

YORKHILL HOUSING ASSOCIATION LIMITED

**Report and Financial Statements
For the year ended 31 March 2011**

YORKHILL HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2011

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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

YORKHILL HOUSING ASSOCIATION LIMITED

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Members, Executive and Advisers

Committee of Management

H Fitzgerald	Chairperson
M Guy	Vice Chair
J Gordon	Secretary
T Dunne	Treasurer
Dr. M. Green	
H Fulton	
P Bratt	
C Shaw	(resigned April 2011)
C Armstrong	(resigned April 2011)
R Toner	(appointed August 2010)
B Docherty	(appointed August 2010)
P Carty	(appointed August 2010)
J McMaster	(appointed August 2010)
I Simpson	(appointed August 2010)

Executive Officers

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

Registered Office

1271 Argyll Street
Glasgow
G3 8TH

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 2011**

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2011.

Principal activities

The principal activities of the Association include:

- Provision and management of rented accommodation (484)
- Management of properties on behalf of other owners (407 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.

During 2010-11, Yorkhill's stock increased from 320 to 484 through two projects:

A development partnership with Sanctuary Scotland Housing Association resulted in YHA's purchase of new office premises and 13 flats in January 2011.

On 28th February 2011, the Association acquired 151 units from Glasgow Housing Association through Second Stage Transfer.

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 2011**

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 dark ink, appearing to read 'J Gordon', is written over the printed name.

J Gordon
Secretary

Dated: 3 August 2011

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 of Yorkhill Housing Association Limited for the year ended 31 March 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

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

Respective responsibilities of the directors and auditors

As explained more fully in the Management Committee Responsibilities statement set out on page 4, the committee members are responsible for the preparation of the financial statements and for being satisfied that they 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 of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008;

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

- have been prepared in accordance with the requirements of 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.

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

Dated: 3 August 2011

**Committee of Management's Statement on Internal Financial Controls
For the year ended 31 March 2011**

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 for use within the Association;
- 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 31st March 2011

By order of the Committee of Management



Chairperson

Dated: 3 August 2011

**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: 3 August 2011

Income and Expenditure Account
For the year ended 31 March 2011

	Note	2011 £	2010 £
Turnover	2, 3 & 4	1,330,286	1,142,453
Operating costs	2, 3 & 4	(1,293,862)	(1,133,897)
Operating surplus	2	36,424	8,556
Loss on disposal of fixed assets		(31,639)	-
Interest receivable and other income	5	2,001	8,641
Interest payable and similar charges	6	(56,919)	(48,747)
Deficit on ordinary activities before transfers		(50,133)	(31,550)
Transfer from designated reserves	7	8,051	32,000
(Deficit)/Surplus for the year		(42,082)	450

The results for the year relate wholly to continuing activities.

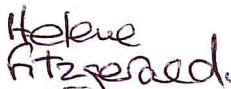

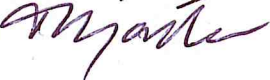
The Association has no recognised gains and losses other than those included in the (deficit)/surplus above and therefore no separate statement of total recognised gains and losses has been presented.

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 2011

	Note	2011 £	2010 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	18,127,382	16,324,824
Less: SHG and other grants	9	16,335,612	15,103,841
		<u>1,791,770</u>	<u>1,220,983</u>
Other fixed assets	9	539,211	67,392
		<u>2,330,981</u>	<u>1,288,375</u>
Current assets			
Debtors	10	230,266	202,817
Cash at bank and in hand		1,476,898	1,013,017
		<u>1,707,164</u>	<u>1,215,834</u>
Creditors: amounts falling due within one year	11	(334,227)	(304,812)
Net current assets		<u>1,372,937</u>	<u>911,022</u>
Total assets less current liabilities		<u>3,703,918</u>	<u>2,199,397</u>
Creditors: amounts falling due after more than one year	12	(1,907,269)	(745,722)
Net assets		<u>1,796,649</u>	<u>1,453,675</u>
Capital and reserves			
Share capital	13	154	162
Designated reserves	7	1,365,083	980,019
Revenue reserve	8	431,412	473,494
		<u>1,796,649</u>	<u>1,453,675</u>

The financial statements on pages 9 to 26 were authorised for issue by the Committee of Management on 3 August 2011 and are signed on their behalf by:

Helene Fitzgerald  Chairperson
Tommy Dunne  Treasurer
John Gordon  Secretary

The notes on pages 14 to 26 form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2011

	Notes	2011 £	2010 £
Net cash flow from operating activities	1	74,779	(7,866)
Returns on investments and servicing of finance	2	(54,918)	(40,106)
Taxation		-	(8,066)
Capital expenditure	2	(1,139,418)	(11,824)
		<u>(1,119,557)</u>	<u>(67,862)</u>
Financing	2	1,583,437	(22,282)
Increase/(decrease) in cash	4	<u>463,880</u>	<u>(90,144)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2011

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

	2011 £	2010 £
Operating surplus	36,424	8,556
Depreciation	65,514	40,354
(Increase)/decrease in debtors	(13,202)	(29,866)
(Decrease)/increase in creditors	(39,540)	(26,910)
Disposal of fixed assets	25,583	-
	<u>74,779</u>	<u>(7,866)</u>

2) Gross Cash Flows

Returns on investments and servicing of finance

Interest received	2,001	8,641
Interest paid	(56,919)	(48,747)
	<u>(54,918)</u>	<u>(40,106)</u>

Capital expenditure

Purchase and development of housing properties	(1,865,915)	(14,332)
HAG and other grants received	1,257,355	14,332
Payments to acquire other tangible fixed assets	(513,325)	(11,824)
Proceeds of fixed asset sale	8,050	-
HA abated	(25,583)	-
	<u>(1,139,418)</u>	<u>(11,824)</u>

Financing

Issue of ordinary share capital	(9)	(3)
Shares forfeited	17	3
Loans repaid	(1,230,502)	(22,282)
SST dowry	(352,943)	-
	<u>1,583,437</u>	<u>(22,282)</u>

3) Analysis of changes in net cash

	At 1 April 2010 £	Cash Flow £	Other Changes £	At 31 March 2011 £
Cash in hand, at bank	1,013,017	463,880	-	1,476,897
Debt due within 1 year	(22,282)	-	(68,955)	(91,237)
Debt due after 1 year	(745,722)		(1,161,547)	(1,907,269)
	<u>245,013</u>	<u>463,880</u>	<u>(1,230,502)</u>	<u>(521,609)</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2011

4) Reconciliation of net cash flow to movement In net cash (Note 3)	2011 £	2010 £
Decrease for the year	463,880	(90,144)
Cash used to repay loans	(1,230,503)	22,282
Change in net cash	(766,623)	(67,862)
Net cash at 1 April 2010	245,014	312,876
Net cash at 31 March 2011	(521,609)	245,014

Notes to the Financial Statements
For the year ended 31 March 2011

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (k) 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) Going Concern

The Committee of Management anticipate that a surplus will be generated in the year to 31 March 2012. The Association has a healthy cash balance and net current asset position and thus the Committee of Management is satisfied that there are sufficient resources in place to continue operations in the foreseeable future. Thus the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) 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.

(d) 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.

(e) 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 2011**

1. Accounting policies (continued)

(f) 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.

(g) 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% straight line
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 2011

1. Accounting policies (continued)

(h) 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.

(iii) SST Property Reserve

The reserve comprises the dowry provided by Glasgow Housing Association as part of the second stage transfer. This dowry is a contribution towards the cost of the future major repairs and improvements expenditure which will be incurred by Yorkhill Housing Association Limited to bring the stock transferred up to the requirements of the Scottish Housing Quality Standard. The major repairs and improvements expenditure is capitalised and thus the SST Properties Reserve is released to the Revenue Reserve in line with the depreciation rate in respect of these capital repairs and improvements.

(i) 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.

(j) Pensions (Note 17)

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.

(k) 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.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the financial statements
For the year ended 31 March 2011

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

	2011			2010		
	Turnover	Operating Costs	Operating Surplus/(deficit)	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Income and Expenditure						
From lettings						
Social Lettings	1,205,835	1,160,001	45,834	1,006,735	(1,000,120)	6,615
Other activities	124,451	133,861	(9,410)	135,718	(133,777)	1,941
	<u>1,330,286</u>	<u>1,293,862</u>	<u>36,424</u>	<u>1,142,453</u>	<u>(1,133,897)</u>	<u>8,556</u>

Notes to the financial statements
For the year ended 31 March 2011

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	Other £	2011 Total £	2010 Total £
Income from rent and service charges						
Rent receivable net of service charges	837,095	122,784	-	-	959,879	885,027
Service charges	14,675	53,246	-	-	67,921	67,091
Gross income from rents and service charges	851,770	176,030	-	-	1,027,800	952,118
Less voids	2,472	2,778	-	-	5,250	6,440
Net income from rents and service charges	849,298	173,252	-	-	1,022,550	945,678
Grants from the Scottish Ministers	33,969	-	-	-	33,969	59,657
Other revenue grants	1,100	-	-	-	1,100	1,400
SST Grant and other income	148,216	-	-	-	148,216	-
Total turnover from social letting activities	1,032,583	173,252	-	-	1,205,835	1,006,735
Expenditure						
Management and maintenance administration costs	602,920	36,075	-	-	638,995	543,825
Service charges	7,314	62,976	-	-	70,290	83,202
Planned cyclical maintenance including major repairs	213,793	17,024	-	-	230,817	240,260
Reactive maintenance costs	166,344	9,361	-	-	175,705	103,804
Bad debts – rents and service charges	6,420	-	-	-	6,420	2,087
Depreciation of social housing	33,388	4,386	-	-	37,774	26,942
Operating costs for social letting activities	1,030,179	129,822	-	-	1,160,001	1,000,120
Operating Surplus on letting activities, 2011	2,404	43,430	-	-	45,834	-
Operating Surplus on letting activities, 2010	(79,578)	86,193	-	-	-	6,615

Notes to the financial statements for the year ended 31 March 2011

4. Particulars of turnover, operating costs and operating surplus/(deficit)r activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating Surplus/(deficit)
	£	£	£	£	2011 £	2010 £	2011 £	2010 £
Wider role activities #								
Care and repair of property	-	-	-	-	-	-	15,206	-
Factoring	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	30,819	30,819	-	50,722	(16,744)
Support activities	-	-	26,804	-	-	-	19,316	-
Care activities	-	-	-	-	26,804	-	-	(19,316)
Agency/management services for RSLs	-	-	-	-	-	-	676	5,788
Other agency / management services	-	-	64,296	-	64,296	-	47,346	(676)
Developments for sale to RSLs	-	-	-	-	-	-	-	12,784
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-
Other activities	-	-	-	2,532	-	-	-	-
					2,532	113	595	1,937
Total from other activities, 2011								113
			26,804	97,647	124,451	-	133,861	(9,410)
Total from other activities, 2010								
	-	-	27,545	108,173	135,718	-	133,777	1,941
# Undertaken to support the community, other than the provision, construction, improvement and management of housing								

Notes to the Financial Statements
For the year ended 31 March 2011

5. Interest Receivable and Other Income

	2011 £	2010 £
Interest receivable on deposits	2,001	8,641

6. Interest payable and similar charges

On loans from Scottish Homes	19,832	2,744
On private loans	37,087	46,003
	<u>56,919</u>	<u>48,747</u>

7. Designated Reserves

	Opening Balance £	Other transfers £	Closing Balance £
Cyclical maintenance	108,092	-	108,092
Major repairs	871,927	8,051	879,978
SST Property Reserve	-	377,013	377,013
	<u>980,019</u>	<u>385,064</u>	<u>1,365,083</u>

8. Revenue Reserves

	2011 £	2010 £
At 1 April 2010	473,494	473,044
(Deficit) for the year	(42,082)	(31,550)
	<u>431,412</u>	<u>441,494</u>
Transfer from designated reserves	-	32,000
At 31 March 2011	<u>431,412</u>	<u>473,494</u>

Notes to the Financial Statements
For the year ended 31 March 2011

9. Tangible Fixed Assets

	Housing Properties Held for General Needs £	Housing Properties Held for supported housing £	Heritable Office Property £	Furniture Fittings & Equipment £	2011 Total £
Cost					
At start of year	13,947,510	2,639,816	70,952	244,088	16,902,366
Additions during year	1,865,915		475,054	48,094	2,389,063
Disposals	(25,583)			(191,164)	(216,747)
At end of year	15,787,842	2,639,816	546,006	101,018	19,074,682
Depreciation					
At start of year	214,256	48,246	57,207	190,441	510,150
Charge for year	33,388	4,386	9,501	18,239	65,514
On disposals	-	-	-	(167,576)	(167,576)
At end of year	247,644	52,632	66,708	41,104	408,088
HAG and other grants					
At start of year	12,578,616	2,525,225	-	-	15,103,841
Additions during year	1,257,355	-	-	-	1,257,355
Disposals	(25,583)	-	-	-	(25,583)
At end of year	13,810,388	2,525,225	-	-	16,335,613
Net Book Value					
At end of year	1,729,810	61,959	479,298	59,914	2,330,981
Net Book Value					
At start of year	1,154,638	66,345	13,745	53,647	1,288,375

Notes to the Financial Statements
For the year ended 31 March 2011

10. Debtors

	2011 £	2010 £
Amounts falling due within one year:		
Rental arrears	91,015	55,113
Less: provision for bad debts	(44,787)	(22,463)
	<u>46,228</u>	<u>32,650</u>
Other debtors	132,865	121,793
Prepayments and accrued income	96,925	48,374
VAT recoverable	476	-
	<u>230,266</u>	<u>202,817</u>

11. Creditors: amounts falling due within one year

Loans	91,237	22,282
Trade creditors	108,770	135,429
Other taxes and social security costs	10,719	14,935
Rent prepaid	53,389	47,564
Amounts due to contractors	646	732
Other creditors	54,224	66,024
Accruals and deferred income	15,242	17,846
	<u>334,227</u>	<u>304,812</u>

12. Creditors: amounts falling due outwith one year

Loans:		
Due between one and two years	91,237	193,582
Due between two and five years	177,134	58,829
Due in five years or more	1,638,898	493,311
	<u>1,907,269</u>	<u>745,722</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

	2011 £	2010 £
At beginning of year	162	163
Shares of £1 each fully paid and issued during the year	9	3
Shares forfeited in year	(17)	(4)
At end of year	<u>154</u>	<u>162</u>

Notes to the Financial Statements
For the year ended 31 March 2011

14 Directors' Emoluments

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

	2011 £	2010 £
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	73,372	64,242
Emoluments payable to highest paid director (excluding pension Contributions)	65,572	56,612
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	8,948	976

15 Employee Information

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

Administrative staff	14	13
Staff costs (including Directors' Emoluments):		
Wages and salaries	392,676	379,857
Social security costs	32,812	29,799
Pension costs (note 17)	35,780	35,801
	461,268	445,457

Notes to the Financial Statements
For the year ended 31 March 2011

16 Operating Surplus

	2011	2010
	£	£
Operating surplus is stated after charging:		
Depreciation	65,514	40,354
Auditors' remuneration		
- In their capacity as auditors	8,795	8,539
- Other services	4,608	975
	<u> </u>	<u> </u>

17 Pensions

Yorkhill Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (formerly known as the SFHA Pension Scheme), (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the State Pension 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; a 1/70th accrual rate; a 1/80th accrual rate; and a 1/120th accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join. The Association has elected to operate the Final salary with 1/60th accrual rate benefit option for active members and new entrants from 1 April 2011.

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.

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

As at the balance sheet date there were 8 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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.

Notes to the Financial Statements
For the year ended 31 March 2011

17. Pensions (continued)

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 to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162 million, equivalent to a past service funding level of 67.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30th September 2009 were as follows:-

- Investment return pre retirement	7.40% per annum
- Investment return post retirement - Non-pensioners	4.60% per annum
- Investment return post retirement - Pensioners	4.80% per annum
- Rate of salary increases	4.50% per annum
- Rate of pension increases - pension accrued pre 6 April 2005	2.90% per annum
- Rate of pension increases - pension accrued from 6 April 2005	2.20% per annum
(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation	3.00% per annum

The valuation was carried out using the SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% minimum improvement mortality tables for pensioners and non-pensioners.

The joint contribution rates required from employers and members to meet the cost of future benefit accrual for the final salary 60ths benefit structure was assessed as 19.2%.

This is split equally between employers and members. Accordingly the contribution rates for the Final salary 60ths benefit structure from 1 April 2011 is 9.6% employer contributions and 9.6% member contributions.

There is an additional employer rate for deficit contributions of 10.4% expressed in nominal pound terms for each employer increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.

Notes to the Financial Statements
For the year ended 31 March 2011

17. 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 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.

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 2010. As of this date the estimated employer debt for the Association was £1,729,753.

18 Housing Stock

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

	Units in management	
	2011	2010
General Needs	446	283
Supported Housing	38	38
Shared ownership	-	-
	<u>484</u>	<u>321</u>

19 Legislative Provisions

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