

**YORKHILL HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2010**



# **YORKHILL HOUSING ASSOCIATION LIMITED**

## **Report and Financial Statements For the year ended 31 March 2010**

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### **Registration information**

Financial Services Authority	Industrial and Provident Societies 1965 Registered number 02302R
The Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered number HCB 209
Scottish Charity Number	SC0 40346

**Members, Executive and Advisers**

**Committee of Management**

H Fitzgerald	Chairperson
M Guy	Vice Chair
J Gordon	Secretary
T Dunne	Treasurer
Dr. M. Green	
A Gardiner	Resigned in September 2009
I Nimmo	Resigned in September 2009
H Fulton	
P Bratt	
C Shaw	

**Executive Officers**

Marion Menabney	Director
Margaret Gillespie	Finance Manager
Thomas McGuigan	Housing Services Manager

**Registered Office**

16-18 Overnewton Street  
Glasgow  
G3 8RZ

**Auditors**

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

**Bankers**

Bank of Scotland  
258/262 Dumbarton Road  
Glasgow  
G11 6TU

**Solicitors**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

TC Young & Son  
30 George Square  
Glasgow  
G2 1LH

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

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2010.

**Principal activities**

The principal activities of the Association include:

- Provision and management of rented accommodation (321 units)
- Management of properties on behalf of other owners (307 units)
- Management of Glasgow Housing Association properties (153 units)

**Review of operations**

The results for the year are set out in the income and expenditure account on page 9. The surplus has been added to reserves brought forward.

On 12 March 2009 Yorkhill Housing Association was granted charitable status.

**Changes in fixed assets**

Details of fixed assets are set out in note 9.

**The committee of management and executive officers**

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

Each member of the committee of management holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

**Internal Financial Controls**

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

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

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

**Related Party Transactions**

Some members of the Management Committee are tenants or owner occupiers, however, the policies, procedures and agreements in place do not allow them to use their position on the committee to their personal advantage.

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

**Auditors**

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

**By order of the committee**

A handwritten signature in black ink, appearing to read 'J Gordon', is written over a horizontal line.

**J Gordon  
Secretary**

Dated: 4<sup>th</sup> August 2010

### Statement of Committee's Responsibilities

Housing association legislation requires the 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 income and expenditure of the association for the year ended on that date. In preparing those financial statements the committee are required to:-

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

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

The committee is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Auditors to the Members of Yorkhill Housing Association Limited**

We have audited the financial statements on pages 9 to 27, which have been prepared under the accounting policies set out on pages 14 to 16.

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

**Respective responsibilities of committee and auditors**

As described on page 4 the Association's Committee of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

We read the Management Committee 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 judgements made by the Committee of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the association at 31 March 2010 and of its income and expenditure for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

*Scott-Moncrieff*

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

Dated: 4<sup>th</sup> August 2010



**Committee of Management's Statement on Internal Financial Controls  
For the year ended 31 March 2010**

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for 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 for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management'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 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, and annual appraisal procedures have been established to maintain standards of performance.

Forecasts and budgets are prepared regularly, which allow the Committee of Management and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate.

All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.

The Committee of Management reviews reports from the Director, staff and the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed.

Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management has confirmed the existence of the system of internal financial control in the Association for the year ended 31<sup>st</sup> March 2010

By order of the Committee of Management



**Chairperson**

Dated: 4<sup>th</sup> August 2010

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

In addition to our audit of the Financial Statements, we have reviewed your Statement on page 7 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

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

**Opinion**

In our opinion, your statement on internal financial control on page 7 has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



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

Dated: 4<sup>th</sup> August 2010

**Income and Expenditure Account**  
**For the year ended 31 March 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Turnover</b>	2, 3 & 4	1,142,453	1,125,377
<b>Operating costs</b>	2, 3 & 4	(1,133,897)	(1,041,336)
<b>Operating surplus</b>	2	8,556	84,041
Interest receivable and other income	5	8,641	39,668
Interest payable and similar charges	6	(48,747)	(53,742)
<b>(Deficit)/surplus on ordinary activities before taxation</b>		(31,550)	69,967
<b>Tax on (deficit)/surplus on ordinary activities</b>		-	(16,054)
<b>Transfer from designated reserves</b>	7	32,000	-
<b>Surplus for the year</b>		<u>450</u>	<u>53,913</u>

The results for the year relate wholly to continuing activities.

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

There is no material difference between the (deficit)/surplus on ordinary activities for the year and its historical cost equivalent.

**Balance Sheet**  
**As at 31 March 2010**

	Note	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9	16,324,824	16,337,434
Less: SHG and other grants	9	15,103,841	15,089,509
		<u>1,220,983</u>	<u>1,247,925</u>
Other fixed assets	9	67,392	68,980
		<u>1,288,375</u>	<u>1,316,905</u>
<b>Current assets</b>			
Debtors	10	202,817	172,948
Cash at bank and in hand		1,013,017	1,103,161
		<u>1,215,834</u>	<u>1,276,109</u>
Creditors: amounts falling due within one year	11	(304,812)	(465,339)
<b>Net current assets</b>		<u>911,022</u>	<u>810,770</u>
<b>Total assets less current liabilities</b>		<u>2,199,397</u>	<u>2,127,675</u>
Creditors: amounts falling due after more than one year	12	(745,722)	(650,439)
<b>Net assets</b>		<u>1,453,675</u>	<u>1,477,236</u>
<b>Capital and reserves</b>			
Share capital	13	162	163
Designated reserves	7	980,019	1,004,029
Revenue reserve	8	473,494	473,044
		<u>1,453,675</u>	<u>1,477,236</u>

The financial statements on pages 9 to 27 were authorised for issue by the Committee of Management on 4<sup>th</sup> August 2010 and are signed on their behalf by:

Helene Fitzgerald

Chairperson

*Helene Fitzgerald*

Tommy Dunne

Treasurer

*Tommy Dunne*

John Gordon

Secretary

*John Gordon*

The notes on pages 14 to 27 form part of these financial statements.

**Cash Flow Statement**  
**For the year ended 31 March 2010**

	Notes	2010 £	2009 £
Net cash flow from operating activities	1	(7,866)	290,847
Returns on investments and servicing of finance	2	(40,106)	(14,074)
Taxation		(8,066)	(20,282)
Capital expenditure	2	(11,824)	(28,383)
		<u>(67,862)</u>	<u>228,108</u>
Financing	2	(22,282)	(139,867)
(Decrease)/increase in cash	4	<u>(90,144)</u>	<u>88,241</u>

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

**1) Reconciliation of Surplus for year to  
Net Cash flow from Operating Activities**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Operating surplus	8,556	84,041
Depreciation	40,354	40,751
(Increase)/decrease in debtors	(29,866)	32,354
(Decrease)/increase in creditors	(42,963)	133,701
	<u>(23,919)</u>	<u>290,847</u>

**2) Gross Cash Flows**

**Returns on investments and servicing of finance**

Interest received	8,641	39,668
Interest paid	(48,747)	(53,742)
	<u>(40,106)</u>	<u>(14,074)</u>

**Capital expenditure**

Purchase and development of housing properties	(14,332)	(16,169)
HAG and other grants received	14,332	16,945
Payments to acquire other tangible fixed assets	(11,824)	(29,159)
	<u>(11,824)</u>	<u>(28,383)</u>

**Financing**

Issue of ordinary share capital	3	3
Shares forfeited	(4)	(24)
Loan finance received	-	-
Loans repaid	(22,281)	(139,846)
	<u>(22,282)</u>	<u>(139,867)</u>

**3) Analysis of changes in net cash**

	<b>At 1 April 2009 £</b>	<b>Cash Flow £</b>	<b>Other Changes £</b>	<b>At 31 March 2010 £</b>
Cash in hand, at bank	1,103,161	(90,144)	-	1,013,017
Debt due within 1 year	(139,846)	117,565	-	(22,281)
Debt due after 1 year	(650,439)	(95,283)	-	(745,722)
	<u>312,876</u>	<u>(67,862)</u>	<u>-</u>	<u>245,014</u>

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

4)	Reconciliation of net cash flow to movement in net cash (Note 3)	2010 £	2009 £
	Decrease for the year	(90,144)	88,241
	Cash used to repay loans	22,282	139,846
		<hr/>	<hr/>
	Change in net cash	(67,862)	228,087
	Net cash at 1 April 2009	312,876	84,789
		<hr/>	<hr/>
	Net cash at 31 March 2010	245,014	312,876
		<hr/>	<hr/>

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

**1. Accounting policies**

**(a) Introduction and accounting basis**

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

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

**(b) Turnover**

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government.

**(c) Loans**

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

**(d) Social housing grant (SHG)**

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

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

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



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

**1. Accounting policies (continued)**

**(e) Fixed assets - Housing properties**

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

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs
3. Interest charged on the mortgage loans raised to finance the scheme

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

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

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

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

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

**(f) Depreciation**

**1. Housing properties**

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

**2. Other fixed assets**

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

The following rates have been used:-

Furniture, Fittings & Equipment	- 20% reducing balance
Office Property	- over 15 years

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

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

**1. Accounting policies (continued)**

**(g) Designated Reserves (Note 7)**

**(i) Cyclical maintenance**

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

**(ii) Major Repairs**

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

**(h) Apportionment of management expenses**

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

**(i) Pensions (Note 19)**

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

**(j) Financial Commitments**

Assets held under finance leases, where substantially all the risks and rewards of ownership of the asset have passed to the association, and hire purchase contracts are capitalised in the balance sheet and are depreciated in the income and expenditure account over the period of their useful lives.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

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

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2010			2009		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
<b>Income and Expenditure</b>						
From lettings						
Social Lettings	1,006,735	(1,000,120)	6,615	1,003,376	(933,637)	69,739
Other activities	135,718	(133,777)	1,941	122,001	(107,699)	14,302
	<u>1,142,453</u>	<u>(1,133,897)</u>	<u>8,556</u>	<u>1,125,377</u>	<u>(1,041,336)</u>	<u>84,041</u>

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

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2010 Total £	2009 Total £
<b>Income from rent and service charges</b>						
Rent receivable net of service charges	769,198	115,829	-	-	885,027	857,863
Service charges	13,115	53,976	-	-	67,091	62,554
<b>Gross income from rents and service charges</b>	<b>782,313</b>	<b>169,805</b>	<b>-</b>	<b>-</b>	<b>952,118</b>	<b>920,417</b>
<b>Less voids</b>	<b>2,218</b>	<b>4,222</b>	<b>-</b>	<b>-</b>	<b>6,440</b>	<b>2,468</b>
<b>Net income from rents and service charges</b>	<b>780,095</b>	<b>165,583</b>	<b>-</b>	<b>-</b>	<b>945,678</b>	<b>917,949</b>
<b>Grants from the Scottish Ministers</b>	<b>59,657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,657</b>	<b>83,910</b>
<b>Other revenue grants</b>	<b>1,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>1,517</b>
<b>Total turnover from social letting activities</b>	<b>841,152</b>	<b>165,583</b>	<b>-</b>	<b>-</b>	<b>1,006,735</b>	<b>1,003,376</b>
<b>Expenditure</b>						
Management and maintenance administration costs	539,135	4,690	-	-	543,825	575,328
Service charges	15,136	68,066	-	-	83,202	72,449
Planned cyclical maintenance including major repairs	240,090	170	-	-	240,260	146,862
Reactive maintenance costs	97,340	6,464	-	-	103,804	90,717
Bad debts – rents and service charges	2,087	-	-	-	2,087	21,339
Depreciation of social housing	26,942	-	-	-	26,942	26,942
Impairment of social housing	-	-	-	-	-	-
<b>Operating costs for social letting activities</b>	<b>920,730</b>	<b>79,390</b>	<b>-</b>	<b>-</b>	<b>1,000,120</b>	<b>933,637</b>
<b>Operating Surplus on letting activities, 2010</b>	<b>(79,578)</b>	<b>86,193</b>	<b>-</b>	<b>-</b>	<b>6,615</b>	<b>-</b>
<b>Operating Surplus on letting activities, 2009</b>	<b>17,219</b>	<b>52,250</b>	<b>-</b>	<b>-</b>	<b>69,739</b>	<b>69,739</b>



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

5. Interest Receivable and Other Income	2010 £	2009 £
Interest receivable on deposits	<u>8,641</u>	<u>39,668</u>
6. Interest payable and similar charges		
On loans from Scottish Homes	2,744	18,277
On private loans	<u>46,003</u>	<u>35,465</u>
	<u>48,747</u>	<u>53,742</u>
7. Designated Reserves		
	Opening Balance £	Transfer £
Cyclical maintenance	140,092	(32,000)
Major repairs	<u>863,937</u>	<u>7,990</u>
	<u>1,004,029</u>	<u>(24,010)</u>
		Closing Balance £
		108,092
		<u>871,927</u>
		<u>980,019</u>
8. Revenue Reserves	2010 £	2009 £
At 1 April 2009	473,044	419,131
Deficit for the year	<u>(31,550)</u>	<u>53,913</u>
	<u>441,494</u>	<u>473,044</u>
Transfer from designated reserves	<u>32,000</u>	-
At 31 March 2010	<u>473,494</u>	<u>473,044</u>

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

## 9. Tangible Fixed Assets

	Housing Properties Held for General Needs £	Housing Properties Held for supported housing £	Heritable Office Property £	Furniture Fittings & Equipment £	Total £
<b>Cost</b>					
At start of year	13,937,794	2,635,200	70,952	232,264	16,876,210
Additions during year	9,716	4,616	-	11,824	26,156
Disposals	-	-	-	-	-
At end of year	13,947,510	2,639,816	70,952	244,088	16,902,366
<b>Depreciation</b>					
At start of year	191,700	43,860	57,207	177,029	469,796
Charge for year	22,556	4,386	-	13,412	40,354
On disposals	-	-	-	-	-
At end of year	214,256	48,246	57,207	190,441	510,150
<b>HAG and other grants</b>					
At start of year	12,568,900	2,520,609	-	-	15,089,509
Additions during year	9,716	4,616	-	-	14,332
Disposals	-	-	-	-	-
At end of year	12,578,616	2,525,225	-	-	15,103,841
<b>Net Book Value</b>					
At end of year	1,154,638	66,345	13,745	53,647	1,288,375
<b>Net Book Value</b>					
At start of year	1,177,194	70,731	13,745	55,235	1,316,905

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

10. Debtors	2010 £	2009 £
Amounts falling due within one year:		
Rental arrears	55,113	59,839
Less: provision for bad debts	(22,463)	(22,463)
	<u>32,650</u>	<u>37,376</u>
Other debtors	121,793	95,074
Prepayments and accrued income	48,374	30,167
VAT recoverable	-	10,331
	<u>202,817</u>	<u>172,948</u>

11. Creditors: amounts falling due within one year

Loans	22,282	139,846
Trade creditors	135,429	115,015
Corporation tax	-	16,054
Other taxes and social security costs	14,935	8,805
Rent prepaid	47,564	39,931
Amounts due to contractors	732	253
Other creditors	66,024	61,912
Accruals and deferred income	17,846	83,523
	<u>304,812</u>	<u>465,339</u>

12. Creditors: amounts falling due outwith one year

Loans:		
Due between one and two years	193,582	71,390
Due between two and five years	58,829	47,880
Due in five years or more	493,311	531,169
	<u>745,722</u>	<u>650,439</u>

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

13 Share Capital	2010 £	2009 £
At beginning of year	163	184
Shares of £1 each fully paid and issued during the year	3	3
Shares forfeited in year	(4)	(24)
	<u>162</u>	<u>163</u>



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

<b>14</b>	<b>Rents</b>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
	Average rent for housing accommodation	2,910	2,707
	Percentage increase from previous period	7.5%	5.5%
<b>15</b>	<b>Directors' Emoluments</b>		
	The directors are defined as the members of the Management Committee, the chief executive and any other person reporting directly to the chief executive or the Management Committee whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.		
		<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
	Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	64,242	64,669
	Emoluments payable to highest paid director (excluding pension Contributions)	56,612	57,484
	Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	976	357
<b>16</b>	<b>Employee Information</b>		
	The average monthly number of persons employed during the year was:		
	Administrative staff	13	14
	Staff costs (including Directors' Emoluments):		
	Wages and salaries	379,857	417,766
	Social security costs	29,799	33,917
	Pension costs (note 19)	35,801	32,904
		445,457	484,587

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

<b>17</b>	<b>Operating Surplus</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Operating surplus is stated after charging:		
	Depreciation	40,354	40,751
	Auditors' remuneration		
	- In their capacity as auditors	8,539	8,900
	- Other services	975	975
		<hr/>	<hr/>
<b>18</b>	<b>Taxation</b>		
	UK Corporation Tax for the period	-	16,054
		<hr/>	<hr/>

The Association was granted charitable status on 12 March 2009 therefore the above tax charge represents the period from 1 April 2008 – 11 March 2009.

**19 Pensions**

Yorkhill 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 currently operates with a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate. From April 2008 there are three benefit structures available, namely:

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

Yorkhill Housing Association Limited has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for both active members and new entrants.

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

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

During the accounting period Yorkhill 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 8 active members of the Scheme employed by Yorkhill Housing Association Limited.

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

**19. Pensions (continued)**

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

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared 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%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

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

	%pa
- Investment return pre-retirement	7.20
- Investment return post retirement	4.90
- Rate of salary increases	4.60
Rate of pension increases	
pension accrued pre 6 April 2005	2.60
pension accrued from 6 April 2005	2.25
for leavers before 1 October 1993	
pension increases are 5.0%)	
Rate of price inflation	2.60

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

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

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

**19. Pensions (continued)**

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 per annum)
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 £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
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.

The actuarial results for the triennial valuation performed as at 30 September 2009 are due out in the autumn. The provisional results show a deficit of £160.1 million. The funding position of the Scheme has deteriorated to 64.8% as at 30 September 2009.

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

**19. Pensions (continued)**

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 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 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.

The Association does not intend to withdraw from the scheme and the trustees have confirmed that there is no intention to wind up the scheme.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for the Association was £1,253,446.

**20 Housing Stock**

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

	Units in management	
	2010	2009
General Needs	283	283
Supported Housing	38	38
Shared ownership	-	-
	<u>321</u>	<u>321</u>

**21 Legislative Provisions**

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