

# ACCOUNTS

FOR THE YEAR ENDED  
31 MARCH 2008



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## Board of Management and Directors as at 31 March 2008

Chair D F Blair FRICS

Vice-Chair P Russell FCCA

### Board Members

K Barton MA FICSA

Rev A M Millar MA BD MBA (resigned Sept 2007)

W R Clarkson ACMI

R Nisbet (appointed from Sept 2007, resigned May 2008)

Dr R Coles MBBS, MRCPsych

P Harper WS (appointed from Sept 2007)

J Seery (appointed from Sept 2007, resigned Oct 2007)

T Holsgrove (appointed from Sept 2007)

W R Palmer MCIInstM MIIM MiMgt FFB

W M Renton HNC (Business Studies)

D Sutherland CSS (resigned Sept 2007)

J Sillars

P Kinloch AMRSH

J Dick OBE, BA, DMS

J C Howie CPFA

### Isle of Arran Homes Board Members

Chair: J Sillars

Vice-Chair: W R Palmer MCIInstM MIIM MiMgt FFB

S Alison

T Barr (appointed from May 2007)

D F Blair FRICS

I Blair

B Cameron

D O'Neill (resigned May 2007)

M Dee

G Fulton

J C Howie CPFA

J Hunter (appointed from May 2007)

E McMaster

M McManus

J Nichols

R Wilkinson (resigned May 2007)

## **Directors**

R McDougall FCIH – Chief Executive and Company Secretary

G Veryan MCIH – Depute Chief Executive and Director of Customer Services

D A McIndoe MRICS – Director of Property and Development

J Marshall FMAAT, CPFA – Director of Financial Services

K Nicholson MA (Hons), FCIPD – Director of Corporate Services

## **Company Secretary**

R McDougall FCIH

## **Auditors**

Findlay & Company, Chartered Accountants and Registered Auditors, 11 Dudhope Terrace, Dundee, DD3 6TS (External Auditor)

Baker Tilly, Chartered Accountants and Registered Auditors, 1st Floor, Quay 2, 139 Fountainbridge, Edinburgh EH3 9QG (Internal Auditor)

## **Bankers**

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

## **Solicitors**

Maclay Murray & Spens, 3 Glenfinlas Street, Edinburgh EH3 6AQ

T C Young, 7 West George Street, Glasgow G2 1BA

Registered under the Industrial and Provident Societies Act 1965 to 2002 No. 1778R(S)

Registered by The Scottish Housing Regulator HEP 143

Trust Housing Association Limited is a Registered Scottish Charity No. SC009086

Registered Office: 12 New Mart Road, Edinburgh EH14 1RL

## Board of Management Report

### 1. The Association

#### 1.1 Background

Trust Housing was formed as a separate legal entity in 1973 out of a desire of members of the then Committee on Social Service of the Church of Scotland to provide sheltered housing for older people in Scotland.

Tenancy of the Association's properties is open to all regardless of creed and allocation is on the basis of housing, social medical need, and other needs.

The Association is registered with the Financial Services Authority as a non-profit making company and is recognised by HM Revenue and Customs as having charitable status.

The Association is registered under Section 3 of the Housing Associations Act 1985 by The Scottish Housing Regulator.

#### 1.2 Objects

The Association's mission is to provide quality houses and services that promote independent living. The demographic changes in the elderly population have created a situation to which housing for older people has naturally and necessarily responded. The change is both in terms of the physical provision and more importantly, in its management and related care services. The increasingly specialist nature of developing and managing houses for older people calls for particular and special skills, expertise and experience.

The forms of provision required to meet today's needs can be grouped broadly into five categories:

- (i) Amenity Housing, for the more active older person, is specially designed or adapted for ease of access and use and incorporates whole house heating and prescribed

features such as grab rails and bathroom fixtures. It does not necessarily contain emergency alarm equipment although the Association now makes such provision and links the houses into a centralised alarm system.

- (ii) Sheltered Housing, for the less active, more dependent and vulnerable older person meets the same basic design requirement as amenity housing but having also a call system and co-ordinator service. The majority of sheltered housing provided by the Association contains a communal lounge, laundry and guestrooms. Increasingly, common lounges are being used for the benefit of the older people within the wider community.
- (iii) Very Sheltered Housing for frail older people, designed to barrier free and registerable standards, and offering enhanced housing management support and meals provision. Provides all the same communal facilities as Sheltered Housing, with the addition of an 'assisted' bathroom and a dining room. Staff cover is 24 hours a day, seven days a week. The units can either be 'standalone' or incorporated within a Sheltered Housing Development.
- (iv) Care Housing for those who are physically frail and who have been assessed by Social Work Department as requiring residential care. All Care Housing is registered under the Social Work (Scotland) Act 1968. Supportive social and personal care, which is provided 24 hours a day, seven days a week, by Care Staff meets the care needs of its residents in a domestic setting within the community. Care Housing can either be 'standalone' or incorporated within a larger development.

- (v) Dementia Care Housing for older people who have been diagnosed as suffering from Dementia and for whom non-specialised residential care is inappropriate. All Dementia Care Housing is registered under the Social Work (Scotland) Act 1968. Continuous care and support is provided by a team of specially trained staff. Like Care Housing, it can either be 'standalone' or incorporated within a larger development in the Community.
- (vi) General Needs Housing. Mainly available on the Isle of Arran.

The Association's remit also includes providing for those in other areas of need and Trust has completed projects for the elderly deaf, the severely disabled and for recovering alcoholics.

The Association, in 1990, extended its rules to enable it, without infringing its charitable status, to meet the wider housing needs of Rural and Island Communities. At the Special General Meeting in September 2007, the Board approved revised rules based on the Scottish Federation of Housing Associations Model Rules (Scotland) 2003.

A major piece of work developed during the year has been the production of our new Corporate Strategy. The enormous changes that have occurred within the Association since 2005, have allowed us to reshape services and to plan and focus on the challenges and demands likely to face us in the future.

We also have a new Mission Statement that emphasises the changing nature of an improving and evolving organisation. We have set out our core Values and identified our Key Goals which are central to our new Corporate Strategy. The logo has been

modernised by including a strapline below our name – "More than just a home" constantly reminding all of us of our principal aim for our tenants.

### 1.3 Results

Trust Housing Association is pleased to report the results for the year ended 31 March 2008. The Association has delivered a strong performance in the year with growth in revenue and with financial stability remaining sound, the Income and Expenditure Account shows a surplus for the year of £0.499 million.

During 2007/08 the Association increased turnover from £14.326 million at 31 March 2007 to £15.836 million at 31 March 2008, an increase of 10.5%. The growth in turnover is due to increases in Rental income and Landlord Services income. Part of the increases within the Rental and Landlord Services are due to Trust generating higher rental and landlord service income from the opening of new developments at Arbroath and with further new builds on the Isle of Arran. Operating costs have increased during the year from £13.573 million at 31 March 2007 to £15.015 million at 31 March 2008, an increase of 10.6%, this is mainly as a result of increased spending on property expenditure of 13.7%, on landlord services of 15% and on Supporting People costs at 15.2% - much of this increased expenditure has been as a result of our Property Department catching up with slippage from the previous year.

The Association's financial stability is further reflected in the Balance Sheet at 31 March 2008. Housing properties increased by £1.987 million during the year to £110.024 million with the completion of 10 flats at Arbroath and 4 houses at Blackwaterfoot, Isle of Arran and 6 houses

at Montrose House, Brodick, Isle of Arran. This represents a net investment (after grants and depreciation) in housing properties of £17.322 million. Other Fixed Assets decreased by £0.162 million due to a move from the purchase of company cars to a car leasing scheme.

Again in 2007/08 the Association did not increase its borrowing whilst cash balances increased by £0.150 million during the year to £2.293 million at 31 March 2008. The increase in cash is mainly due to an underspend on salaries costs due to the timing in filling vacancies.

Capital and reserves increased by £0.499 million from £12.360 million to £12.859 million at 31 March 2008 an increase of 4%.

#### **1.4 Membership**

Membership of the Association is open to all who are interested in the work of Trust Housing Association Limited. Every member, on payment of £1.00 shall hold one share only in the Association. Trust Housing Association Limited has a larger membership than most Associations and it now stands at 664 (2007 - 781).

#### **1.5 Relations with Members**

The Annual General Meeting, held in September each year is the formal platform for communication with Association Members. The meeting is attended by Board Members and the Senior Management Team. Members are invited to ask questions during the meeting and to meet with both the Board and Senior Management Team. In addition, Board members will arrange to visit several developments each year, with Housing and Property Officers calling in on tenants as part of their visits and seeking their views on the work of Trust and any specific issues and queries they may have.

#### **1.6 Staff**

The Association recognises that staff need to understand and contribute to the broad objectives of the Association and seeks to develop good relations with employees through

regular communications and consultation. Staff have made a significant contribution to developing our new values and goals as part of the production of our Corporate Strategy. Selection for employment and promotion is based on the objective assessment of ability and experience and Trust is committed to ensuring that its workplaces are free from unlawful discrimination of any sort.

The Association is committed to the principle of equal opportunities for all its staff and will act to ensure that measures are taken to ensure no one is excluded from access to its services or employment on the grounds of sexual orientation, marital status, disability, race (including colour, nationality, ethnic or national origin), religious belief, political belief, sexuality, age, trade union activity or responsibility for dependants.

As part of this commitment, it is the policy of the Association to give full and fair consideration to all applicants for employment, including those from black and minority ethnic communities and those with a disability. In addition, the Association will provide equal opportunities for training and career development to all employees and continue wherever possible the employment of staff who become disabled.

## **2. Board of Management**

During the year four Board members resigned and four new members were appointed making the total membership thirteen. Two members of the Board and three members of the Isle of Arran Homes Board are tenants of the Association. Their tenancies are on Trust's normal tenancy terms and they cannot use their position to their advantage. No Board member has received any payment in respect of services to the Association other than by way of expenses incurred.

The Board has overall authority for the conduct of the business. During the year the terms of

reference for the Board, including those matters specifically reserved to the Board, were reviewed and updated in line with best practice. The Board's responsibilities include:

- determination of strategy and plans to achieve the Association's objectives
- determination of policy and the overall direction of the Association
- approval of the Annual Report and Accounts
- establishment of effective systems of delegation and internal control and the annual review of their effectiveness
- authorising material acquisitions, disposals, investments, capital projects and other significant transactions
- monitoring the Association's overall performance in relation to its strategies, plans, budgets and decisions.

The Board met six times during the year.

During the year the Board oversaw the development of and approved a new Corporate Strategy for 2008/09 and onwards.

### **3. Statement of Responsibilities of the Board of Management**

The Industrial and Provident Societies Acts 1965 to 2002 require the Board of Management to prepare accounts for each financial year which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those accounts, the Board of Management are required to:

- (i) Select suitable Accounting Policies and apply them consistently;
- (ii) Make judgements and estimates that are reasonable and prudent;

(iii) Follow applicable Accounting Standards; and

(iv) Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management 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 accounts comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) as updated 2005. 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.

### **4. Related Parties**

During the year there were 3 (2007 – 2) members of the Management Committee who were also tenants of the Association. All tenancies are on normal commercial terms and their position as a committee member cannot be used to their advantage.

Two councillors from the North Ayrshire Council sit on the Isle of Arran Sub Committee. The Board can confirm that all transactions with North Ayrshire Council are made on normal terms, and the Councillors and Council Officer are unable to use their position to any advantage.

### **5. Statement of Internal Financial Controls**

The Board of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the

various business environments in which it operates.

The systems of internal financial control are designed to manage risks that may impede the achievement of the business objectives rather than to eliminate those risks entirely. The systems of internal financial control therefore provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board of Management has established the following key procedures to provide effective internal financial control.

- (i) A comprehensive budget is prepared annually and is approved by the Board.
- (ii) The Strategy Sub-Committee meet regularly to review actual results and investigate any significant variance from the Association's budget.
- (iii) A Corporate Strategy that forecasts 5 years ahead is updated annually, and is approved by the Board.
- (iv) Written standing orders including details of any delegated authority and a new Financial Control Framework.
- (v) The Association's external auditors attend at least one meeting each year of the Audit Committee, as well as attending the AGM.

During 2006/07 the Association tendered for Internal Audit Services for 2006/07 to 2009/10 with Baker Tilly, Chartered Accountants and Registered Auditors being awarded the contract. During 2007/08, Baker Tilly reviewed five key areas of the Association's work which covered; Management Accounting and Budgeting, a review of Governance, Development and Supporting People and a review of our Voids practices. A number of recommendations have

been accepted and if not already done so, will be implemented during 2008/09. Equally we are pleased to report that the audits found no high priority recommendations.

The Board of Management has reviewed the effectiveness of the system of internal financial controls for the year ended 31 March 2008, and up to the date of this report, and are confident that the existing controls and the resources in place to improve these controls are sufficient to safeguard the assets and prevent material loss. If weaknesses are found in the system of internal financial control, appropriate action is put in place.

In so far as the Board are aware:

There is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware.

The Board have taken all the relevant steps that they ought to have taken in accordance with their duties as Board Members to make themselves aware of that information.

## 6. Auditors

The External Auditors Findlay & Company wish to offer themselves for re-election. The Board have agreed that the external audit service will be put out to tender over the summer months and Findlay & Company will be invited to tender their services.



By order of the Board of Management  
David Blair *Chair*  
14 August 2008

## **Independent Auditors' Report to the Members of Trust Housing Association Limited**

We have audited the financial statements of Trust Housing Association Limited for the year ended 31 March 2008 on pages 11 to 29. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly & Industrial and Provident Societies Act 1968. Our audit work has been undertaken so 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 Board of Management and Auditors**

As described on page 4 the Association's Board 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 & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial

and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords. We also report to you if, in our opinion, the Board of Management report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Board of Management report and considered whether it is consistent with the audited financial statements. If we became aware of any apparent misstatements within the financial statements, we considered the implications for our report. Our responsibilities in this respect do not extend to a consideration of any other information.

### **Basis of Audit Opinion**

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2008 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to

2002, the Housing (Scotland) Act 2001, Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and Statement of Recommended Practice: Accounting by Registered Social Landlords.



Findlay & Company  
Chartered Accountants and Registered Auditors  
11 Dudhope Terrace  
Dundee  
DD3 6TS

14 August 2008

## **Independent Auditors' Report to the Members of Trust Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the financial statements, we have reviewed the Board's statement on internal controls set out on pages 6 and 7. The object of our review is to draw attention to any non-compliance with reference to the SFHA "Raising Standards".

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

With respect to the Board's statements on internal control on pages 6 and 7, in our opinion the Board has provided the disclosures required under the SFHA "Raising Standards" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board members and officers of the Association and examination of relevant documents, in our opinion the Board's statement on pages 6 and 7 appropriately reflects the Association's compliance with the SFHA "Raising Standards" specified for our review.



Findlay & Company  
Chartered Accountants and  
Registered Auditors  
11 Dudhope Terrace  
Dundee  
DD3 6TS

14 August 2008

## **Income and Expenditure Account for the year ended 31 March 2008**

	Notes	2008 £'000	2007 £'000
Turnover	2	15,836	14,326
Less: operating costs	2	(15,015)	(13,573)
<b>Operating surplus/(deficit)</b>	6	<b>821</b>	753
Profit on sale of fixed assets		23	234
Interest receivable and other income		131	99
Interest payable and other charges	7	(476)	(376)
<b>Surplus for the year</b>		<b>499</b>	710

The Association has no recognised gains and losses other than those included in the surplus for the two years ended 31 March 2008. All operations are continuing.

The notes on pages 14 to 29 form part of these Financial Statements.

## Balance Sheet as at 31 March 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
<b>Tangible fixed assets</b>					
Housing properties	8	110,024		108,037	
Less: HAG	8	(89,973)		(88,626)	
Less: Other Public Grants	8	(2,729)		(2,727)	
		<b>17,322</b>		<b>16,684</b>	
Other	8	3,687		3,849	
<i>Total fixed assets</i>		<b>21,009</b>		<b>20,533</b>	
<b>Current Assets</b>					
Debtors	9	539		1,247	
Cash at bank and in hand		2,293		2,143	
		<b>2,832</b>		<b>3,390</b>	
<b>Creditors: amounts falling due within one year</b>	10	3,355		3,652	
<b>Net current assets/(liabilities)</b>		<b>(523)</b>		<b>(262)</b>	
<i>Total assets less current liabilities</i>		<b>20,486</b>		<b>20,271</b>	
<b>Creditors: amounts falling due after more than one year</b>	11	7,627		7,911	
<b>Net assets</b>		<b>12,859</b>		<b>12,360</b>	
<b>Capital and reserves</b>					
Share capital	13		1		1
Restricted reserves	14	150		1,639	
Designated reserves	15	<u>8,518</u>		<u>6,917</u>	
			<b>8,668</b>		<b>8,556</b>
Revenue reserve	16	4,190		3,803	
		<b>12,859</b>		<b>12,360</b>	

The Financial Statements on pages 11 to 29 were approved by the Board of Management on 14 August 2008 and were signed on its behalf:



D F Blair, Chair

14 August 2008



P Russell, Vice Chair



R McDougall, Secretary

The notes on pages 14 to 29 form part of these Financial Statements.

## Cash Flow Statement for the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
<b>Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities</b>			
Operating surplus/(deficit)		821	753
Depreciation charges		383	402
Decrease in debtors		692	(149)
Decrease in creditors		(142)	727
<b>Net cash inflow from operating activities</b>		<b>1,674</b>	<b>1,733</b>
<b>Returns on investments and Servicing of finance</b>			
	(i)	(345)	(250)
<b>Capital expenditure</b>			
	(i)	(959)	(869)
		450	614
<b>Financing</b>			
	(i)	(300)	(385)
Increase/(Decrease) in cash		150	229
(Cash is defined as cash in hand and deposits repayable on demand)			
<b>Reconciliation of net cash flow to Movement in net debt</b>			
	(ii)		
Increase/(Decrease) in cash in the period		150	229
Cash to repay housing loans		300	385
Cash acquired as housing loan		-	-
<b>Change in net debt</b>		<b>450</b>	<b>614</b>
<b>Net debt at 1 April 2007</b>		<b>(5,047)</b>	<b>(5,661)</b>
<b>Net debt at 31 March 2008</b>		<b>(4,597)</b>	<b>(5,047)</b>

## Notes to the Cash Flow Statement for the year ended 31 March 2008

	2008		2007	
	£'000	£'000	£'000	£'000
(i) <b>Gross cash flows</b>				
<b>Returns on investments and servicing of finance</b>				
Interest received	131		99	
Interest paid	<u>(476)</u>		<u>(349)</u>	
		<u>(345)</u>		<u>(250)</u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets	(2,422)		(4,060)	
Receipt of HAG and other grants	1,365		2,832	
Receipts from sales of shared ownership properties	-		16	
Receipts from sale of development	(2)		217	
Receipts from sale of right to buy	-		203	
Repayment of HAG on sale of shared ownership properties	-		-	
Repayment of HAG on sales of development	-		(215)	
Receipts from sales of other fixed assets	<u>100</u>		138	
		<u>(959)</u>		<u>(869)</u>
<b>Financing</b>				
Loans acquired	-		-	
Loans repaid	<u>(300)</u>		<u>(385)</u>	
		<u>(300)</u>		<u>(385)</u>
(ii) <b>Analysis of changes in net debt</b>				
	At 1 April 2007 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2008 £'000
Bank and short term deposits	2,143	150	-	2,293
Debt due within 1 year	(313)	14	-	(299)
Debt due after 1 year	<u>(6,877)</u>	<u>286</u>	-	<u>(6,591)</u>
Total	<u>(5,047)</u>	<u>450</u>	-	<u>(4,597)</u>

## Notes to the Accounts

### 1. Accounting Policies

#### 1.1 Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards. They comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and with the Statement of Recommended Practice: Accounting by Registered Social Landlords.

#### 1.2 Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and The Scottish Housing Regulator.

#### 1.3 Housing Properties

Housing properties are stated at cost and include the cost of acquiring the land and the development expenditure on loans raised to finance the development.

#### 1.4 Housing Association Grant

For developments under the 1988 Housing Act, Housing Association Grant is paid directly to the Association as required to meet liabilities during the development process. Housing Association Grant is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

#### 1.5 Depreciation

##### (i) Housing Properties

Depreciation is charged on the original cost of properties (after deducting land costs, Housing Association Grant and Other Grants) on a straight line basis over the expected useful life of the property. All housing and office properties are assumed

to have a useful economic life of 100 years.

Periodic reviews are undertaken to confirm that no financial impairment has arisen to reduce the value of any class of property to an amount less than historical cost (less Housing Association Grant and Other Grants).

##### (ii) Other Fixed Assets

Other Fixed Assets include office properties, office equipment and computer hardware and software. A full year's depreciation is charged in the year the assets are first purchased and no depreciation is charged in the year of disposal. The rates are as follows:

Office Properties 1% per annum

Office equipment & computer hardware & software 20% per annum

Motor vehicles 25% per annum. These

Other Fixed Assets are depreciated on a straight line basis over the expected useful life of the property

#### 1.6 Contribution to Pension funds

The Association participates in a multi-employer defined benefit pension scheme. Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned.

Actuarial variations are carried out on a triennial basis, any surplus or deficiency in valuation which may arise from time to time is corrected by adjusting the rate of contributions over the average remaining service lives of current employees.

## Notes to the Accounts (*Continued*)

### 1.7 Restricted Reserves

#### *Special*

The Special Reserve has been created mainly from charitable donations and bequests and is used for development specific projects as agreed by tenants at the respective developments.

### 1.8 Designated Reserves

#### *Planned Maintenance*

The Association maintains its properties in an acceptable state of repair. The Designated Reserve is maintained on a planned basis to ensure that adequate resources will be available to meet future major repairs expenditure by setting aside amounts in years of low expenditure and

drawing down amounts from the reserves in years of high expenditure. Cyclical repairs are met from revenue in the year in which they are incurred.

#### *Replacement of Equipment*

The Association has established a Replacement of Equipment Reserve to replace items of scheme equipment based on current replacement cost and estimated life, by transfer from the service charge.

### 1.9 Service Equalisation Account

Charges for landlord services are charged to tenants at a level that is expected to recover expenditure on services for the year. Any over or under charge is taken into account when the landlord service charge is calculated for the following year.

## 2. Lettings and Other Related Information

Particulars of turnover, operating costs and surplus before taxation.

	Notes			2008	2007
		Turnover	Operating	Operating	Operating
		£'000	Costs	Surplus	Surplus/
			£'000	£'000	(Deficit)
					£'000
Income and expenditure from lettings	3	12,979	11,475	1,504	1,027
<i>Other income and expenditure</i>					
Supporting People		2,731	3,035	(304)	52
Donation		-	-	-	2
Other		126	505	(379)	(328)
Total		<u>15,836</u>	<u>15,015</u>	<u>821</u>	<u>753</u>

## Notes to the Accounts (*Continued*)

### 3. Income from Lettings

				2008	2007
	Housing Accommodation £'000	Supported Accommodation £'000	Shared Ownership £'000	Total £'000	Total £'000
Rent receivable net of identifiable Services charges	640	5,374	36	<b>6,050</b>	5,736
Service charges receivable (eligible for housing benefit)	10	3,969	-	<b>3,979</b>	3,787
Service charges receivable (not eligible for housing benefit)	4	3,178	-	<b>3,182</b>	2,107
<b>Gross rents receivable</b>	654	12,521	36	<b>13,211</b>	11,630
Less: Rent losses from voids	(2)	(286)	(1)	<b>(289)</b>	(253)
<b>Net rents receivable</b>	652	12,235	35	<b>12,922</b>	11,377
Revenue grants from local authorities & other agencies	-	57	-	<b>57</b>	102
Total income from lettings	652	12,292	35	<b>12,979</b>	11,479
<b>Expenditure on letting activities</b>					
Services	5	6,268	-	<b>6,273</b>	5,445
Management	219	2,365	15	<b>2,599</b>	2,871
Routine maintenance	56	919	-	<b>975</b>	879
Rent losses from bad debts	10	6	-	<b>16</b>	16
Major repairs expenditure	5	833	-	<b>838</b>	292
Other costs	37	734	3	<b>774</b>	949
Total expenditure on lettings	332	11,125	18	<b>11,475</b>	10,452
Operating surplus on letting activities	320	1,167	17	<b>1,504</b>	1,027

## Notes to the Accounts (*Continued*)

### 4. Directors' Emoluments

	2008 £'000	2007 £'000
Aggregate emoluments payable to Officers (excluding pension contributions and benefits in kind).		
Total emoluments (including pension contributions and benefits in kind)	287	247
Payments as compensation for loss of office	-	33
	<u>287</u>	<u>280</u>
<hr/>		
	2008 £'000	2007 £'000
Emoluments (excluding pension contribution) of the highest paid Officer amounted to:	71	67
Pension Contributions of the highest paid Officer amounted to:	9	9
<hr/>		
	No. of Directors	No. of Directors
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:		
£60,001 to £70,000	-	2
£70,001 to £80,000	1	-
<p>The Officers are ordinary member of the pension scheme described in Note 20. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's pension contributions for the Officers in the year amounted to £38,263 (2007 £31,792).</p> <p>No emoluments were paid to the Board of Management during the year.</p>		
	£'000	£'000
Total expenses reimbursed in so far as not chargeable to United Kingdom income tax	<u>7</u>	<u>14</u>

## Notes to the Accounts (*Continued*)

### 5. Employee Information

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

	2008 Number	2007 Number
Office Staff	80	76
Development Staff	<u>208</u>	<u>223</u>
	<u>283</u>	<u>299</u>

The average number of Staff employed during the year was:

	Number	Number
Office Staff	88	86
Development Staff	<u>353</u>	<u>373</u>
	<u>441</u>	<u>459</u>

	£'000	£'000
Staff costs (including directors emoluments);		
Wages and salaries	6,230	5,816
Social Security costs	429	396
Pension costs	<u>429</u>	<u>395</u>
	<u>7,088</u>	<u>6,607</u>

### 6. Operating Surplus

Operating surplus is stated after charging:

Depreciation	375	403
Repairs: cyclical, planned and day to day	2,170	1,492
Auditors' remuneration - audit services	<u>13</u>	<u>11</u>

During the year, the auditors assisted Trust with advice on establishing a subsidiary company, the fee charged was £2k (2006/07, £nil)

### 7. Interest Payable and Other Charges

On loans payable wholly or partly in more than 5 years:

Amounts payable to Banks and Building Societies	<u>476</u>	<u>376</u>
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## 8. Tangible Fixed Assets

	Housing Properties held for letting £'000	Shared Ownership Housing Properties £'000	Housing properties in the course of construction £'000	Total Housing Properties £'000	Total Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Total Other Assets £'000	2008 Total £'000	2007 Total £'000
Cost	106,393	511	2,265	109,169	3,570	344	835	4,749	113,918	110,552
At beginning of year	1,188	-	998	2,186	5	0	92	97	2,283	4,148
Additions during year	-	-	-	-	(45)	(150)	(17)	(212)	(212)	(782)
Disposals during year	1,932	-	(1,932)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
At end of year	<u>109,513</u>	<u>511</u>	<u>1,331</u>	<u>111,355</u>	<u>3,530</u>	<u>194</u>	<u>910</u>	<u>4,634</u>	<u>115,989</u>	<u>113,918</u>
<i>Depreciation</i>										
At beginning of year	1,128	4	-	1,132	107	212	579	898	2,030	1,730
Charge for year	199	-	-	199	32	43	109	184	383	402
Disposals during year	-	-	-	-	-	(121)	(14)	(135)	(135)	(102)
At end of year	<u>1,327</u>	<u>4</u>	<u>-</u>	<u>1,331</u>	<u>139</u>	<u>134</u>	<u>674</u>	<u>947</u>	<u>2,278</u>	<u>2,030</u>
<i>Net Book Value</i>										
At beginning of year	<u>105,265</u>	<u>507</u>	<u>2,265</u>	<u>108,037</u>	<u>3,463</u>	<u>132</u>	<u>256</u>	<u>3,851</u>	<u>111,888</u>	<u>108,822</u>
At end of year	<u>108,186</u>	<u>507</u>	<u>1,331</u>	<u>110,024</u>	<u>3,391</u>	<u>60</u>	<u>236</u>	<u>3,687</u>	<u>113,711</u>	<u>111,888</u>
<i>Housing Association Grants and other grants</i>										
At beginning of year	89,121	469	1,763	91,353	-	-	2	2	91,355	89,600
Additions during year	926	-	423	1,349	-	-	-	-	1,349	2,313
Disposals during year	-	-	-	-	-	-	(2)	(2)	(2)	(558)
Transfers	1,266	-	(1,266)	-	-	-	-	-	-	-
At end of year	<u>91,313</u>	<u>469</u>	<u>920</u>	<u>92,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,702</u>	<u>91,355</u>
Development allowances received in the year amounted to £19,298 (2007 £120,472)										

## Notes to the Accounts (Continued)

### 9. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Rental debtors	197	322
Development funding receivable	8	24
Other debtors	276	838
Prepayments and accrued income	58	63
	<u>539</u>	<u>1,247</u>

### 10. Creditors due within one year

Rent in advance	239	209
Housing loans	299	313
Other taxation and social security	136	135
Development costs	281	422
Creditors and accruals	2,279	2,297
Service Equalisation Account	191	276
	<u>3,355</u>	<u>3,652</u>

### 11. Creditors due outwith one year

Housing Loans	6,591	6,876
Other Creditors	1,035	1,035
	<u>7,627</u>	<u>7,911</u>
In one year or less	299	313
Between one and two years	299	324
Between two and five years	897	1,038
In five years or more	5,427	5,516
	<u>6,922</u>	<u>7,191</u>

Housing loans are secured by legal charges against certain housing properties.

### 12. Rent Arrears and Rent

	2008	2007
Rent arrears	£182,126	£314,963
Average monthly rent	£213	£210
Average rental increase	3.6%	4%

### 13. Called Up Share Capital

	£	£
Shares of £1 each issued and fully paid:		
At beginning of year	781	761
Movement during year	(117)	20
At end of year	<u>664</u>	<u>781</u>

## Notes to the Accounts (*Continued*)

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.

### 14. Restricted Reserves

	Opening Balance £'000	Transfer from/(to) Revenue Reserve £'000	Expended in Year £'000	Closing Balance £'000
Special reserves	133	68	(51)	150
Development reserve	68	(56)	(12)	-
Development risk reserve	76	(76)	-	-
Replacement of equipment reserve	1,049	(1,049)	-	-
General reserve	313	(313)	-	-
	<u>1,639</u>	<u>(1,426)</u>	<u>(63)</u>	<u>150</u>

### 15. Designated Reserves

	Opening Balance £'000	Transfer from Revenue Reserve £'000	Expended In Year £'000	Closing Balance £'000
Replacement of Equipment	-	1,300	-	1,300
Planned Maintenance	6,917	310	(9)	7,218
	<u>6,917</u>	<u>1,610</u>	<u>(9)</u>	<u>8,518</u>

During 2007/08 the Board agreed to rationalise the Reserves in order to promote consistency and to reduce bureaucracy. This has resulted in transfers from restricted reserves to designated reserves and revenue reserves in respect of replacement of equipment reserve, general reserve, development and development risk reserve during the year. These amounts have been correctly reclassified to designated reserves to better represent the rationale behind the reserves involved.

## Notes to the Accounts (Continued)

### 16. Reconciliation of Movement in Accumulated Surplus

	£,000	£,000
Revenue reserve brought forward		3,803
Surplus		499
		<u>4,302</u>
Transfer from restricted reserves	1,426	
Expenditure	<u>63</u>	
Transfer from restricted reserves		1,489
Transfer to designated reserves	(1,610)	
Expenditure	<u>9</u>	
Transfer to designated reserves		<u>(1,601)</u>
Revenue reserve carried forward		<u>4,190</u>

### 17. Units in Management

	2008 No. of Units	2007 No. of Units
Housing accommodation	271	261
Supported accommodation	2,199	2,198
Shared ownership	<u>13</u>	<u>13</u>
Total number of units	<u>2,483</u>	<u>2,472</u>

### 18. Accommodation Managed by Others

#### Name of Managing Body

Leonard Cheshire Foundation	16	16
The Richmond Fellowship	8	8
North Lanarkshire Council	<u>5</u>	<u>5</u>
Total number of units	<u>29</u>	<u>29</u>

### 19. Capital and Other Commitments

Capital Expenditure that has been contracted for but has not been provided for in the accounts	£'000	£'000
	<u>435</u>	<u>648</u>

## 20. Pensions General

Trust participates in 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 scheme.

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

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Trust has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members. 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 Trust paid contributions at the rate of 14.0% of pensionable salaries. Member contributions were 7.0%.

As at the balance sheet date there were 180 active members of the Scheme employed by Trust. The annual pensionable payroll in respect of these members was £3.147m. Trust continues to offer membership of the Scheme to its employees.

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

2007. 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 £310 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £28 million, equivalent to a past service funding level of 91.8%. 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.

## 20.1 Financial Assumptions

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

	% pa
Investment return pre-retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
Rate of price inflation	2.6

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

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

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.

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.

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%

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 next full actuarial valuation will be carried out as at 30 September 2009. An Actuarial Report will be prepared as at 30 September 2008 in line with statutory regulations.

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 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 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.

## 21. Pensions – Growth Plan

Trust participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension Plan.

Contributions paid into the Growth Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Growth Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate

the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

Trust paid contributions at the rate of 14% during the accounting period. Members paid contributions at the rate of 7% during the accounting period. As at the balance sheet date there were 180 active members of the Plan employed by Trust.

Trust continues to offer membership of the Plan 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. 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 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2007. Such a report is required by

legislation for years in which a full actuarial valuation is not carried out. Annual funding updates of the Growth Plan 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 Plan since the last full valuation.

Since the contribution rates payable to the Plan have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2005.

#### 21.1 Financial assumptions

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	<b>% per annum</b>
Investment return pre retirement	6.6
Investment return post retirement	4.5
Bonuses on accrued benefits	0.0
Rate of price inflation	2.5

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

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.

In view of the small funding deficit and the level of prudence implicit in the assumptions used to calculate the Plan liabilities the Trustee has prepared a recovery plan on the basis that no additional contributions from participating employers are required at this point in time. In reaching this decision the Trustee has taken actuarial advice and has been advised that the shortfall of £29 million will be cleared within 5 years if the investment returns from assets are in line with the "best estimate" assumptions. "Best estimate" means that there is a 50% expectation that the return will be in excess of that assumed and a 50% expectation that the return will be lower than that assumed over the next 10 years. These "best estimate" assumptions are 7.6% per annum pre retirement and 4.8% per annum post retirement.

A copy of the recovery plan 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 Growth Plan and confirmed that, in respect of the September 2005 actuarial valuation, it does not propose to

issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2008. An Actuarial Report was prepared as at 30 September 2007 in line with statutory regulations.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's pre October 2001 liability attributable to employment with the leaving employer compared to the total amount of the Plan's pre October 2001 liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance the liabilities in respect of current and former

employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Trust has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2007. As of this date the estimated employer debt for Trust was £26,615.

## **22. Contingent Liabilities**

Trust has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for Trust was £10.5m for the main scheme and £0.03m for the Growth Plan as at 30 September 2007. At this time there is no valuation for leaving the scheme and the Board have no plans to do so.

## **23. Post Balance Sheet Events**

The Board at its meeting on 01 May 2008, agreed to establish a wholly-owned trading subsidiary, this will be registered during 2008/09 with the name 'Trust Enterprises Limited'. The subsidiary will be used to separate the activities of our core activities from those which are likely to generate trading income and expenditure.

On 11 June 2008, Trust has agreed the purchase of a new Glasgow Office at Watermark Business Park; the existing Glasgow office will be placed on the market for sale and staff relocated to the new office in January 2009.

**This information is available in Braille, tape,  
large print and community languages.  
To request a copy please contact 0131 444 1200**

تتوفر هذه المعلومات بلغة برايل للعميان وعلى شريط سمعي وبخط كبير وبلغات الجاليات العرقية. لطلب نسخة  
الرجاء الاتصال برقم الهاتف 0131-444 1200

यह जानकारी ब्रेल, टेप, बड़े अक्षरों और समुदायों की भाषाओं में उपलब्ध है। इस की नकल  
(कापी) के निवेदन के लिए कृपया कर इस नंबर 0131-444 1200 पर फोन करें।

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ہے۔ انکی نقل حاصل کرنے کے لیے برائے مہربانی 0131-444 1200 پر رابطہ کریں۔

ਇਹ ਜਾਣਕਾਰੀ ਬ੍ਰੇਲ, ਟੇਪ, ਵੱਡੇ ਪਿੰਟ ਅਤੇ ਭਾਈਚਾਰੇ ਦੀਆਂ ਭਾਸ਼ਾਵਾਂ ਵਿਚ ਉਪਲਬਧ ਹੈ। ਇਸਦੀ  
ਨਕਲ (ਕਾਪੀ) ਦੀ ਬੇਨਤੀ ਵਾਸਤੇ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 0131-444 1200 ਤੇ ਸੰਪਰਕ ਕਰੋ।

এই তথ্যগুলি ব্রেইল, টেপ, বড় হরফ ও অন্যান্য ভাষায় পাওয়া যাবে। কপির জন্য অনুরোধ করতে হলে  
দয়া করে 0131-444 1200 নম্বরে যোগাযোগ করবেন।



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