result of the change in accounting policy and the re-classifications, a prior year adjustment has been required under Financial Reporting Standard 3 – Reporting Financial Performance and Financial Reporting Standard 18 – Accounting Policies as follows:

Major repairs capitalised	£1,361,027
Social Housing Grant written off	£ 175,054
Additional depreciation charged	£ 960,419
Social Housing Grant recovered	£ 243,252
Development costs capitalised	£ 51,588

The overall effect of these adjustments has been to increase net book value of housing properties, reduce net book value of office premises, increase debtors, increase creditors and increase revenue reserves brought forward at 1st April 2011 by £767,326. Revenue reserves have increased from £2,836,950 to £3,604,276, the net book value of office premises has reduced from £1,619,951 to £1,612,240 and the net book value of housing properties has increased from £4,510,477 to £5,093,851.

Of the total prior year adjustment, £15,209 related to 2011, comprising major repairs capitalised of £139,625, additional property depreciation charged of £111,253, additional loss on sale of housing stock of £5,479 and additional other overhead costs of £7,684. This resulted in the surplus reported for the year ended 31 March 2011 increasing from £290,085 to £305,294.