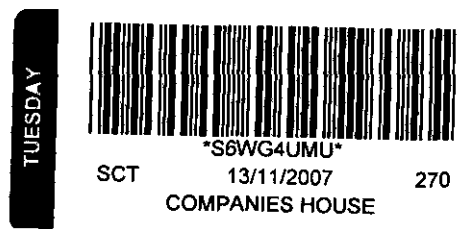


**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR
31 MARCH 2007**



WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

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HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2007

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were operating the Option Shop housing advice centre and processing housing applications through the Homechoice Administration Unit

DIRECTORS

The directors who served the company during the year were as follows

Mr A J Moat

Cllr A Malone

Mrs C A Ogston

Mr N Clapperton

Mr C Sturrat

Mr D A Beattie

(Resigned 15 October 2006)

Mrs M Urquhart

(Resigned 6 December 2006)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2007

AUDITOR

A resolution to re appoint Williamson & Dunn as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

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

Registered office
101 George Street
ABERDEEN
AB25 1HU

Signed on behalf of the directors

Director



Approved by the directors on 6th November 2007

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOMECHOICE (ABERDEEN) LIMITED

YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Homechoice (Aberdeen) Limited for the year ended 31 March 2007 on pages 7 to 16, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 9

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

**HOMECHOICE (ABERDEEN) LIMITED
COMPANY LIMITED BY GUARANTEE**

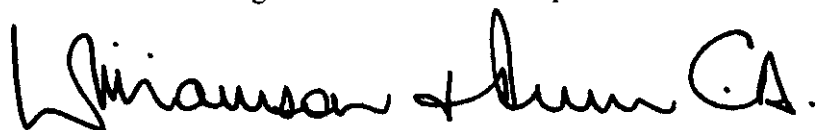
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOMECHOICE (ABERDEEN) LIMITED *(continued)***

YEAR ENDED 31 MARCH 2007

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

6 November 2007

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2007

	Note	2007 £	2006 £
TURNOVER		238,652	223,550
Other operating income		—	3,326
		<u>238,652</u>	<u>226,876</u>
OPERATING COSTS:			
Staff costs		143,463	140,708
Depreciation written off fixed assets	2	13,620	23,069
Other operating charges		95,189	86,168
		<u>(13,620)</u>	<u>(23,069)</u>
OPERATING LOSS	2	(13,620)	(23,069)
Interest receivable	3	7,878	7,637
		<u>(5,742)</u>	<u>(15,432)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,742)	(15,432)
Tax on loss on ordinary activities	4	1,497	—
		<u>(7,239)</u>	<u>(15,432)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(7,239)	(15,432)
APPROPRIATIONS			
Transfer from other reserves – capital fund		13,620	23,069
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>6,381</u>	<u>7,637</u>

The notes on pages 9 to 16 form part of these financial statements

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

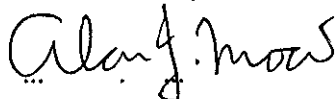
BALANCE SHEET

31 MARCH 2007

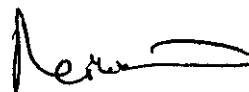
	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	5	13,111	24,349
CURRENT ASSETS			
Debtors	6	3,990	5,039
Cash at bank		147,856	154,371
		<u>151,846</u>	<u>159,410</u>
CREDITORS: Amounts falling due within one year	7	<u>51,701</u>	<u>65,646</u>
NET CURRENT ASSETS		<u>100,145</u>	<u>93,764</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>113,256</u>	<u>118,113</u>
RESERVES	11		
Other reserves	12	13,111	24,349
Profit and loss account	13	100,145	93,764
MEMBERS' FUNDS		<u>113,256</u>	<u>118,113</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

These financial statements were approved by the directors and authorised for issue on 6th November 2007, and are signed on their behalf by



Director



Director

The notes on pages 9 to 16 form part of these financial statements.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Tenants' improvements	10% straight line
Equipment	20% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lesser are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

2 OPERATING LOSS

Operating loss is stated after charging

	2007 £	2006 £
Directors' emoluments	—	—
Staff pension contributions	8,684	11,871
Depreciation of owned fixed assets	13,620	23,070
Auditor's fees	1,212	1,218
Operating lease costs		
Land and buildings	24,500	24,500
Plant and equipment	3,546	2,935

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

3. INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest receivable	<u>7,878</u>	<u>7,637</u>

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007	2006
	£	£
Current tax		
UK Corporation tax based on the results for the year at 19% (2006 – 0%)	<u>1,497</u>	—
Total current tax	<u>1,497</u>	—

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 19% (2006 – 0%)

	2007	2006
	£	£
Loss on ordinary activities before taxation	<u>(5,742)</u>	<u>(15,433)</u>
Profit on ordinary activities by rate of tax	<u>1,497</u>	—
Total current tax (note 4(a))	<u>1,497</u>	—

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

5. TANGIBLE FIXED ASSETS

	Tenants improvements £	Equipment £	Total £
COST			
At 1 April 2006	113,766	262,513	376,279
Additions	–	2,382	2,382
At 31 March 2007	113,766	264,895	378,661
DEPRECIATION			
At 1 April 2006	95,266	256,664	351,930
Charge for the year	11,337	2,283	13,620
At 31 March 2007	106,603	258,947	365,550
NET BOOK VALUE			
At 31 March 2007	7,163	5,948	13,111
At 31 March 2006	18,500	5,849	24,349

6 DEBTORS

	2007 £	2006 £
Other debtors	3,990	5,039

7. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	19	5,607
Other creditors including taxation		
Corporation tax	1,497	–
Accruals and deferred income	50,185	65,647
	51,701	71,254

8. PENSIONS

General

Homechoice (Aberdeen) Limited participates in the Social Housing Pension Scheme (SHPS)
The Scheme is funded and is contracted out of the state scheme

SHPS is a multi-employer is defined benefit scheme Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules employer Guide"

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

8. PENSIONS (continued)

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely

Final salary with a 1/60th accrual rate

Final salary with a 1/70th accrual rate

Career average revalued earnings with a 1/60th accrual rate

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

Homechoice (Aberdeen) Limited has elected to operate the final salary with a 1/60th accrual rate, benefit structure for active members and for new entrants from 1 April 2007.

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, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Homechoice (Aberdeen) Limited paid contributions at the rate of 11.7%. Member contributions varied between 3.1% and 6.1% depending on their age.

As the balance sheet date there were 3 active members of the Scheme employed by Homechoice (Aberdeen) Limited. Homechoice (Aberdeen) Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,278 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £283 million, equivalent to a past service funding level of 82%.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

8. PENSIONS (continued)

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme 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 £1,515 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £235 million, equivalent to a past service funding level of 87%. Annual funding updates of the SHPS Scheme are carried out using approximately actuarial techniques rather than member by member calculations and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

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

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

	% pa
Investment return pre retirement	7.2
Investment return post retirement	4.8
Rate of salary increases to 30 September 2010	5.0
Rate of salary increases from 1 October 2010	4.0
Rate of pension increases	2.5
Rate of inflation	2.5

The valuation was carried out using the PA92C2025 mortality table for non pensioners and PA92C2013 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions.

	Males	Females
	Assumed life expectancy in years at age 65	Assumed life expectancy in years at age 65
Non pensioners	20.4	23.3
Pensioners	19.4	22.4

The long term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long term joint contribution rate (% of pensionsable salaries)
Final salary with a 1/60 th accrual rate	17.6
Final salary with a 1/70 th accrual rate	15.3
Career average revalued earnings with a 1/60 th accrual rate	14.1

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

8. PENSIONS (continued)

Following consideration of the results of the actuarial valuation it has been agreed that the shortfall of £283 million would be dealt with by the payment of deficit contributions of 4.4% of pensionable salaries with effect from 1 April 2007. These deficit contributions are in addition to the long term joint contribution rates set out in the table above.

With effect from 1 April 2007 the employer and employee contribution rates for Homechoice (Aberdeen) Limited will be 14.5% and 7.5% of pensionable salaries respectively.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new members are required to pay an additional employer contribution loading of 3.0% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme, pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit by 30 September 2020.

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable must be sent to the Pensions Regulator. The regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or the 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 SHPS Scheme 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 Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

HOMECHOICE (ABERDEEN) LIMITED COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

8 PENSIONS (continued)

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

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

Homechoice (Aberdeen) Limited has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 31 March 2007. As of this date the estimated employer debt for Homechoice (Aberdeen) Limited is £123,000.

9. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	2007 £	2006 £
Operating leases which expire		
Within 2 to 5 years	3,546	2,935
After more than 5 years	24,500	24,500
	<u>28,539</u>	<u>27,435</u>

10. RELATED PARTY TRANSACTIONS

During the year, the company received contributions from the following organisations who exercise a degree of management control over Homechoice (Aberdeen) Limited:

	Received in year	Due at year end
Aberdeen City Council	£101,104	£
Castlehill Housing Association	29,621	141
Grampian Housing Association	41,494	766
Hanover (Scotland) Housing Association	4,691	
Langstane Housing Association	37,648	168
Tenants First Housing Co operative	4,309	766

HOMECHOICE (ABERDEEN) LIMITED **COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2007

10. RELATED PARTY TRANSACTIONS (Continued)

The company was charged during the year for the following services

	Charge in year	Unpaid at year end
Aberdeen City Council		
Rent, rates, seconded staff and other	£36,344	£3,411
Langstane Housing Association		
Financial services	4,090	486
Castlehill Housing Association		
Training	47	
Grampian Housing Association		
Training, conferences and hospitality	1,031	39

11. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee not exceeding £1 per member At 31 March 2007 there were 6 (2006 7) members

12. OTHER RESERVES

	2007 £	2006 £
Balance brought forward	24,349	45,065
Transfer from deferred income	2,382	2,353
Transfer to profit and loss account	(13,620)	(23,069)
Balance carried forward	<u>13,111</u>	<u>24,349</u>

13. PROFIT AND LOSS ACCOUNT

	2007 £	2006 £
Balance brought forward	93,764	86,127
Accumulated loss for the financial year	(7,239)	(15,432)
Transfer from capital reserve	13,620	23,069
Balance carried forward	<u>100,145</u>	<u>93,764</u>