



**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
(Company Number: 2121R(S))

**ABBREVIATED REPORT AND ACCOUNTS**

**31 MARCH 2006**

**Anderson Anderson & Brown**  
*Chartered Accountants*

**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
**ABBREVIATED REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**



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**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
**ABBREVIATED REPORT OF THE COMMITTEE OF MANAGEMENT**



The Committee of Management present its abbreviated report and audited financial statements for the year ended 31 March 2006.

**THE MEMBERS OF THE COMMITTEE OF MANAGEMENT**

The Association is a subsidiary of Langstane Housing Association Limited and in accordance with Rule 39 of the Association's Rules (Model HSA (Scotland)) as amended by resolution at the Annual General Meeting on 5 October 1992, all members of Committee shall be appointed by the parent association.

Both the parent association and the Association itself, either by co-option or by direct appointment as the case maybe, shall ensure that there are sufficient members of Committee who are not members of the Committee of the parent association, to form a quorum in terms of SHGN 2001/08.

The current Committee of Langstane (S.P.) Housing Association Limited, as appointed by the parent association on 20 September 2005 is listed below:

Mr B Crockett  
Mr A J Cumming  
Mr K Hutchens  
Mr F McCallum  
Mr K Moir  
Mr P Hannan  
Mr W James  
Mr A Stewart  
Mr D Watson  
Mr D Wood  
Mrs J Felsinger  
Mr R Tait  
Mrs E Youngman (appointed 22 March 2006)  
Cllr G McIntyre (Co-opted Member)  
Cllr N Fletcher (Co-opted Member)  
Cllr A Wallace (Co-opted Member)

During the year the following member resigned from the Committee of Management

Mrs J Shaw

**PRINCIPAL ACTIVITY**

The principal activity of the Association is the provision of low cost home ownership accommodation.

## **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The results for the year are set out in the income and expenditure account on page 7. The members of the Committee of Management are of the opinion that the state of affairs of the Association, as shown on the Balance Sheet on page 8, is satisfactory and note the surplus of £352,491 for the year compared to a surplus of £360,458 for the previous year.

During the year to 31 March 2006, there were no new shared ownership developments. There were movements in existing stock, with 8 open market sales, 1 repurchase, and 5 tranching ups to full ownership, leaving 116 shared ownership properties under management at 31 March 2006.

At the end of the financial year the Association purchased a site at the Meadows, Huntly with housing association grant from Communities Scotland. The intention is to build 30 units of shared ownership accommodation on this site.

During the year the Association continued to participate in the Mortgage to Rent scheme which is funded by Communities Scotland. The aim of the Mortgage to Rent scheme is to give households that are in danger of being made homeless the opportunity to remain in their home by changing the tenure of their home from ownership to a tenancy in the social rented sector. During the year the Association acquired one property in Aberdeen through the Mortgage to Rent scheme. The Association now owns three units of rented accommodation in addition to the property that is leased to Aberdeenshire Council. The Association has transferred £5,964 to a designated reserve in order to maintain these properties in a state of repair which at least maintains their residual value.

## **ASSOCIATION NAME CHANGE**

At a Special General meeting on 22 May 2006 the members of the Association approved a proposal from the Committee of Management that the name of the Association be changed to Next Step Homes with the addition, where appropriate, of the descriptive strap-line "Part of the Langstane Group".

## **POLITICAL AND CHARITABLE DONATIONS**

During the year, the Association made a charitable donation totalling £30,000 to Langstane Housing Association.

**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMMITTEE'S RESPONSIBILITIES**



Housing association legislation requires the committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee is required to:

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

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

The committee is also responsible for taking adequate steps to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
STATEMENT BY THE COMMITTEE OF MANAGEMENT REGARDING  
THE ASSOCIATION'S SYSTEM OF INTERNAL FINANCIAL CONTROL



It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- Financial regulations 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 which allow the Committee of Management and Senior Managers to monitor the key business risks and financial objectives are prepared, and progress towards financial plans set for the year and the medium term; quarterly 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 are subject to formal authorisation by the Committee of Management.

The Committee of Management has reviewed the effectiveness of the system of internal financial control with all of the above internal control mechanisms being in place throughout the year under review. No weaknesses which resulted in material losses, contingencies or uncertainties requiring disclosure in the financial statements or the auditors' report on the financial statements were found in the system of internal financial control.

PricewaterhouseCoopers, as the Association's internal auditors, have an internal audit plan in place where areas of activity are examined on a rotational basis.

#### **AUDITORS**

A resolution to re-appoint the auditors, Anderson, Anderson & Brown will be proposed at the Annual General Meeting.

By order of the Committee.

A B GRANT

A B Grant  
Secretary

**REPORT BY THE AUDITORS TO LANGSTANE (S.P.) HOUSING ASSOCIATION  
LIMITED ON INTERNAL FINANCIAL CONTROL**



In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 4 on the Association's compliance with the Scottish Federation of Housing Associations good practice guidance "Raising Standards in Housing" in respect of internal financial control ("the Guidance"). The objective of our review is to enable us to conclude on whether the Committee of Management has provided the disclosures required by the Guidance Note and whether the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

**Basis of opinion**

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

**Opinion**

With respect to the Committee of Management's statement on internal financial control on page 4, in our opinion the Committee of Management has provided the disclosures required by the Guidance and the statement is not inconsistent with the information of which we are aware from our audit work on the financial statements.

ANDERSON ANDERSON & BROWN

Anderson Anderson & Brown  
Chartered Accountants  
Registered Auditors  
Aberdeen

16 AUGUST 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
OF LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**



We have audited the accounts of Langstane (S.P.) Housing Association Limited for the year ended 31 March 2006 which comprise the Income and Expenditure account, the Association Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the Association's members. 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 or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Committee of Management and auditors**

As described on page 3, the Association's Committee of Management is responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts 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 or not the accounts give a true and fair view and are properly prepared in accordance with the relevant legislation. We also report to you if, in our opinion, the Report of the Committee of Management is not consistent with the accounts, 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 Committee of Management remuneration and transactions with the Association is not disclosed.

**Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Committee of Management in the preparation of the accounts, and of whether or not 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 accounts 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 accounts.

**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 at 31 March 2006 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 1978, the Housing Associations Act 1985 and the Registered Housing Association (Accounting Requirements) (Scotland) Order 1999; and
- the information provided in the report of the Committee of management is consistent with the accounts.

**ANDERSON ANDERSON & BROWN**

Anderson Anderson & Brown

Chartered Accountants

Registered Auditors

Aberdeen

16 AUGUST 2006



**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
**ABBREVIATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2006**

	2006 £	2005 £
TURNOVER	200,383	208,016
Less: Operating costs	101,343	108,318
OPERATING SURPLUS	99,040	99,698
Gain on sale of housing properties	201,169	238,346
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST	300,209	338,044
Interest receivable and similar income	109,572	83,316
Interest payable and similar charges	(57,290)	(60,902)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	352,491	360,458
Tax on surplus on ordinary activities	55,000	50,000
Grant receivable against taxation	(55,000)	(50,000)
SURPLUS FOR YEAR	£ 352,491	£ 360,458

The results for the year relate wholly to continuing activities.

There is no difference between the surplus on ordinary activities for the year and their historical cost equivalents.

The company has made no gains or losses other than as reported above.

LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED  
 ABBREVIATED BALANCE SHEET – 31 MARCH 2006



	2006 £	2005 £
<b>FIXED ASSETS</b>		
Housing land and buildings depreciated cost	4,507,452	4,430,980
Less: Housing association grant	3,626,445	3,449,833
<b>TOTAL FIXED ASSETS</b>	<u>881,007</u>	<u>981,147</u>
<b>CURRENT ASSETS</b>		
Debtors	567,422	100,997
Cash at bank and in hand	2,248,471	2,243,173
	<u>2,815,893</u>	<u>2,344,170</u>
<b>CREDITORS: amounts falling due within one year</b>	<u>263,872</u>	<u>140,771</u>
<b>NET CURRENT ASSETS</b>	<u>2,552,021</u>	<u>2,203,399</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>3,433,028</u>	<u>3,184,546</u>
<b>CREDITORS: amounts falling due after more than one year</b>		
Loans repayable	837,459	941,469
<b>NET ASSETS</b>	<u>£ 2,595,569</u>	<u>£ 2,243,077</u>
Share capital	38	37
Designated reserve	25,232	19,268
Revenue reserve	2,570,299	2,223,772
	<u>£ 2,595,569</u>	<u>£ 2,243,077</u>

The financial statements were approved by the Committee of Management on 16 August 2006 and were signed on its behalf by:

R TAIT

.....  
*Committee Member*

F McCALLUM

.....  
*Committee Member*

A B GRANT

.....  
*Secretary*

16 AUGUST 2006

..... *Date*

**LANGSTANE (S.P.) HOUSING ASSOCIATION LIMITED**  
**ABBREVIATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2006**



	2006 £	2005 £
<b>Net cash inflow from operating activities</b>	118,218	105,605
<b>Returns on investment and servicing of finance</b>		
Interest received	112,469	75,552
Interest paid	(55,841)	(64,591)
<b>Net cash inflow from servicing of finance</b>	<u>56,628</u>	<u>10,961</u>
<b>Taxation</b>		
Grant received for corporation tax	-	33,042
Corporation tax paid	(43,883)	-
<b>Net cash (outflow)/inflow from taxation</b>	<u>(43,883)</u>	<u>33,042</u>
<b>Capital expenditure and financial investment</b>		
Acquisition and construction of properties	(343,447)	(604,421)
Receipts from sale of properties and land	573,066	846,651
Capital grants received	14,899	576,344
Grants repaid	(266,068)	(436,797)
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<u>(21,550)</u>	<u>381,777</u>
<b>Net cash inflow before financing</b>	109,413	531,385
<b>Financing</b>		
Loans repaid	(104,116)	(157,991)
Issue of share capital	1	1
<b>Net cash outflow from financing</b>	<u>(104,115)</u>	<u>(157,990)</u>
<b>Increase in cash and cash equivalents</b>	<u>£ 5,298</u>	<u>£ 373,395</u>