

Grampian Housing Association Limited

**Report of the Board of Management and
Financial Statements
31 March 2007**

Registration Particulars:

Financial Services Authority

Housing (Scotland) Act 2001
Registered Number 1769 R (S)

Communities Scotland

Industrial and Provident Societies Act 1965
Registered Number HAL 120 AL

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

For the year ended 31 March 2007

Contents

Board of Management, Executives and Advisers	1 - 2
Report of the Board of Management	3 – 8
Statement of Board of Management Responsibilities	9
Board of Management’s Statement on Internal Financial Controls	10
Auditor’s Report	11 – 12
Income and Expenditure account	13
Balance Sheet	14
Cash Flow Statement	15
Accounting Policies and Notes to the Financial Statements	16 - 36

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2007

The Board of Management and Executive Officer

The Board of Management and the Executive Officer who held office during the year (and their dates of appointment or resignation where appropriate) together with the interests of the board members at the year end in the share capital of the Association at 31 March 2007 and 2006 (or date of appointment if later) follow:

<i>Board members</i>	Number 2007	Number 2006
David Young (Chair)	1	1
Graham Morrison	1	1
Berit Jarvis* (re-elected 21 September 2006) (Vice Chair until 31 October 2006) (resigned 27 February 2007)	1	1
John Fraser (re-elected 21 September 2006)	1	1
Steve Delaney (Vice Chair from 31 October 2006)	1	1
Hugh Munro	1	1
Richard Robertson # (re-elected 21 September 2006)	1	1
William McKimmie	1	1
Sophy Copland	1	1
Dr Leela Gautam	1	1
Keith Harrison *	1	1
George Ross (re-elected 21 September 2006)	1	1
Rae Munro #	1	1
James Blair * (Appointed 21 September 2006)	1	1
Linda Gorn (Co-opted)	-	-
Anne Robertson (Co-opted)	-	-
John Stewart (Co-opted)	-	-
<i>Members filling casual vacancies</i>		
Keith Jones	1	-

*Customer board member

Sharing Owners

Executive officer

Alan J Moat (Chief Executive/Secretary)

An executive officer of the Association although not having the legal status of director acts as an executive within the authority delegated by the Board.

The Board members at the year end listed below were also members of the Board of Management of Kirkgate Holdings Limited (a subsidiary of Grampian Housing Association Limited) and have the following interests in the share capital at 31 March 2007 and 2006 (or date of appointment if later):

	Number 2007	Number 2006
Berit Jarvis (resigned 27 February 2007)	1	1
David Young	1	1
John Fraser	1	1
William McKimmie	1	1
Graham Morrison	1	1
Hugh Munro	1	1
George Ross	1	1

The following were members of Kirkgate Holdings Limited Board only:

Walter W Murray (Chairman)	1	1
George Cruickshank	1	1
Ian McAdam	1	1

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2007

Registered Office:

Huntly House
74 Huntly Street
Aberdeen
AB10 1TD

Auditors:

Baker Tilly UK Audit LLP
23 Queen Street
Edinburgh
EH2 1JX

Bankers:

The Royal Bank of Scotland plc
12 Golden Square
Aberdeen
AB10 1DU

Bank of Scotland
38 Albyn Place
Aberdeen
AB10 1ZS

THFC (Social Housing Finance) Limited
4th Floor
107 Cannon Street
London
EC4N 5AF

Dunfermline Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

Solicitors:

Raeburn Christie Clark and Wallace
12 - 16 Albyn Place
Aberdeen
AB10 1PS

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

The Board of Management present their report and audited financial statements for the year ended 31 March 2007.

Principal Activities and Objectives

The principal activity of Grampian Housing Association is to provide and manage quality accommodation for people in housing need. The Association owns and manages a wide range of housing for rent. It also has a considerable portfolio of shared ownership properties. It provides accommodation for the homeless through its lead tenancies and it has a special and expanding relationship with Aberdeen Foyer in terms of the provision of accommodation for young people. In partnership with others it provides special needs accommodation throughout the Grampian area. The Association also provides development services for other Registered Social Landlords (RSLs) in the Grampian and Moray areas. Factoring services are provided for a wide range of homes. The Association also has developing relationships with other agencies including NHS Grampian, Homechoice and Grampian Community Care Charitable Trust (GCCCT). The future objectives of the Association are broadly based within the context of the provision of social housing, and the associated wider housing and related fields. Objectives are measured by appropriate Key Performance Indicators, which are regularly reviewed within the Association's committee structure and as reported to Communities Scotland Registration and Inspection.

Legal Status

Grampian Housing Association Limited (the Association), is incorporated in Scotland and registered with the Financial Services Authority under the Industrial and Provident Societies Act, 1965, as a registered Housing Association. It has two subsidiaries: Kirkgate Holdings Limited and Kirkgate Homes Limited (dormant company).

Board Members and Training

The Association operates a formal induction process for new board members, and regularly reviews the composition of its board to ensure, as far as possible, that its membership comprises an appropriate gender balance with equal opportunities for all members and appointees. A skills audit has been performed, and following on from the appraisal process further board training will be undertaken to ensure that members possess an appropriate mix of skills.

Housing Stock

During the year the Association completed 78 units of new rental properties. 27 new units were completed at Reiket Lane Elgin (Calcotts Crescent etc), 25 were at Fingask Place, Oldmeldrum, 20 were at School Brae Place, Elgin, and 6 at Scotsmill Gardens, Blackburn. In addition 4 new shared ownership properties were completed at Sinclair Place, Cove.

Also during the year 8 homes passed from the Association's ownership as tenants exercised their Right to Buy. In addition 51 shared ownership properties were lost through sharing owners exercising their right to staircase to 100% ownership. Also 4 properties were added to the Association's portfolio under the Mortgage to Rent scheme.

At the year-end the Association had 2,281 rental properties, and 450 shared ownership properties in management. It also currently leases 87 properties to Aberdeen Foyer and provides factoring services for over 600 other homes in the Grampian area. Also worthy of note was the completion and sale of 18 units at Kingseat Newmachar, under Homestake, which is the new Communities Scotland sponsored Shared Equity Scheme.

Development

The Association's growth has continued through its substantial ongoing development programme, and partnership relationships. At the year-end there were 803 property units either under development, or being considered for future development. Of these, 412 units are identified for development under the Devanha volume procurement partnership initiative for the future ownership of the Association, 202 units for agency/partnership associations and 189 units for the Association, outwith Devanha. Included in these totals at the year-end were 64 units for Homestake. The wide geographical span of operations spreads throughout Aberdeen City, Aberdeenshire and Moray. Property units were being developed for the Association itself or under partnership agreements with Aberdeenshire Housing Partnership, Langstane Housing Association, Moray Housing Partnership and GCCCT.

Development (*continued*)

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

Looking to the future, further developments will primarily be undertaken under the Devanha programme, whose membership comprises of Grampian and the other four local RSLs. Capital commitments of £4,507,000 were authorised and contracted for in the immediate future.

The Association's capital investment on housing properties for the year ended 31 March 2007 was £7,664,000. This was funded in part by way of Housing Association Grant (HAG) funding from Communities Scotland, which amounted to £6,427,000, and other grants amounting to £48,000. The remainder was funded from the Association's own resources, which included £3,418,000 of sales proceeds from sharing owners and other property sales, from which capital grants (HAG) of £1,381,000 were repaid.

Income and Expenditure

The Association had a turnover of £8,630,000, an increase of 7% on the previous year's £8,040,000. On this turnover it showed a surplus before tax of £596,000, compared with a surplus of £424,000 in 2006. Within the reported surplus figure it should be further noted that the Association had a record surplus on disposal of housing assets of £1,361,000, which compared to the previous year's figure of £821,000. However, repair costs were also at a record level at £3,726,000, which represented 49% of the total operating costs, and this was an increase of £489,000 or 15% when compared to the previous year's figure of £3,237,000. Significant expenditures were incurred in extensive programmes of window, kitchen and boiler replacements. The window replacements were completed in the former Burnsfield HC, Moray HC and the LSVT housing stock areas (ex. Scottish Homes). The kitchen replacements were mainly to the Association's own build where properties were in excess of 15 years old. While the boiler replacements were to various properties including the former Scottish Homes stock (LSVT and Co-operatives), and in the Association's own build properties this was done to replace older inefficient boilers and others with historical problems; new radiators and main heating circuits were also replaced as necessary. We continued with the Block refurbishment programme at Nigg Kirk Road, with the current contract covering blocks 2, 28 and 30, and we are proposing to carry out further refurbishment works this forthcoming year. Over previous years we have been improving the security of our blocks of flats with upgraded door entry systems, which have a computer controlled electronic fob system, and this has been extended to cover the majority of our flatted properties where appropriate. With regard to district heating systems, new heat meters have been purchased to aid the control of the resident's energy systems, which should be installed, in all properties over the next year. Net interest charges increased to £1,721,000 from £1,627,000, which is due to greater investment, and to higher interest rates on variable borrowings. It should be noted that the Association operates within a stable finance environment with a high proportion of fixed interest rates.

Balance Sheet

At the year-end the gross cost housing properties amounted to £121,601,000 (an increase of £6,541,000) and after allowing for depreciation and HAG these have a net book value of £37,388,000. For information, it should be noted that the last valuation of the housing stock was carried out on 31 March 2004, by the external valuer DTZ Pieda Consulting, on an Existing Use Valuation, Social Housing basis (EUV-SH), which then valued the housing stock at £49,012,000. For information, it should be noted that an updated valuation will be completed during 2007, which is expected to show a further significant increase in value. The other tangible fixed assets increased, on a cost net book value basis from £2,945,000 to £2,952,000.

The current assets stock of housing buybacks decreased to a nil figure at the year-end, which compares with the previous year's figure of £268,000, the net Work in Progress has increased from £1,099,000 to £1,848,000, which refers to the development of assets under construction on behalf of other Housing Associations and the Devanha partners.

Current debtors have increased from £1,403,000 to £1,966,000, which is mainly due to a much higher amount of Housing Association Grant (HAG) being due from Communities Scotland at the year-end. The short-term loan to the subsidiary undertaking (Kirkgate Holdings Ltd) is attributable to a development site, which has been purchased at Collieston. The cash at bank and in hand at £1,547,000 reduced slightly by £16,000 at the year-end.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

Balance Sheet *(continued)*

Short-term Creditors show an increase from £4,147,000 to £5,447,000, which is due to significant cyclical contractual works unpaid at March 2007. With regard to long-term creditors the loans have decreased slightly from £33,477,000 to £33,141,000, because of loan repayments.

Reserves

At the year-end the Revenue reserves have increased from £545,000 to £743,000. Looking ahead these reserves will cover a minimum of three months of working capital funding for salaries and office overheads, although the Royal Bank of Scotland facility agreement, which is under utilised, allows cash draw-downs at relatively short notice. In addition, late cash receipts of HAG from Communities Scotland can also significantly influence the working capital position just before the year-end.

Designated reserves are resources internally generated from operations, which have been set aside to provide for planned cyclical repairs. A net amount of £241,000 was transferred into designated reserves, which now stand at £4,475,000. These reserves are based on the Association's obligation to maintain its housing properties in a satisfactory state of repair, and the amount set aside will cover the next two years of planned cyclical works. The Association has also now obtained feedback from Communities Scotland on its long-term repair programme to comply with the Scottish Housing Quality Standard (SHQS), and apart from an updated energy audit the Association complies with the SHQS.

The Capital reserve has decreased from £2,007,000 to £1,974,000, which is due to property sales. In summary, the Revenue reserves and Designated reserves have increased from £4,779,000 to £5,218,000, which represents an increase of £439,000.

Staffing

Staff numbers increased for full time equivalent persons from 67 to 79, reflecting the continued growth of the Association.

Wider Action and Customer Participation

This year saw the conclusion of the wider role grant funding of the Financial Inclusion Project, from its initial 3 year 100% grant period. During the year, an evaluation was carried out indicating that the project had been highly successful at meeting customer needs and at addressing its objectives. Highlights of the evaluation include:

- 83% of clients felt able to budget more effectively
- 85% said they could cope better with debt
- 88% were more confident in dealing with their finances
- 76% said their health had improved after their contact with the project.

Other major events in the field of financial inclusion were the establishment of a savings and loans scheme in partnership with the Royal Bank of Scotland and the development of a new money advice service for the City's regeneration areas.

The year just ended was also the first full year of the furniture project, a joint venture between four local RSLs and The Instant Neighbour Charity. After a very slow start, the project was reviewed and part packages introduced. This helped to meet the clients needs and the project was going very well by the end of the year.

This was a year of consolidation for the Assist Project, which is a housing support programme that helps tenants to address issues by providing free confidential support advice in such areas as family problems, benefits areas, rent arrears and health and substance misuse problems. After some initial staffing difficulties, by the year-end the project was extremely busy with 42 live cases and 50 pending. The project has helped to prevent evictions amongst some of the Association's most vulnerable tenants. The Assist Project is partly funded in conjunction with Tenants First Housing Co-operative and with grant support from Communities Scotland.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

Wider Action and Customer Participation *(continued)*

Our partnerships with MAP (Moray Against Poverty) and the Opportunity Gateway continued with the focus turning to evaluation and future funding issues.

Support work to the fledgling social firm, Solstice has continued at a significant level this year. This has taken the form of funding applications, strategy work and the filling role of Company Secretary. We have also been active in supporting MeAL, which offers support for ethnic minorities, although they have faced a difficult year of transition as the former Chief Executive resigned to take up residence abroad. Street Football Aberdeen and Street Football Aberdeenshire are both bedding down well, with a great deal of positive feedback from the young people involved.

A special focus continues to be placed on working in Torry. Work has centred on developing 'The Flagship' concept, developing a partnership with Exxon regarding their redundant site in Torry and providing support to the Old Torry Partnership. A very successful visit was made to the Ardler and Raploch developments, which formed the basis for planning our relationship with the Urban Development Company proposed by Aberdeen City Council.

Customer Participation in the design and delivery of services remains an important objective for the Association despite the difficulties in encouraging customers to participate where there is no burning issue affecting them locally. Work during 2006/07 has included consultation with residents in areas where open space maintenance is an issue, consultation in respect of the annual rent review, and another successful customer conference although numbers were low.

The Association feels that its Participation Strategy should be open to scrutiny and that there is a need to ensure that the strategy reflects the views of those being asked to participate as well as the needs of those asked to deliver it. An independent audit of the current approach has therefore been commissioned and the findings of this will be used to identify a revised strategy and action plan for the future.

Partnerships

The Association continues to work closely with partners such as NHS Grampian, GCCCT, Aberdeen Foyer, the Church of Scotland and Homechoice over a wide range of projects.

During the year our subsidiary company Kirkgate Holdings Limited, developed a new medical centre at Oldmeldrum on behalf of NHS Grampian, which was completed on time and on budget and the official opening ceremony was performed by Lewis MacDonald MSP. A significant development was also completed, during the year for GCCCT at Pitmedden Terrace. Although no new properties were occupied by Aberdeen Foyer, their first full year in their new shared office complex with NHS Grampian at College Street, which was completed by the Association, was very successful as further noteworthy social and business awards were attained by them. Also during the year, planning permission was sought for the development of the Timmer Market site, for both affordable rent, and the provision of a new drugs facility for NHS Grampian. Aberdeen City Council Planning Committee unfortunately rejected this innovative and much needed development for planning consent, although the Association hopes to submit a further revised application in due course.

The Association's involvement with the Old Torry Partnership (OTP) has continued to progress during the year, and an ambitious redevelopment and regeneration proposal for that part of Aberdeen is under active consideration. Since the year-end a new newsletter has been published and distributed to all interested parties. The review of future plans for Aberdeen City continues to be considered by the Council, and the Association has been actively involved in a participative manner.

During the year discussions have progressed with the four other RSLs in Aberdeen and Aberdeenshire, which has cumulated in the formation of Devanha Limited, and the appointment of a new Programme Director for the initiative. Devanha is a partnership company, which has been strategically and jointly created, and an agreed volume procurement programme for future housing developments has been established for a three to four year period. A large site at Donside has been acquired by Tenants First Housing Co-operative on behalf of the other Devanha partners, including Grampian, for future development. Following a tendering exercise, exclusive long-term agreements for Devanha have been concluded with contractors and consultants.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

Rent Policy and Harmonisation

The Association aims to continue to house those in housing need in both rented and shared ownership housing. The objectives are to charge affordable rents and to charge similar rents for similar sizes and types of property, where appropriate, depending upon the geographical location. The Association's policy, for a number of years has been to increase rents by using the Retail Prices Index (RPI) as a point of reference with an increase being applied of RPI +1% on 1st July 2007. However, for the new year commencing 1st July 2007 only, the Association decided to increase rents by using the Consumer Price Index (CPI) as the guide rather than the RPI. This effectively triggered an overall reduction in the increase to our tenants of 1.4% when compared to the normal rent's policy. The Association is also moving towards rent harmonisation.

Risk Management

The Association has a draft risk management policy, which is currently under review, and a final new policy will be submitted for the approval of the Board in the near future. The internal audit and compliance functions have also been under review, and the appointment of an external consultant for compliance matters has been recommended to the Association's Audit Committee. The appointment of new Internal Auditors has been delayed, for practical reasons, following the implementation of a new Finance IT System within the Association.

Treasury Management Policy

Under its Rules the Association cannot enter into transactions of a speculative nature. At the year-end the Association had an appropriate mix of fixed and variable rate funding arrangements. The Association has an active treasury management function, which operates in accordance with the treasury policy approved by the Board of Management. During the year continual active improvements in working capital controls delayed bank cash drawdowns and realised net interest savings for the Association.

Maintenance Policies

The Association seeks to maintain its properties to the highest standards. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all of these repairs will be charged to the Income and Expenditure Account. In addition, the Association has a long-term programme of major repairs to cover for works, which have become necessary since the original developments were completed, including works required by subsequent legislative changes. This includes replacement or repairs to components of the properties, which have come to the end of their economic lives. The cost of these repairs is to be charged to the Income and Expenditure Account, unless it is agreed they can be capitalised within the terms outlined in the Statement of Recommended Practice (SORP).

Credit Payment Policy

The payment policy, which the Association follows, is to pay all purchases within 28 days, although some payments are settled in 14 days, and in accordance with creditor terms.

Statement as to disclosure of information to auditors

The Board Members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board Members have confirmed that they have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2007

Auditors

The Board Members, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989 s26 (5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of Baker Tilly UK Audit LLP, as auditors, will be proposed at the Annual General Meeting.

By order of the Board

Alan J Moat
Secretary

Aberdeen
28 August 2007

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31 March 2007

Statute requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board of Management is required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Board of Management confirms that the financial statements comply with these requirements.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board of Management

Alan J Moat
Secretary

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2007

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. These controls are designed to give reasonable assurance with respect to:

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

It is the Board 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 mis-statement 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. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Board of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Board of Management members and Co-optees;
- the Board of Management reviews reports from their Senior Management Team, staff and from the external auditors, and from specialised consultants to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association;
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Management has reviewed the system of internal financial control in the Association for the year ended 31 March 2007 and until the below date. No weaknesses were found in internal financial controls which could result in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board of Management

Alan J Moat
Secretary

GRAMPIAN HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of

Grampian Housing Association Limited

Corporate Governance

In addition to the audit of the financial statements, we have reviewed the Board of Management's statement on page 10 on the Association's compliance with the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the publication not otherwise disclosed.

Basis of Opinion

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

Opinion

In our opinion the statement on internal financial control on page 10 has provided the disclosures required by the section on Internal Financial Controls within SFHA's document "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

4 September 2007

LLP

Baker Tilly UK Audit
Registered Auditors
Chartered Accountants
Edinburgh

GRAMPIAN HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of

Grampian Housing Association Limited

We have audited the financial statements on pages 13 to 36, which have been prepared under the accounting policies set out on pages 16 to 18.

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

Respective responsibilities of Board of Management and auditors

The Board of Management's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Board of Management's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999. We also report to you if, in our opinion, the Board of Management's 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 other transactions is not disclosed.

We read the Board of Management's Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2007 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 and the Registered Housing Associations (Accounting Requirements)(Scotland) Order 1999.

4 September 2007
LLP

Baker Tilly UK Audit

Registered Auditors
Chartered Accountants

GRAMPIAN HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of

Grampian Housing Association Limited

Edinburgh

GRAMPIAN HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2007

	<i>Note</i>	2007	2006
		£000	£000
Turnover	<i>1 & 2</i>	8,630	8,040
Operating costs		(7,674)	(6,810)
		<hr/>	<hr/>
Operating surplus		956	1,230
Surplus on disposal of housing fixed assets		1,361	821
Interest receivable	<i>8</i>	112	69
Interest payable	<i>9</i>	(1,833)	(1,696)
		<hr/>	<hr/>
Surplus on ordinary activities before Taxation		596	424
Taxation on surplus on ordinary activities	<i>10</i>	(190)	(207)
Grant receivable against taxation		-	100
		<hr/>	<hr/>
Surplus on ordinary activities after Taxation for the financial year	<i>19</i>	406	317
		<hr/> <hr/>	<hr/> <hr/>

All figures relate to continuing operations.

The Association has no recognised surpluses or deficits other than those included in the surplus above, and therefore no separate statement of total recognised surpluses and deficits has been presented.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2007

	<i>Note</i>	2007	2006
		£000	£000
Tangible fixed assets			
Housing properties – gross cost			
less depreciation	<i>11</i>	119,322	113,106
Less Housing Association Grant	<i>11</i>	(75,514)	(69,607)
Less Other Grants	<i>11</i>	(6,420)	(6,372)
		<hr/>	<hr/>
		37,388	37,127
Other	<i>12</i>	2,952	2,945
		<hr/>	<hr/>
		40,340	40,072
Current assets			
Stock and Work in Progress	<i>13</i>	1,848	1,367
Debtors	<i>14</i>	1,966	1,403
Cash at bank and in hand	<i>15</i>	1,547	1,563
		<hr/>	<hr/>
		5,361	4,333
Creditors: amounts falling due			
Within one year	<i>16</i>	(5,447)	(4,147)
		<hr/>	<hr/>
Net current (liabilities)/assets		(86)	186
Debtors: amounts falling due			
after one year	<i>14</i>	305	309
		<hr/>	<hr/>
		219	495
		<hr/>	<hr/>
Total assets less current			
Liabilities		40,559	40,567
Creditors: amounts falling due			
After more than one year	<i>17</i>	(33,366)	(33,780)
		<hr/>	<hr/>
Net assets		7,193	6,787
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	<i>18</i>	1	1
Designated reserves	<i>19</i>	4,475	4,234
Capital reserve	<i>19</i>	1,974	2,007
Revenue reserves	<i>19</i>	743	545
		<hr/>	<hr/>
Shareholders' funds	<i>19</i>	7,193	6,787
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Management on 28 August 2007 and authorised for issue by:

David A Young
Chair

Hugh M Munro
Board Member

Alan J Moat
Chief Executive/Secretary

GRAMPIAN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2007

	<i>Notes</i>	2007		2006	
		£000	£000	£000	£000
Cash flow from operating activities	22		1,467		1,056
Returns on investments and servicing of finance					
Interest received		112		103	
Interest paid		(1,750)		(1,731)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(1,638)		(1,628)
Taxation					
Corporation tax paid		(157)		(150)	
Less grants received		100		178	
		<hr/>		<hr/>	
Net cash (outflow)/inflow on taxation			(57)		28
Capital expenditure and financial investment					
Acquisition and construction of Housing properties		(7,306)		(9,250)	
Purchase of other fixed assets		(157)		(273)	
Capital grants received		5,818		5,719	
Capital grants repaid		(1,449)		(873)	
Sales of housing properties		3,418		2,017	
Sales of other fixed assets		24		14	
		<hr/>		<hr/>	
Net cash inflow/(outflow) from capital expenditure and investing activities			348		(2,646)
			<hr/>		<hr/>
Net cash inflow/(outflow) before use of liquid Resources and financing			120		(3,190)
Financing					
Loan advances received		63		3,441	
Loan principal repayments		(140)		(131)	
		<hr/>		<hr/>	
Net cash (outflow)/inflow from financing	24	(77)		3,310	
Increase in loan to subsidiary					
Undertaking	23	(59)		(137)	
		<hr/>		<hr/>	
			(136)		3,173
			<hr/>		<hr/>
Decrease in cash in the year	23 & 24		(16)		(17)
			<hr/> <hr/>		<hr/> <hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

The Association is incorporated under the Industrial and Provident Societies Act 1965, is registered by the Financial Services Authority and is a Registered Social Landlord.

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules. They comply with the Registered Housing Associations (Accounting Requirements) (Scotland) Order 1999 and with the Statement of Recommended Practice (SORP), Accounting by Registered Social Landlords 2005.

Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and Communities Scotland and fees from the provision of management services.

Development costs and allowances

Development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are included in Housing Association Grant (HAG) or are treated as deferred allowances in accruals and deferred income while development costs are added to housing properties. Deferred development allowances are used to fund future development costs.

Housing properties, housing association grant and depreciation

(a) Housing properties are stated at cost. The development costs of housing properties include the following:

- cost of acquiring land and buildings;
- development expenditure; and
- interest charged on the development loans raised to finance the scheme.

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.

(b) For developments under the terms of the 1988 Housing Act, Housing Association Grant (HAG) is paid directly to the Association as required to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted by the level of sales proceeds.

(c) Land is not depreciated. Depreciation is charged so as to write down the value of housing properties on a straight line basis over their remaining estimated useful economic lives. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources. It is the Association's view (based on a detailed knowledge of the stock, its condition, and the future programme of component renewal) that the stock has a very long remaining life. This life for use in the accounts was 100 years from the date of practical completion. Depreciation is charged on a development by development basis.

Properties are disposed of under the appropriate legislation and guidance. 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, which are deducted from cost. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the financial statements.

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets is recognised currently in the income and expenditure account.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1 Accounting policies (continued)

Housing properties, housing association grant and depreciation (continued)

(d) Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in net rental income; or
- a reduction in future maintenance costs; or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria are currently charged to the income and expenditure account.

Other fixed assets

Other fixed assets are stated at cost. The development costs of other fixed assets include the following:

- cost of acquiring land and buildings; and
- development expenditure.

Depreciation is calculated to write down the cost of other fixed assets on a straight line basis over their expected useful lives as follows:

Commercial Buildings	100 years
Office Buildings	50 years
Plant, machinery, fixtures and motor vehicles	3 to 5 years
Computer hardware and software	4 years

Designated reserves

Cyclical and major repairs reserve

This reserve is based on the Association's obligation to maintain its housing properties in a satisfactory state of repair. Reactive repairs are met from revenue in the year in which they are incurred. However repairs of a cyclical or long-term nature are carried out in accordance with the Association's life cycle costing programme and will be funded from designated reserves. External decoration is planned to take place every 4 years with decoration of internal common parts every 8 years and major components replaced in accordance with the life cycle programme.

The reserve must also cover future major repairs expenditure. The actual cost is charged to the income and expenditure account and is covered by a reserve transfer. The Association's rental policy takes into account the need for adequate major repairs provisions to accumulate.

Anticipated spend on cyclical and major repairs over the next five years is £10,958,000.

Capital reserve

Amounts arising on business combinations in respect of acquisitions are included within capital and reserves and released to the income and expenditure account in the periods in which the fair values of the non-monetary assets acquired on the same acquisition are recovered, whether through depreciation or sale.

Pensions

The Association participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The Association also participates for one member of staff in a pension scheme providing benefits based on final pensionable pay. Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Association.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

1 Accounting policies (continued)

Taxation

The charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Loans and Grants

Loans are advanced by private or public lenders under the terms of individual mortgage deeds in respect of each development or under a global facility secured on existing developments. Grants from Communities Scotland or local authorities are payable to subsidise the capital cost of housing developments. Grants from Communities Scotland take the form of Housing Association Grant (HAG) funding. Advances are generally available only in respect of those developments which have been given approval by Communities Scotland.

Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Deferred Income

Income received in advance for commercial properties (in the form of a grassum) and for housing properties from the Foyer is treated as deferred income and released to the income and expenditure account over the period to which the rent relates.

Operating leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease.

Stock

Stock and work in progress is stated at the lower of cost and net realisable value.

Developments in progress for other Associations are included in Work In Progress at cost net of the related HAG.

VAT

The Association is VAT registered. However a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT. There is a group VAT registration scheme.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

2. Particulars of turnover, operating costs, cost of sales and operating surplus by class of business

	<i>Note</i>	Turnover	Operating costs	Housing Depreciation	Operating surplus/(deficit)	Sales of fixed Assets	Interest receivable	Interest payable	2007 Surplus/(Deficit)	2006 Surplus/(Deficit)
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Income and expenditure from Lettings										
General needs housing accommodation	3	6,440	(5,443)	(327)	670	-	-	(1,485)	(815)	(495)
Shared ownership accommodation	3	748	(245)	(34)	469	-	-	(237)	232	248
Other	3	313	(159)	-	154	-	-	(57)	97	77
		<u>7,501</u>	<u>(5,847)</u>	<u>(361)</u>	<u>1,293</u>	<u>-</u>	<u>-</u>	<u>(1,779)</u>	<u>(486)</u>	<u>(170)</u>
Other income and expenditure										
Pre-development costs		269	(378)	-	(109)	-	-	-	(109)	(127)
Factoring		195	(319)	-	(124)	-	-	-	(124)	(74)
Other		665	(769)	-	(104)	-	-	(54)	(158)	(95)
		<u>1,129</u>	<u>(1,466)</u>	<u>-</u>	<u>(337)</u>	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>(391)</u>	<u>(296)</u>
Total		<u>8,630</u>	<u>(7,313)</u>	<u>(361)</u>	<u>956</u>	<u>-</u>	<u>-</u>	<u>(1,833)</u>	<u>(877)</u>	<u>(466)</u>
Investment income					-	-	112	-	112	69
Disposal of fixed assets					-	1,361	-	-	1,361	821
Total Surplus/(Deficit) before taxation					<u>956</u>	<u>1,361</u>	<u>112</u>	<u>(1,833)</u>	<u>596</u>	<u>424</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

Income and expenditure from lettings

	General Needs £000	Shared Ownership £000	Other £000	Total 2007 £000	Total 2006 £000
Rents receivable net of identifiable service charges	6,113	656	-	6,769	6,315
Service charges receivable eligible for housing benefit	355	98	-	453	368
Other income	-	-	313	313	298
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Less rent losses from voids	6,468 (28)	754 (6)	313 -	7,535 (34)	6,981 (41)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net rents receivable from lettings	6,440	748	313	7,501	6,940
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on lettings					
Services	(450)	-	-	(450)	(385)
Management	(1,151)	(244)	-	(1,395)	(1,245)
Routine and cyclical maintenance	(3,726)	-	-	(3,726)	(3,237)
Rent losses from bad debts	(67)	(1)	-	(68)	(39)
Other costs	(49)	-	(159)	(208)	(205)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure on lettings	(5,443)	(245)	(159)	(5,847)	(5,111)
Depreciation	(327)	(34)	-	(361)	(333)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating surplus on lettings	670	469	154	1,293	1,496
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Average weekly rent levels for assured rents on

General needs accommodation

£55.65 £53.00

Average annual increase

5.00% 5.41%

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

4. Housing stock

	Units under development		Units under management	
	2007	2006	2007	2006
Housing accommodation for letting:				
New build and mixed funded	203	247	2,281	2,207
	<hr/>	<hr/>	<hr/>	<hr/>
Home ownership accommodation:				
Shared ownership	-	21	450	498
	<hr/>	<hr/>	<hr/>	<hr/>

5. Remuneration of members of board of management and directors

No members of the Board of Management received any remuneration from the Association.

Directors are defined to include the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments including pension contributions exceed £40,000 per year.

	2007	2006
	£000	£000
Total emoluments payable to directors (including pension contributions)	292	274
Pension contributions	29	26
	<hr/>	<hr/>
	321	300
	<hr/>	<hr/>
Emoluments payable to the highest paid director (the Chief Executive)	78	76
Pension contributions	8	7
	<hr/>	<hr/>
	86	83
	<hr/>	<hr/>

The Chief Executive is a member of the Association's defined contributions pension scheme as disclosed in note 27.

The directors' emoluments (excluding pension contributions) fell within the following band distributions:

More than £45,000 but not more than £50,000	1	1
More than £50,000 but not more than £55,000	1	1
More than £55,000 but not more than £60,000	1	1
More than £75,000 but not more than £80,000	1	1

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

10. Taxation

Analysis of charge in year

	2007	2006
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	196	170
Adjustment in respect of previous years	(13)	45
	<hr/>	<hr/>
Total current tax	183	215
Deferred tax movement	(13)	(8)
Adjustment in respect of previous periods	20	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	190	207
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2006: higher) than the standard rate of corporation tax in the UK (30%, 2006: 30%). The differences are explained below:

	2007	2006
	£000	£000
<i>Current tax reconciliation</i>		
Surplus on ordinary activities before tax	596	424
	<hr/>	<hr/>
Current tax at 30% (2006: 30%)	179	127
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10	(2)
Other timing differences	19	-
Depreciation for year in excess of capital allowances	(6)	8
Profit on sale of housing properties (including allowable overheads)	(447)	(282)
Depreciation on assets not qualifying for capital allowances	128	119
Capitalised interest	(32)	(16)
Capital gains	373	235
Capital gains rolled over	(25)	(14)
Small companies relief	(3)	(5)
Adjustments to tax charge in respect of prior years	(13)	45
	<hr/>	<hr/>
Current tax charge for the year (see above)	183	215
	<hr/>	<hr/>

Factors that may affect future tax charges

- (i) In the year ended 31 March 2007 the association disposed of housing properties resulting in capital gains for which roll-over relief against replacement assets will be claimed. The estimated tax liabilities which would arise if such claims were not made amount to £25,000.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

10. Taxation (continued)

Deferred taxation

The movement in the deferred taxation account during the year was:

	2007	2006
	£000	£000
Balance brought forward	(24)	(16)
Income & Expenditure account movement arising during the year	(13)	(8)
Adjustment in respect of previous periods	20	-
	<hr/>	<hr/>
Balance carried forward	(17)	(24)
	<hr/>	<hr/>

The balance of the deferred taxation account consist of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation of fixed assets	(4)	(37)
Other timing difference	(13)	13
	<hr/>	<hr/>
Deferred tax asset (note 14)	(17)	(24)
	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

11. Tangible fixed assets - housing properties

	Held for Letting £000	Under construction £000	Completed Shared Ownership £000	Shared Ownership Under Construction £000	Total £000
<i>Cost</i>					
At start of year	89,159	8,381	16,893	627	115,060
Additions during year	436	7,215	55	(42)	7,664
Transfers (note 13)	7,441	(6,580)	300	(300)	861
Disposals in year	(145)	-	(1,839)	-	(1,984)
At end of year	96,891	9,016	15,409	285	121,601
<i>Depreciation</i>					
At start of year	1,713	-	241	-	1,954
Provided for in year	327	-	34	-	361
Eliminated on disposal	(11)	-	(25)	-	(36)
At end of year	2,029	-	250	-	2,279
<i>Housing Association Grant</i>					
At start of year	49,950	6,807	12,400	450	69,607
Additions during year	226	6,180	3	18	6,427
Transfers (note 13)	5,299	(4,438)	226	(226)	861
Disposals in year	(39)	-	(1,342)	-	(1,381)
At end of year	55,436	8,549	11,287	242	75,514
<i>Other Grants</i>					
At start of year	6,123	87	156	6	6,372
Additions	-	48	-	-	48
Transfers	48	(48)	-	-	-
At end of year	6,171	87	156	6	6,420
<i>Net book value</i>					
At end of year	33,255	380	3,716	37	37,388
At beginning of year	31,373	1,487	4,096	171	37,127

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

11. Tangible fixed assets - housing properties (continued)

Security has been granted to lenders in respect of housing properties. Net cumulated interest capitalised in housing properties at 31 March 2007 amounted to £1,333,000. The amount capitalised in the year was £5,000.

As part of its management of its housing properties, the Association obtained reinstatement valuations as at 31 March 2007 for insurance purposes. These were prepared by William I Talbot & Partners (Chartered Quantity Surveyors) following the procedures described in Scale No 47 Scale of Professional Charges for the Assessment of Replacement Costs of Buildings for Insurance, Current Cost Accounting and other Purposes of the Professional Charges for Quantity Surveying Services (July 1988) published by The Royal Institution of Chartered Surveyors. The re-instatement value is £268,531,000 (2006: £252,742,000).

12. Tangible fixed assets - other

	Commercial Properties	Heritable Land and Buildings	Plant machinery Fixtures and motor vehicles	Computer Hardware & software	Total Non housing
	£000	£000	£000	£000	£000
<i>Cost</i>					
At start of year	1,010	2,119	394	414	3,937
Additions during year	17	8	64	68	157
Disposals during year	-	-	(50)	-	(50)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,027	2,127	408	482	4,044
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At start of year	42	314	280	356	992
Provided during year	23	43	36	29	131
Disposals during year	-	-	(31)	-	(31)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	65	357	285	385	1,092
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2007	962	1,770	123	97	2,952
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	968	1,805	114	58	2,945
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in land and buildings is land costing £260,000.

13. Stocks and work in progress

	2007 £000	2006 £000
Housing Stock	-	268
Work in Progress – Cost	27,299	21,154
Work in Progress – Cost transferred (to)/from fixed assets (note 11)	(861)	458
Work in progress – HAG	(25,451)	(20,154)
Work in progress – HAG transferred to/(from) fixed assets (note 11)	861	(359)
	<hr/>	<hr/>
	1,848	1,367
	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

14. Debtors

	2007	2006
	£000	£000
HAG receivable	1,007	283
Rental debtors	193	203
Prepayments and accrued income	64	64
Other debtors	373	480
Grant receivable under Section 54 Housing Act 1988	103	203
Deferred taxation (note 10)	17	24
Loans to subsidiary undertaking due less than one year	209	146
	<hr/>	<hr/>
	1,966	1,403
	<hr/>	<hr/>
Loan to subsidiary undertaking due more than one year	305	309
	<hr/>	<hr/>

An unsecured loan of £309,000 to, the Association's Subsidiary, Kirkgate Holdings includes £305,000, which is recoverable after more than one year. A rate of 6% (fixed for first five years) for this loan is charged to Kirkgate Holding with quarterly repayments of principal and interest amortised over 30 years. Kirkgate Holdings has the option to repay either partially or in full without penalty at any time. In addition there is an interest only unsecured development loan of £205,000 with interest payable being linked to LIBOR and a margin of 1.15%.

The above figure for rental debtors is made up as follows:

	2007			2006		
	Debtor	Provided	Net debtor	Debtor	Provided	Net debtor
	£000	£000	£000	£000	£000	£000
Due from current tenants	229	(58)	171	215	(41)	174
Due from former tenants	84	(84)	-	69	(69)	-
Due from housing benefit	22	-	22	29	-	29
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	335	(142)	193	313	(110)	203
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

£72,000 of bad debts was written off during the year (2006: £45,000).

15. Cash at bank and in hand

During 2005, a cash charge was created between THFC (Social Housing Finance) Limited and Grampian Housing Association Limited, whereby the Association maintains a minimum balance of £235,000 (2006: £179,440) on a specific deposit account.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

16. Creditors: amounts falling due within one year		
	2007	2006
	£000	£000
Loans (secured) - see note 17	399	155
Trade creditors	2,755	1,608
Other creditors including taxation and social security	243	197
Accruals and deferred income	1,978	1,808
Payments on account	72	379
	<hr/>	<hr/>
	5,447	4,147
	<hr/>	<hr/>

Standard securities have been granted to lenders in respect of housing properties.

17. Creditors: amounts falling due after more than one year		
	2007	2006
	£000	£000
Loans (secured)	33,540	33,632
<i>Less: due within one year (note 16)</i>	<i>(399)</i>	<i>(155)</i>
	<hr/>	<hr/>
	33,141	33,477
Amounts due re excess Right To Buy Sales	-	38
Deferred Income	225	265
	<hr/>	<hr/>
	33,366	33,780
	<hr/>	<hr/>

Loans are repayable in instalments due as follows:

	2007	2006
	£000	£000
Monthly instalments	905	928
Quarterly instalments, interest only until 21 August 2007	14,022	18,960
Quarterly instalments, interest only until 21 August 2012	5,000	5,000
Quarterly instalments, interest only until 31 January 2013	5,000	5,000
Quarterly instalments, interest only until 22 August 2022	5,000	-
Bi-annual instalments, interest only, with bullet repayment of principal November 2016	1,236	1,250
Bi-annual instalments	2,377	2,494
	<hr/>	<hr/>
	33,540	33,632
	<hr/>	<hr/>

At 31 March 2007 the last instalment of loans falls to be repaid in the year ending 31 March 2033 (2006: 31 March 2033). Interest is charged at rates between 4.93% and 8.75%, (2006: 4.93% and 8.75%).

Amounts are estimated as repayable as follows:		
	2007	2006
	£000	£000
In one year or less	399	155
Between one and two years	667	399
Between two and five years	2,266	2,130
In five years and more	30,208	30,948
	<hr/>	<hr/>
	33,540	33,632
	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

18. Share capital

	2007	2006	2007	2006
Shares of £1 each fully paid	Number	Number	£000	£000
At 1 April	550	574	1	1
Issued in year	5	6	-	-
Withdrawn in year	(56)	(30)	-	-
At 31 March	499	550	1	1

Shares issued were in respect of new members of the Association.

19. Reconciliation of movements in shareholders' funds

	Revenue	Designated	Capital	Share	Total
	Reserve	Reserves	Reserve	Capital	shareholders
	£000	£000	£000	£000	funds
					£000
Balance at 1 April 2006	545	4,234	2,007	1	6,787
Transfer from capital reserve	33	-	(33)	-	-
Accumulated surplus for year	406	-	-	-	406
Net transfer to designated Reserves	(241)	241	-	-	-
Balance at 31 March 2007	743	4,475	1,974	1	7,193

20. Designated reserves

	Balance at	Transfers	Transfers	Balance at
	1 April 2006	in	Out	31 March 2007
	£000	£000	£000	£000
Cyclical maintenance and major repairs reserve	3,965	2,700	(2,198)	4,467
Other	269	2	(263)	8
	4,234	2,702	(2,461)	4,475

Other reserves represent contributions in respect of Lead Tenancy properties and from right to purchase (RTP) owners for cyclical maintenance.

Anticipated spend on cyclical and major repairs over the next five years is £10,958,000.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

21. Commitments

(a) Capital commitments authorised and contracted for at 31 March 2007 amounted to £4,507,000 (2006: £6,205,000). As the relevant expenditure is incurred, corresponding loans and/or grants will be sought from Communities Scotland and the private sector.

(b) Annual commitments under non-cancellable operating leases are as follows:

	2007		2006	
	Land and Buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In second to fifth years inclusive	-	18	-	17
Over five years	218	-	215	-
	<hr/>	<hr/>	<hr/>	<hr/>

22. Reconciliation of operating surplus to net cash inflow from operating activities

	2007 £000	2006 £000
Operating surplus	956	1,230
Adjustments:		
Depreciation on non-housing fixed assets	131	108
Depreciation on housing fixed assets	361	333
(Gain)/loss on sale of non-housing fixed assets	(5)	2
Deferred income	(39)	16
Movement in working capital:		
Increase in stock & work in progress	(481)	(1,041)
(Increase)/decrease in debtors	(89)	252
Increase in creditors	633	156
	<hr/>	<hr/>
	1,467	1,056
	<hr/>	<hr/>

23. Analysis of changes in net debt

	At 31 March 2006 £000	Cashflows £000	Other Non-cash Movements £000	At 31 March 2007 £000
Cash in hand, at bank	1,563	(16)	-	1,547
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	(155)	(259)	15	(399)
Debt due after more than one year	(33,477)	336	-	(33,141)
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt	(33,632)	77	15	(33,540)
	<hr/>	<hr/>	<hr/>	<hr/>
Loan to subsidiary undertaking	455	59	-	514
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(31,614)	120	15	(31,479)
	<hr/>	<hr/>	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

24. Reconciliation of net cash flow to movement in net debt

	2007	2006
	£000	£000
Decrease in cash in the period	(16)	(17)
Cash outflow/(inflow) from debt financing	77	(3,310)
Loan premium amortisation	15	15
Loan to subsidiary undertaking	59	137
	<hr/>	<hr/>
Change in debt resulting from cash flows	135	(3,175)
Net debt at beginning of period	(31,614)	(28,439)
	<hr/>	<hr/>
Net debt at end of period	(31,479)	(31,614)
	<hr/> <hr/>	<hr/> <hr/>

25. Group structure

The Association is a registered Housing Association, incorporated in Scotland and has two subsidiaries, Kirkgate Homes Limited and Kirkgate Holdings Limited. Kirkgate Holdings Limited is a Housing Association incorporated in Scotland but not registered with Communities Scotland.

Kirkgate Homes Limited is a dormant company.

Individual accounts have been prepared for Kirkgate Holdings Limited. The consolidated financial statements are filed with the Financial Services Authority and are prepared as Grampian Housing Association has common control of Kirkgate Holdings Limited.

26. Contingent Liabilities

At 31 March 2007, remedial works regarding contaminated land at Queen's Gardens, Huntly was outstanding. The estimated cost of these works is £160,000 and it is anticipated that these will be met in full by grant funding from Aberdeenshire Council. If funding is not available, then these costs will become payable by the Association.

Included in bank balances is £25,000 deposited in an interest bearing deposit account with the Royal Bank of Scotland, in respect of a board approved guarantee for the new Savings and Loans Scheme.

27. Pension schemes

Defined contribution pension scheme

The Association participates in a defined contribution pension scheme for the majority of its employees. The pension cost charge for the year represents contributions payable by the Association to the fund and amounted to £151,000 (2006: £135,000).

Grampian Housing Association Limited 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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

27. Pension schemes *(continued)*

Defined contribution pension scheme (continued)

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 main 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 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 the 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.

Grampian Housing Association paid contributions at the rate of 11% and 10% during the accounting period. Members paid contributions at the rate of 6% and 5% during the accounting period.

As at the balance sheet date there were 43 active members of the Plan employed by Grampian Housing Association Limited. Grampian Housing Association Limited has closed the Plan to new entrants.

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 Plan was performed 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 2006. 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 £747 million and indicated a surplus of assets compared to liabilities of approximately £2 million, equivalent to a funding level of 100.2%. 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

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

27. Pension Schemes (continued)

Defined contribution pension scheme (continued)

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

	%pa
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 ten years.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out 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 Pensions 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 will be 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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

27. Pension Schemes (continued)

Defined contribution pension scheme(continued)

Grampian Housing Association Limited 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 2006. As of this date the estimated employer debt for Grampian Housing Association Limited was £802,829.

Defined benefit pension scheme

The Association also participates in a defined benefits scheme for one member of the scheme who joined the Association on 14 March 1997 from Scottish Homes. The pension charge for the year amounted to £5,000 (2006: £5,000).

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the 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 Grampian Housing Association Limited paid contributions at the rate of 17.5% of pensionable salaries. Member contributions were 7.0%.

As at the balance sheet date there was one active member of the Scheme employed by Grampian Housing Association Limited. This member ceased employment with the Association on 11 May 2007. Grampian Housing Association Limited has closed the Scheme to new entrants.

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 2003 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £143 million. The valuation revealed a shortfall of assets compared to liabilities of £37 million, equivalent to a past service funding level of 80%.

Grampian Housing Association Limited has subsequently been notified of the provisional results of the triennial valuation carried out as at 30 September 2006. This indicates an increase in the assets of the scheme to £268 million and an increase in the shortfall of assets compared with liabilities to £54 million, equivalent to a past service funding level of 83%. It is expected that the September 2006 actuarial valuation will be finalised in July 2007. The following notes therefore relate to the actuarial valuation as at

Financial assumptions:

The financial assumptions underlying the valuation at 30 September 2003 were as follows:

	%pa
Investment return pre retirement	7.8
Investment return post retirement	5.2
Rate of salary increases	4.0
Rate of pension increases (for leavers before 1 October 1993 pension increases are 5.00% pa)	2.5
Rate of price inflation	2.5

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

27. Pension Schemes *(continued)*

Defined benefit pension scheme (continued)

The valuation revealed a shortfall of assets compared with the value of liabilities of some £37.0 million (equivalent to a past service funding level of 80%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.3% of pensionable salaries.

Following consideration of the results of the actuarial valuation it was agreed that, with effect from 1 April 2005 the standard employer contribution rate would be increased from 12.2% to 14.0% of pensionable salaries and member contributions would be increased from 6.0% to 7.0% of pensionable salaries.

A small number of employers (including Grampian Housing Association) 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 30 September 2015.

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. (See Note 29)

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

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

Grampian Housing Association Limited understands that the Scheme Actuary will calculate potential employer debt figures, as at 30 September 2006, for each employer participating in the SFHA Pension Scheme as part of the next actuarial valuation process.

28. Related party disclosures

The Association received in the year to 31 March 2007 a management fee of £14,000 (2006: £7,000) from Kirkgate Holdings Limited for the provision of accounting and other services and recharged expenses of £27,000 (2006: £32,000). There are no fees accruing from Kirkgate Holdings Limited at 31 March 2007 (2006: £Nil) and the balance receivable from Kirkgate Holdings Limited in respect of rechargeable expenses and interest at 31 March 2007 amounted to £nil (2006: £nil). At 31 March 2007 the balance due from Kirkgate Holdings Limited in respect of the development loan is £205,000 (2006: £141,000) and for the long term loan is £309,000 (2006: £314,000). Interest receivable in the year on loans amounted to £55,000 (2006: £20,000) and is charged at commercial rates.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2007

28. Related party disclosures *(continued)*

The Chief Executive of Grampian Housing Association Limited is a Board member of Aberdeen Foyer Limited and is Chairman of the Board of Foyer Enterprise Limited. The Director of Corporate Services is also a Board member of Aberdeen Foyer Limited. The Foyer leases and rents housing properties and a restaurant building from the Association and during the year to 31 March 2007 housing rent receivable amounted to £140,000 (2006: £129,000) and restaurant rent amounted to £34,000 (2006: £34,000). Amounts paid in advance at 31 March 2007 for housing rent receivable were £39,000 (2006: £66,000) and £234,000 (2006: £247,000) in respect of the restaurant. The Foyer also rents office accommodation from the Association and during the year to 31 March 2007 office accommodation rent receivable was £44,000 (2006: £15,000). Amounts paid in advance at 31 March 2007 for office accommodation are £2,000 (2006: £2,000). The Association received in the year of £1,000 (2006: £2,000) for repairs management and other services. Amounts due at 31 March 2007 were £7,000 (2006: £10,000).

The Chief Executive of Grampian Housing Association Limited is a Board member of Homechoice Limited and the Director of Housing & Property Services is also a member of the Board. Homechoice provides an integrated waiting list in which Grampian Housing Association Limited is one of the participants. In 2007 Grampian Housing Association Limited made contributions of £41,000 (2006: £37,000) to the operating costs of the shop.

The Director of Development, Mr Keith Harrison and Mrs Berit Jarvis (resigned 27 February 2007), of the Board of Management of Grampian Housing Association Limited are members of the Board of Grampian Community Care Charitable Trust. The Association received in the year to 31 March 2007 £20,000 (2006: £16,000) for management services and £2,000 (2006: £1,000) for office Accommodation from the Trust. At 31 March 2007 the balance due from Grampian Community Care Charitable Trust was £12,000 (2006: £15,000).

During the year there were three tenant board members, Berit Jarvis, Keith Harrison and James Blair. All transactions between the Association and these board members were on the same terms as other tenants and board members.

The Chief Executive and the Chairman of Grampian Housing Association Limited are members of the board of Devanha Limited. Devanha Limited is a company limited by guarantee and the Association has an equal share, together with four locally based Registered Social Landlords, in the company with each partner having joint and several liability. The company was formed to facilitate the procurement of Housing Association Grant and Public Sector financed affordable housing on behalf of its partners. For the year to 31 March 2007 the Association received £9,500 in respect of fully rechargeable expenses and contributed £3,000 to the funding of Devanha. At the 31 March 2007 there were no amounts due to or from Devanha Limited.

29. Post Balance Sheet Event

The Association participates in a defined benefits pension scheme for one member of the scheme who terminated their employment with the Association after the year end. This will give rise to a pension cessation event and a liability has been estimated of approximately £103,600. No provision has been made in the Financial Statements as there is considerable uncertainty as to the quantum of the final liability arising and the Association is awaiting a formal actuarial valuation from the Pension's Trust.