



LANGSTANE HOUSING ASSOCIATION LIMITED
(Company Number: 1916R(S))

ABBREVIATED REPORT AND ACCOUNTS

31 MARCH 2006

Anderson Anderson & Brown
Chartered Accountants

LANGSTANE HOUSING ASSOCIATION LIMITED
ABBREVIATED REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006



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LANGSTANE HOUSING ASSOCIATION LIMITED
ABBREVIATED REPORT OF THE COMMITTEE OF MANAGEMENT



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

THE MEMBERS OF THE COMMITTEE OF MANAGEMENT

The members of the Committee of Management as at 31 March 2006 were:

Mr F McCallum
Mr K Hutchens
Mr K Moir
Mr P Hannan
Mrs J Felsinger
Mr D Watson
Mr D Wood
Mr W James
Mrs E Youngman (appointed 13 March 2006)
Cllr N Fletcher (Co-opted Member)
Cllr A Wallace (Co-opted Member)
Cllr G McIntyre (Co-opted Member)

PRINCIPAL ACTIVITY

The principal activity of the Association is the provision of rented accommodation.

FINANCIAL HIGHLIGHTS

The results for the year are set out in the income and expenditure account on page 7. The Association's turnover for the year was £6,610,605 (2005 - £5,827,918) and the surplus for the year was £127,906 (2005 - £362,422). The primary reason for the reduction in surplus in 2006 was due to additional expenditure on major repairs of £398,937, partially as a result of slippage from the 2005 programme.

During the year the Association agreed a new £12 million loan facility. The loan facility will be utilised to fund housing developments as well as partial funding of the construction of a new headquarters office at the Association's site at King Street, Aberdeen. The new loan facility will fund development activities over a period of approximately three years.

The members of the Committee of Management are of the opinion that the state of affairs of the Association is satisfactory.

EXCEPTIONAL ITEM

The exceptional item in both the current and previous financial year refers to legal fees associated with the Association's development at 41 Union Street, Aberdeen. It is expected that further legal costs will be incurred in the financial year to March 2007 as the Association pursues a claim against the development contractors.

DEVELOPMENT

During the year the Association completed two schemes in Aberdeen (Auchmill Road and Jesmond Avenue) giving 37 units for rent. In Aberdeenshire a scheme in Inverbervie was completed giving 14 units for rent and in Moray three schemes were completed (two in Elgin and the other in Forres) giving 45 units for rent.

LANGSTANE 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 are 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

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

LANGSTANE 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; progress towards financial plans set for the year and the medium term is reported and reviewed; 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 OF THE AUDITORS TO LANGSTANE HOUSING ASSOCIATION LIMITED
ON INTERNAL FINANCIAL CONTROL**



Internal financial controls

In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on page 3 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 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 any 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's statement on internal financial control on page 3, 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 work on the financial statements.

ANDERSON ANDERSON & BROWN

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

21 AUGUST 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LANGSTANE HOUSING ASSOCIATION LIMITED**



We have audited the accounts of Langstane 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, the Statement of Total Recognised Gains and Losses 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, as a body. 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 directors and auditors

As described on page 3 the Association's Committee of Management are 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, are properly prepared in accordance with the relevant legislation and the information given in the report of the Committee of Management is consistent with the financial statements. We also report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Association is not disclosed.

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 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 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 as 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 Acts 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

21 AUGUST 2006

LANGSTANE HOUSING ASSOCIATION LIMITED
ABBREVIATED INCOME AND EXPENDITURE ACCOUNT
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2006



	Note	2006 £'000	2005 £'000
TURNOVER		6,611	5,828
Less: Operating costs (including exceptional items)		(5,417)	(4,536)
Operating surplus before exceptional items		1,348	1,559
Exceptional items	1	(154)	(267)
Operating surplus from continuing operations		1,194	1,292
Surplus on sale of investments		-	25
Surplus on operating activities before interest		1,194	1,317
Interest receivable and similar income		59	87
Interest payable and similar charges		(1,125)	(1,042)
Surplus on ordinary activities		128	362
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2006			
		£'000	£'000
Surplus on ordinary activities for year before taxation		128	362
Unrealised deficit on revaluation of investments		-	(5)
TOTAL RECOGNISED SURPLUSES FOR YEAR		128	357

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.

In order to assist in understanding the Association's results for the year the Committee believe that it is appropriate to show separately the operating surplus of the Association before exceptional items on the face of the Income and Expenditure account as additional information. The exceptional items all relate to the Association's development at Union Street, Aberdeen and are explained further at Note 1.

LANGSTANE HOUSING ASSOCIATION LIMITED
ABBREVIATED BALANCE SHEET – 31 MARCH 2006



	2006 £'000	2005 £'000
TANGIBLE FIXED ASSETS		
Housing land and buildings depreciated cost	108,020	101,872
Less: Housing association grant	82,064	78,111
Other grants	3,187	2,958
	<hr/>	<hr/>
	22,769	20,803
Other fixed assets	2,786	2,601
Investment in subsidiary	-	-
	<hr/>	<hr/>
TOTAL FIXED ASSETS	25,555	23,404
CURRENT ASSETS		
Stocks of maintenance materials	8	7
Debtors	1,248	2,212
Cash at bank and in hand	2,215	1,340
	<hr/>	<hr/>
	3,471	3,559
CREDITORS: amounts falling due within one year	2,819	2,894
	<hr/>	<hr/>
NET CURRENT ASSETS	652	665
TOTAL ASSETS LESS CURRENT LIABILITIES	26,207	24,069
CREDITORS: amounts falling due after more than one year		
Loans	21,253	19,243
	<hr/>	<hr/>
NET ASSETS	4,954	4,826
	<hr/> <hr/>	<hr/> <hr/>
Share capital	-	-
Designated reserves	3,861	3,861
Revenue reserve	274	114
Investment revaluation reserve	-	-
Capital reserve	819	851
	<hr/>	<hr/>
	4,954	4,826
	<hr/> <hr/>	<hr/> <hr/>

The financial statements were approved by the Committee of Management on 21 August 2006 and were signed on its behalf by:

.....
D WATSON
Vice Chairman

.....
D WOOD
Committee Member

.....
A B GRANT
Chief Executive/Secretary

.....
21 AUGUST 2006 *Date*

LANGSTANE HOUSING ASSOCIATION LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006



	2006 £'000	2005 £'000
Net cash inflow from operating activities	<u>2,166</u>	<u>1,592</u>
Returns on investment and servicing of finance		
Interest received	59	88
Interest paid	<u>(1,123)</u>	<u>(1,039)</u>
Net cash outflow from servicing of finance	<u>(1,064)</u>	<u>(951)</u>
Capital expenditure and financial investment		
Acquisition and construction of properties	(7,562)	(10,150)
Purchase of other fixed assets	(275)	(76)
Capital grant received	5,479	6,621
Capital grant repaid	<u>(80)</u>	<u>-</u>
Net cash outflow from capital expenditure and financial investment	<u>(2,438)</u>	<u>(3,605)</u>
Acquisitions and disposals		
Acquisition of investments	-	(21)
Disposal of investments	-	379
Net cash outflow before financing	<u>(1,336)</u>	<u>(2,606)</u>
Financing		
Loans received	2,600	3,000
Loans repaid	(389)	(389)
Loan advances received	7	4
Loan advances	<u>(7)</u>	<u>-</u>
Net cash inflow from financing	<u>2,211</u>	<u>2,615</u>
Increase in cash and cash equivalents	<u><u>875</u></u>	<u><u>9</u></u>

1. EXCEPTIONAL ITEMS

Recognised in arriving at operating surplus for the year in respect of the Association's property at 41½ Union Street.

	2006 £'000	2005 £'000
Legal, professional and other fees	<u>154</u>	<u>267</u>

Included within fixed assets is the Association's property at 41½ Union Street which was completed during the year ended 31 March 2005. The property comprised the ground and first floor which is zoned for retail use and office accommodation respectively and upper floors which has 32 flats.

Shortly after commencement of the development work in 2002, there was a structural collapse of the building. In order to make the building safe, the Association appointed a demolition contractor to demolish the internal structure of the building, and contractors to build a steel structure within the building. The Association is pursuing a claim against the development contractor to recover the demolition and reinstatement costs and related expenditure.

The total exceptional expenditure incurred in relation to the Association's property at 41½ Union Street is as follows:

Expenditure	Year	£'000
Demolition reinstatement, impairment, legal and professional fees	2004	3,002
Legal, professional and other fees	2005	267
Legal, professional and other fees	2006	154
		<u>£ 3,423</u>