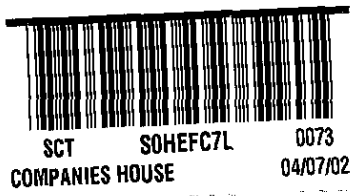
Scottish Federation of Housing Associations

Scottish Federation of Housing Associations Limited
(A Company Limited by Guarantee)

Annual Report
31 March 2002
Registered number SC 59549



Annual Report

Contents

Council Members' Report	1
Statement of Council Members' Responsibilities	3
Auditors' Report to the Members of Scottish Federation of Housing Associations Limited	4
Income and Expenditure Account	5
Balance Sheet	6

Council Members' Report

The members of council (who, for the Companies Act purposes, constitute directors of the company) are pleased to submit their report and audited financial statement for the year ended 31 March 2002.

Business Review

The principal activities of the Federation are:

- To promote, encourage and assist the formation and conduct of the operations of housing associations; and
- To make representations to and negotiate with any appropriate public body with regard to housing policy and administration.

Results

SFHA returned a surplus for the year of £92,915 before transfers to designated reserves compared with a previous year surplus of £7,503.

Members of Council who Served During the Year

Thomas Kay	
Cassie Taylor	
Keith Pattenden	
Terry Daly	
Hazel Masterton	
Robert McDougall	Appointed September 01
David Murdoch	
Douglas Whitelaw	
Maureen Ferguson	Appointed September 01
Stewart Kinsman	
Bill Fisher	
Nick Williams	
Sheila Campbell	
Grant Ager	
John Ferguson	
Robert Clark	
Anne Lear	
Nick Jardine	
Edward Mullen	
Lilias Dunlop	
Mairi Brown	Appointed September 2001
Norman Sewell	
Bob Hay	Retired September 2001
John Little	Resigned August 2001
Maureen McMillan	Resigned June 2001
Ricky Elliot	Appointed April 2001, Resigned September 2001

Members' attendance at meetings during the year April 2001 – March 2002

	Council	General Purposes	Policy and Practice
Thomas Kay	100%	60%	
Cassie Taylor	100%*	33%*	
Keith Pattenden	100%		89%
Terry Daly	86%	80%	
Hazel Masterton	86%		89%
Robert McDougall	75%*	83%*	
David Murdoch	86%		67%
Douglas Whitelaw	86%	70%	40%*
Maureen Ferguson	67%*		80%*
Stewart Kinsman	86%	100%*	80%*
Bill Fisher	86%		44%
Nick Williams	71%		67%
Sheila Campbell	86%	80%	
Grant Ager	21%	0%*	40%*
John Ferguson	100%	40%	
Robert Clark	100%	100%	
Anne Lear	100%	50%	78%
Nick Jardine	86%	60%	
Edward Mullen	71%	60%	
Lilias Dunlop	57%		55%
Mairi Brown	100%*	67%*	
Norman Sewell	86%		89%
Bob Hay	33%		
John Little	33%*	33%*	
Maureen McMillan	0%*	0%*	
Ricky Elliot	66%		

(*indicates that the member was not in post for the full year)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985. By order of the Council.

David Orr
Secretary ……

Statement of Council Members' Responsibilities

Company law requires the members of Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the members are required to:

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

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The members have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members Scottish Federation of Housing Associations Limited

We have audited the financial statements on pages 5 to 12

Respective Responsibilities of Council Members and Auditors

The Council Members' 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 Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Council Members' Report is not consistent with the financial statements, if the company 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 Council Members' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Council Members' Report. We 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 Auditing Standards 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or 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 company's affairs at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Chartered Accountants
Registered Auditors
23 Queen Street
Edinburgh
EH2 1JX

Baker Tilly

3 July 2002

Income and Expenditure Account

For the Year Ended 31 March 2002

	Notes	£	2002 £	£	2001 £
Turnover	*1*		1,729,223		1,534,126
Other operating income			394,275		302,449
			2,123,498		1,836,575
External charges		357,175		376,873	
Staff costs	*6*	1,026,595		923,055	
Depreciation on tangible fixed assets	*8*	80,792		65,254	
Other operating charges		565,720		473,128	
			2,030,282		1,838,310
Operating surplus			93,216		(1,735)
Interest receivable	*3*	13,944		17,682	
Interest payable	*4*	(16,323)		(21,653)	
			(2,379)		(3,971)
Surplus/(deficit) on ordinary activities before taxation	*2*		90,837		(5,706)
Taxation	*5*		2,078		13,209
Surplus for financial year			92,915		7,503
Transfer from/(to) designated reserve	*15*		12,000		(25,000)
Revenue reserve brought forward			123,483		140,980
Revenue reserve carried forward			228,398		123,483

Other than the surplus for the year and the surplus for the preceding financial year, there were no other recognised gains or losses. The results relate wholly to continuing activities.

Balance Sheet
As at 31 March 2002

	Notes	£	2002 £	£	2001 £
Fixed assets	*8*		508,296		509,346
Current assets					
Stock	*9*	31,355		41,347	
Trade debtors		256,553		179,055	
Other debtors due within one year	*10*	8,883		2,645	
Prepayments & accrued income		54,599		75,640	
Cash at bank and in hand		204,081		259,260	
		555,471		557,947	
Creditors: amounts falling due within one year					
Loans	*11*	17,748		14,442	
Creditors	*12*	433,712		455,185	
Corporation tax	5	-		1,232	
Other taxes and social security		48,442		32,863	
Accruals and deferred income		81,478		54,753	
		581,380		558,475	
Net current liabilities			(25,909)		(528)
Total assets less current liabilities			482,387		508,818
Creditors: amounts falling due after more than one year					
Long term loans	*11*		223,989		244,021
Provisions for liabilities and charges					
Onerous contract provision	*13*		30,000		91,314
			228,398		173,483
Reserves					
Revenue reserves			228,398		123,483
Designated reserve	*15*		-		50,000
			225,398		173,483

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

The accounts were approved by Council on 18 June 2002

Anne Lear
Chair

David Orr
Secretary

Notes

For the year ended 31 March 2002

1. Accounting Policies

(a) Status of the Company
The company is limited by guarantee of its members and does not have a share capital. Each member of the company has undertaken to contribute an amount not exceeding £1.00 towards any deficit arising in the event of the company being wound up.

(b) Turnover
The turnover shown in the Income and Expenditure Account represents amounts received for affiliation fees, training, other events and grant aid and are exclusive of Value Added Tax.

(c) Accounting Convention
The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules, on a going concern basis.

(d) Depreciation
Depreciation on fixed assets is calculated on a straight line basis to write down the assets. The following rates have been applied:

Property	1.9%
Office equipment	33%
Fixtures and fittings	20%
Motor vehicles	25%
Alterations	10%

(e) Stock
The stock of publications, stationery and software packages has been valued at the lower of cost and net realisable value.

(f) Operating Lease
Payments for operating lease are charged to the income and expenditure account in the year in which they were incurred.

(g) Pensions
The Federation operates a pension scheme covering the majority of employees. The scheme is funded by contributions partly from the employees and partly by the Federation at a rate determined by independent actuaries. These contributions are separately invested from the Federation's assets. Contributions to the scheme are charged to profit and loss to spread the cost of premiums over employees working lives with the company.

Notes (continued)

(h) Grant Income
Grant income is treated as revenue income and is charged to the Income and Expenditure account in the year is it received.

2. Surplus on ordinary activities

	2002	2001
This is stated after charging:	£	£
Depreciation	80,792	65,253
Exceptional Redundancy costs	19,588	-
Auditors fees: Audit work	3,268	5,500
Other services	5,215	4,940

3. Interest Receivable

	2002	2001
	£	£
Bank interest	13,944	17,682

4. Interest Payable and Similar Charges

	2002	2001
	£	£
Mortgage interest	16,323	21,653
	16,323	21,653

5. Taxation

	2002	2001
	£	£
Based on interest and rent receivable for the year:		
Provision for corporation tax	-	2,074
Adjustments relating to an earlier year	(2,078)	(15,283)
Provision		
	(2,078)	(13,209)

6. Staff Costs

	2002	2001
	£	£
Salaries	882,240	784,505
Social security costs	59,798	59,006
Pension costs	84,557	79,544
	1,026,595	923,055

The average number of employees during the year, all of whom were involved in the administration of the SFHA was twenty-nine full-time and eight part-time (2001 thirty full time and seven part time).

Notes (continued)

7. Pensions

General

SFHA 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 last formal valuation of the Scheme was performed at 30 September 2000 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £128.7 million.

SFHA paid contributions at the rate of 12.2% during the accounting period. member contributions were 5.0% up to 31 March 2002 and increased to 6.0% from 1 April 2002. It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers.

Due to the nature of the Scheme, the profit and loss account charge for the period under both SSAP24 and FRS17 represents the employer contribution payable.

Financial Assumptions

The financial assumptions underlying the valuation were as follows:

	% pa
Rate of return on future contributions	6.60
Rate of return on accumulated assets	5.17
Rate of salary increases	4.50
Rate of pension increases	2.50
(for leavers before 1 October 1993 pension increases are 5.00% pa)	
Rate of price inflation	2.50

The accumulated assets of the Scheme were assumed to earn the same return as if they had been invested in a portfolio comprising 100% UK equities for non-pensioner liabilities and 50% UK equities/50% index-linked gilts for pensioner liabilities.

The valuation revealed a shortfall of assets compared with the value of liabilities of some £24.0 million (equivalent to a past service funding level of 84%). The employer's ongoing future service contribution rate, after allowing for changes in benefits, was assessed as 9.0% of pensionable salaries. In view of the past service shortfall most employers (including SFHA) are required to contribute at the rate of 12.2% of pensionable salaries in order to bring the value of assets and liabilities into balance. A small number of employers that have closed the Scheme to new members are required to contribute at the rate of 14.2% to reflect the higher costs of a closed arrangement. Member contributions were increased from 5.0% to 6.0% from April 2002. On the basis of the valuation assumptions this pattern of contributions will be sufficient to eliminate the past service deficit by 30 September 2016.

Notes (continued)

The next valuation will be as at 30 September 2003 and the results will be available after June 2004. The pension charge for the year was £84,557. (2001: £79,840). There were no contributions prepaid to the scheme at 31 March 2001 (2001: Nil).

8. Fixed Assets

	Property	Alterations	Office Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At beginning of year	461,803	50,000	243,373	139,391	12,533	907,100
Additions	0	4,467	50,693	24,582	0	79,742
Disposals	0	0	0	0	0	0
At end of year	461,803	54,467	294,066	163,973	12,533	986,842
Depreciation						
At beginning of year	45,383	35,000	193,172	123,155	1,044	397,754
Charge for year	8,675	5,447	51,754	11,783	3,133	80,792
Disposals	0	0	0	0	0	0
At end of year	54,058	40,447	244,926	134,938	4,177	478,546
Net book value						
At 31 March 2002	407,745	14,020	49,140	29,035	8,356	508,296
At 31 March 2001	416,420	15,000	50,201	16,236	11,489	509,346

9. Stock

	2002	2001
	£	£
Publications, stationery and software packages	31,355	41,347

10. Debtors

Included in debtors were car loans to employees amounting at the year-end to £378 (2001: £148).

Notes (continued)

11. Long Term Loans

A mortgage loan was received from the Dunfermline Building Society for the purchase of 38 York Place, Edinburgh (10 September 1992). The loan is secured over the property. It is repayable by monthly instalments, the last instalment of which will be payable in September 2012. The rate of interest payable is 1.6% over the bank base rate. The current rate of interest payable is 5.6%.

Long Term Loans can be analysed as falling due:

	2002	2001
	£	£
In one year or less, or on demand	17,748	14,442
Between one and two years	18,742	15,574
Between two and five years	62,762	54,438
In five years or more	142,485	174,009
	241,737	258,463

12. Creditors

	2002	2001
	£	£
Trade Creditors	122,201	43,000
Income received in advance	267,511	195,962
Other Creditors	44,000	-
Insurance premiums	-	216,223
	433,712	455,185

13. Provisions for Liabilities and Charges

	2002	2001
	£	£
Repairs provision		
At beginning of year	8,000	-
Provision (released)/made to Income and Expenditure account during year	(8,000)	8,000
At end of year	-	8,000
Onerous contract provision		
At beginning of year	91,314	29,000
Charge for the year	(61,314)	62,314
At end of year	30,000	91,314

In 1994 the Federation moved its offices in Edinburgh from 40 North Castle Street to 38 York Place. It retained its obligations for the property until the end of May 2002 when it terminated the lease early. Negotiations on the early termination resulted in an agreement to pay 12 months rent in lieu of the 21 months remaining (ie £30,000).

Notes (continued)

14. Commitments

(a) There were no capital commitments at the end of the financial year.

(b) The Federation lease premises at Pegasus House, 375 West George Street, Glasgow. Payments committed to be made next year on the lease, which expires on 29 February 2012, amount to £48,975 (2001: Fleming House: £23,676).

(c) The annual commitment under operating leases, other than leases in respect of premises, is as follows:

	2002 £	2001 £
Expiring within two to five years	18,687	18,908

15. Designated Reserve

	2002 £	2001 £
At 1 April 2001	50,000	25,000
IncomeReceivable from tenant	6,000	-
Release to Income and Expenditure account	(44,000)	-
Transfer to/(from) Revenue Reserve	(12,000)	25,000
At 31 March 2002	-	50,000

As noted in Note 14 above, the lease for 40 North Castle Street was terminated after the year end, we negotiated a final dilapidations figure of £44,000 with the landlords. Our tenant will contribute £6,000 to this final liability.

Detailed Income and Expenditure Account

For the year ended 31 March 2002

	£	2002 £	£	2001 £
Turnover				
Affiliation/associate/registration fees	1,128,648		1,040,415	
Conferences, seminars and training	521,755		406,241	
Grants: Communities Scotland/other	78,820		87,470	
		1,729,223		1,534,126
Other Operating Income				
Sales of publications	10,577		13,003	
Diary and directory	7,797		9,311	
Insurance commission	41,023		106,709	
Advertising, exhibitions and sponsorship	97,336		67,921	
Subscriptions	-		272	
Consultancy service	40,016		46,042	
Web site income	18,175		6,600	
Staff Secondments	65,086		24,982	
TGF Study Trip	12,600		2,425	
Special Projects/Other income	101,665		25,184	
		394,275		302,449
		2,123,498		1,836,575
Expenditure				
Edinburgh office costs				
Rent	39,841		22,875	
Rates	20,580		22,451	
Insurance	3,771		4,516	
Heat and Light	3,441		3,404	
Maintenance, repairs and renewals	10,207		8,327	
Lease charges	(11,314)		62,314	
Cleaning	8,317		7,431	
Telephone	23,788		10,644	
Meeting expenses	2,822		2,343	
Miscellaneous	2,106		1,189	
Total Edinburgh	103,559			145,494

Detailed Income and Expenditure Account (continued)

For the year ended 31 March 2002

	£	2002 £	£	2001 £
Glasgow office costs				
Rent	24,862		20,512	
Rates	11,062		8,431	
Insurance	2,478		2,000	
Heat and Light	4,897		3,976	
Common charges, maint'ce & renewals	14,024		24,237	
Cleaning	2,281		1,770	
Telephone	8,471		10,806	
Meeting expenses	3,700		3,206	
Miscellaneous	460		657	
Total Glasgow		72,235		75,595
Dundee office costs				
Rent and common charges	7,500		7,500	
Insurance	539		500	
Telephone	8,136		4,077	
Meeting expenses	24		234	
Miscellaneous	3		23	
Total Dundee		16,202		12,334
Operating Costs				
Postage	27,266		30,759	
Stationery	16,589		11,314	
Leasing charges	20,075		15,650	
Photocopying	11,618		18,312	
Total operating costs		75,548		76,035
Service Costs				
Legal fees	13,157		3,835	
Professional fees	15,563		6,898	
Consultancy	4,509		1,333	
Purchase of publications	2,480		1,244	
Staff training	6,983		8,166	
Attending conference/seminar	2,340		1,632	
Insurance	12,188		11,550	
Motor and travel	32,411		29,936	
Total service costs		89,631		64,594

Detailed Income and Expenditure Account (continued)

For the year ended 31 March 2002

	£	2002 £	£	2001 £
Shared Costs				
Salaries	945,981		892,173	
Salaries contingency	80,614		30,882	
Staff recruitment	7,459		24,386	
Campaigning	4,070		2,166	
Subscriptions	3,988		5,084	
Promotions/Marketing	19,753		10,441	
Forum administration allowance	4,092		3,718	
Council members' expenses	14,283		8,644	
Annual reports	1,436		2,424	
Accountancy and audit fees	3,078		13,260	
Computer maintenance and support	23,826		19,674	
Bank charges	2,005		1,708	
VAT (recoverable)	(3,655)		(5,583)	
Depreciation	80,792		65,253	
Bad debts provision	(4,649)		8,297	
Miscellaneous – CECODHAS	4,487		3,062	
(Gain)/loss on disposal of assets	(235)		(1,327)	
Mobile phones	4,345		4,668	
TGF Study Trip	12,600		-	
Fit for the Future Consultation	3,713		-	
Accounting Services	8,374		-	
Special Projects	16,453		-	
Miscellaneous	-		(1,326)	
Total shared costs		1,232,810		1,087,605
Other Expenses				
Training, conference and seminars	350,069		295,105	
Publications printing	44,090		42,132	
Federation Focus	33,998		36,137	
SCORE	3,964		499	
Website expenditure	8,176		2,779	
Total other expenses		440,297		376,652

Detailed Income and Expenditure Account (continued)

For the year ended 31 March 2002

	£	2002 £	£	2001 £
Total Income		2,123,498		1,836,575
Less:				
Edinburgh office costs	103,559		145,494	
Glasgow office costs	72,235		75,595	
Dundee office costs	16,202		12,334	
Operating costs	75,548		76,035	
Service costs	89,631		64,594	
Shared costs	1,232,810		1,087,605	
Other expenses	440,297		376,652	
Total expenditure		2,030,282		1,838,309
Operating surplus		93,216		(1,735)
Interest receivable	13,944		17,682	
Interest payable	(16,323)		(21,653)	
		(2,379)		(3,971)
Surplus/(Deficit) on ordinary activities before taxation		90,837		(5,706)