



Financial Statements
Year ended 31 March 2014

Scottish Charity number SC006035

Industrial Provident Society number 1767R(S)

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<u>Board of Management</u>	Cathy Garner	Chair
	Anna Evans	
	Julie Jackson	(appointed 17.09.13)
	Stephen Oswald	(appointed 17.09.13)
	Liz Ritchie	(appointed 17.09.13)
	David Robertson	
	Simran Soin	
	Graham Waddell	(appointed 17.09.13)
	William Wood	
	Mohindra Dhall MBE	(resigned 08.04.14)
	Brian Elliott	(resigned 17.09.13)
	David Fraser	(resigned 17.09.13)
	Martin Gill	(resigned 17.09.13)
	Paula McLeay	(resigned 01.08.13)
	Neil Miller	(resigned 17.09.13)

<u>Executives</u>	Alister Steele	Managing Director
	Sandy Welsh	Deputy Managing Director & Head of Housing Services
	Heather Macnaughton	Head of Neighbourhood Regeneration
	Chris Thomson	Head of Property Services
	Chris Martin	Company Secretary

Registered Office	1 Hay Avenue Craigmillar Edinburgh EH16 4RW	Solicitors	T C Young Melrose House 69a George Street Edinburgh EH2 2JG
Registered Auditors	KPMG LLP Arlington Business Park Theale Reading RG7 4SD	Bankers	Co-operative Bank 147 Church Street Preston PR1 3UD

Registration of the Association

Castle Rock Edinvar Housing Association is a Registered Social Landlord (HEP106) and is incorporated under the Industrial and Provident Societies Act 1965 (Registered Number 1767R(S)). It also has charitable status (Scottish Charity No. SC006035).

Castle Rock Edinvar is a member of the Places for People Group. The Places for People Group is registered under the Housing and Regeneration Act 2008 (number L4236) and under the Companies Act (number 3777037).

The Board is pleased to present its report and audited accounts for the year ended 31 March 2014.

Principal activities of the Places for People Group

The Places for People Group ("the Group") is a property development and management group. It has specialist companies that provide housing for affordable rent, market rent and sale, commercial property, residential letting, financial services, care and support services, leisure management and regeneration products. Each of these activities can be delivered independently where required. What distinguishes it from its competitors is its ability to both develop and manage our neighbourhoods on a long term sustainable basis. It believes that putting new or redeveloped housing and support infrastructure in place is only the beginning. By combining the services provided by the Group with the skills of its staff and its financial strength, the Group is able to produce solutions which in other settings would require a whole range of private/public partnerships and different funding arrangements.

Places for People's vision and mission

Places for People's vision is "ensuring successful places and enabling people to reach their potential".

The Group's statement of mission is "working to provide aspirational homes and inspirational places" which encapsulates our long term commitment to our neighbourhoods and their future sustainability.

Castle Rock Edinvar and our subsidiary organisations play a key role in delivering the Group's business objectives in Scotland.

Principal activities of Castle Rock Edinvar

Castle Rock Edinvar is a Scottish Registered Social Landlord (RSL) and Scottish Charity and operates with two subsidiaries, Places for People Scotland Care and Support Limited (PfPSC&S) and Places for People Scotland Limited. We are based in Edinburgh and at 31 March 2014 we owned and together we managed 6,766 rented and shared ownership homes across eight local authority areas in Central Scotland.

We are a leading Scottish RSL both in scale and significance and considered by the Scottish Housing Regulator as being of systemic importance. The turnover of Castle Rock Edinvar from letting activities was £24.6 million during the year and sales of property amounted to £651k. The combined turnover for the year including our subsidiaries was £42.8 million.

Castle Rock Edinvar's medium term strategic priorities are:

- To create and develop neighbourhoods where people will choose to live;
- To provide effective customer services with excellence in delivery;
- To provide increased housing opportunities for a broad range of income groups;
- To grow our business model and services;
- To remain financially strong;
- To be a leader in our sectors; and
- To be a great place to work.

Business objectives have been agreed for 2014/15 to deliver these strategic priorities.

Principal markets and associated risks

Castle Rock Edinvar's principal market is in social rented housing which accounts for most of the total turnover. Properties include housing and apartments for families, couples and single people and housing specifically designed for older people. Complementary activities include shared ownership, neighbourhood regeneration and lettings of non residential property.

The Board has identified the following strategic risks:

- The continuing need to improve the efficiency of the business but at the same time having the staff resources and skills to improve customer services and meet the demands of a vulnerable client group
- Responding to Welfare Reforms which will impact on the housing benefit system and our main income stream
- Ensuring that our Treasury Management strategy continues to optimise the short term benefits of low variable interest rates and manages the longer term risk of interest rates increasing through debt reduction
- Changes to SORP accountancy standards from 2016 which may affect our profitability and balance sheet
- Managing the Scottish Housing Association Pension Scheme liabilities
- Developing solutions in an environment with less grant expenditure which do not conflict with existing governance structures or undermine financial stability
- Prioritising the development of a broader tenure base with Places for People Scotland whilst at the same time not significantly reducing our affordable rented stock
- Embedding the significant changes in governance and not impacting on the strategic direction of the business.

The Board and Senior Management have developed a Risk Map in accordance with Group procedures to evaluate each of these risks.

Delivering successful outcomes in 2013/14

As one of Scotland's leading housing associations we recognise the importance of innovation to grow and improve both the organisation and support the wider housing and place-making sector. In 2013/14, in collaboration with others, Castle Rock Edinvar achieved further ground breaking initiatives:

- The launch of "1,000 new homes for Edinburgh" which enabled additional income to be generated through leasing stock to let at intermediate rent
- A new charitable bond model which allowed the Scottish Government to invest £10m
- The development and successful launch to the wider market of Cirrus, a unique cloud based complaints handling system.

As a significant stakeholder and influencer in both thematic and geographic communities we endeavour to act as a catalyst to bring about social change. Highlights in 2013/14 included:

- Progressing our energy strategy, investigating the potential for an Energy Supply Company with a number of other RSLs, identifying investment areas to support renewable energy and piloting new technical solutions to improve the efficiency of our stock
- Providing opportunities for young people from Holyrood High School to share their knowledge and creativity to help us create our visual media based Annual Report enhancing their experience of the world of work
- Improving the health and wellbeing of our employees through the participation of 49 staff in the Global Corporate Challenge who collectively walked over 37,000 miles.

Delivering successful outcomes in 2013/14 (continued)

The work of Castle Rock Edinvar and our partners have achieved the following awards over the last year in recognition of this approach:

- Scottish Home Awards and Homes for Scotland Awards for regeneration work in Twechar in three separate categories including Best Partnership in Planning for Roman Fields, Small Affordable Housing Development of the Year for Davidson Crescent, and Community Partnership of the Year for The Twechar Regeneration Project
- Green Apple Awards for retrofit work on existing buildings
- Cirrus complaints system shortlisted in the Housing Innovation Awards.

These achievements have been against a backdrop of significant uncertainty in the social housing sector with the implementation of Welfare Reform and in particular the spare room subsidy. Castle Rock Edinvar had around 11% of all tenants affected by this change on 1 April 2013. Robust arrears management coupled with a supportive approach to helping tenants find solutions, has ensured that at the year end the impact of this has been mitigated.

Income and expenditure for the year

The turnover from letting activities for the year ended 31 March 2014 was £24.6m (2013: £24.1 m). New development property sales for the year ended March 2014 were £0.7m (2013: £0.5 m) (Note 4).

The total revenue and capitalised expenditure, including property services overheads, on repairs and improvements during the year amounted to £9.6m (2013: £8.5m).

Castle Rock Edinvar continues to benefit from low interest rates. The interest payable for the year ended 31 March 2014 decreased from £1.4m in the previous year to £1.2m in the current year. This represented an average interest rate of 2.2% per annum.

During the year to 31 March 2014 Castle Rock Edinvar sold 19 shared ownership properties amounting to £0.3m (2013: 11 properties).

The surplus for the year was £10.5m (2013: £9.6 million). The reserves carried forward at 31 March 2014 were £60.1m (2013: £49.6m) which are fully invested in housing properties. More details of other income and expenditure are included in notes 2 to 10 to these accounts.

Balance sheet at March 2014

The depreciated cost of the Castle Rock Edinvar's housing assets at March 2014 was £347.6m (2013: £342.2m). These have been funded from Housing Association Grant (HAG) and other capital grants of £229.2m (65%), loans of £52.3m (15%) and the association's own resources of £66.2m (19%).

Operational performance for the year

Operational performance is monitored robustly by senior staff and the Board throughout the year against a number of key performance indicators which measure business efficiency and customer satisfaction.

The year overall has been a challenging one in many areas much driven by tenancy turnover increasing from 7.1% in March 2013 to 8.7% in March 2014. Over the year 695 new lets have taken place with the average time to prepare properties to re-let increasing from 23 days at the end of March 2013 to 34 days by March 2014. As a consequence void loss has increased from 0.55% to 0.94%. Our ability to attend to emergency repairs to properties within a 24 hour period dropping from 99.57% to 95.2%. Gas servicing missed the 100% target with 99.72% properties with a current CP12 as at 31st March 2014.

Increasing rent arrears were forecast for 2013/14 but these were well controlled, increasing only from 3.94% to 4.01% over the year against a forecast of 4.71%. Increased discretionary housing payments have helped to keep this increase in check.

Undoubtedly the implementation of Welfare Reform and a continued difficult employment market has played a part in this increasing turnover, with customers having less disposable income. 57 management transfers were undertaken in the year to support people to move to more affordable properties as a result of the under occupancy subsidy. The number of evictions has also increased from 14 in 2012/13 to 38 in 2013/14.

To reverse these rising trends in 2014/15 the housing teams will be restructured to increase the amount of face to face contact with existing customers with a view to improving tenancy sustainment coupled with the creation of a dedicated team to manage allocations and lettings in a more focussed way. The property services team will also be restructured to create one team managing repairs and to drive performance improvement.

As at 31 March 2014 of our 5,749 rented properties only 8 have failed to achieve the Scottish Quality Housing Standard after exemptions and abeyances. The predominant reason for this remains as tenants not providing access to their homes.

Future developments and initiatives

Castle Rock Edinvar completed 63 affordable rented properties and 18 shared ownership properties during the year to 31 March 2014 (2013: 56 affordable rented properties).

Castle Rock Edinvar will complete a further 53 affordable rented properties by the end of March 2015. Capital expenditure contracted but not provided in the accounts amounted to £6.5m (2013: £2.9m).

Development performance is monitored using a number of indicators covering profitability of schemes, cost control, development pipeline and the management of working capital.

Castle Rock Edinvar has ownership of or is in control of land to ensure continued growth through the development of new stock subject to the availability of grant funding and new borrowings which will form part of Places for People Group's overall capital investment strategy.

In 2013/14 Castle Rock Edinvar and Places for People Scotland contributed to developing "1,000 new homes for Edinburgh" supported by a HAG recycling initiative.

The notes on pages 16 to 30 form an integral part of these

Treasury management

Castle Rock Edinvar's borrowings decreased from £63.8m at March 2013 to £53.7m at March 2014. The ratio of net loans to housing asset costs was 19% (2013: 18%) which is within the strategy target maximum of 50%. The improvement in the ratio allows the Board to continue an effective response to the key financial challenges outlined on page 5.

The Board regularly reviews treasury management. The Group's policy is to retain minimal cash whilst ensuring that sufficient loan facilities are available and immediately accessible to finance a minimum of one year's cash flow. Cash projections cover a 3 year period to continuously monitor future borrowing requirements.

During the year the percentage of loans arranged at fixed interest rates decreased from 29.2% to 19.1%. The ratio of fixed and variable rates are reviewed daily to ensure that Castle Rock Edinvar borrows at the best rates.

The effect of a 1% increase in variable interest rates would cost Castle Rock Edinvar an additional £452,000 per annum in additional interest charges.

Donations

Castle Rock Edinvar did not receive any gift aid during the year ended 31 March 2014 (2013: nil). During the year Castle Rock Edinvar made £4,060 (2013: £7,572) donations to community groups within the neighbourhoods the Association operates in.

Other funding

With the support this year of £138,088 from the Big Lottery Fund we have been able to continue the Money Matters project providing money and debt advice to both our customers and those of 4 other housing associations in Edinburgh.

Employment

During the year ended 31 March 2014 the average number of people employed, expressed as full time equivalents, was 153 (2013: 150). At 31 March 2014 the actual number of people employed was 174 (2013: 168). Employee information is stated in Note 6 to these accounts.

Castle Rock Edinvar is keen to support the development of new talent within our organisation and provide opportunities for people, particularly young people, who are currently not in employment or training. With the support of SCVO we have been able to provide Community Jobs Funded work placements for 4 young people in 2014. We have received grants of £29,392 during the year (2013: 12 young people and 4 supported trainee placements, £37,367 in grants).

The Board considers that employee involvement is essential to its continuing success and uses a variety of methods to inform, consult and involve its employees. In addition, the Group has a comprehensive learning and development policy and holds the Investors in People accreditation.

During 2013/14, absenteeism was 2.01% (2013:1.90%) and staff turnover 5.71% (2013:12.45%).

Employee engagement

The Places for People Group participate in a regular staff survey. The last survey was administered by the Survey Initiative in February 2013. The feedback obtained in this survey was used to develop actions plans at a team and organisational level, to identify practical ways that we can improve staff morale, increase staff retention and make this a Better Place to work. Castle Rock Edinvar has an employee forum – the Better Place to Work Focus Group – which allows staff suggestions to be brought forward between the formal surveys.

Equality and diversity

The Board is committed to achieving equality through diversity and its policies and strategies recognise that all people have the right to their own distinctive and diverse identity. The Board recognises that it has the power to reduce the disadvantages that people experience by making services more responsive to all communities and individual needs. The Board also recognises its responsibility to meet these diverse needs by having a diverse workforce, which generally reflects local populations and has the skills and understanding to achieve the service objectives. The Board has taken positive steps to adopt good policy and practice in employing people with disabilities.

Pension funds

During 2013/14 the Association has consulted with the active members of the Scottish Housing Associations' Pension Scheme (the Scheme) - defined benefit section, and as a result this portion of the Scheme has been closed to new accrual with effect from 31 March 2014. Staff in the defined benefit section of the Scheme have been given the option to transfer to a defined contribution section. This has had the effect of reducing the risk of a cessation event. All new employees joining Castle Rock Edinvar now have the option of joining the defined contribution section of the Scheme to which the Association contributes. Auto enrolment staff will also join this section of the Scheme.

The Board is aware of the liability to pay a contribution to the Scheme if it was to withdraw completely from the Scheme. The estimated liability of each employer's potential debt on withdrawal from the Scheme has been calculated at 30 September 2013. The amount of employer debt on withdrawal for Castle Rock Edinvar has decreased from £19.7m (2013) to £17.7m (2014). The Board will continue to review the Pension Strategy in 2014/15. More details of the Scheme are included in note 21.

Health and safety

The Board takes very seriously its responsibilities on all matters relating to health and safety. There is a standing working group chaired by the Managing Director that meets to ensure all aspects of health and safety are covered. The working group is supported and advised by the Group Health and Safety staff. During the year the Group has continued to update its health and safety policies and provide staff training and education on health and safety matters and was awarded the British Safety Council five star ratings and the Royal Society for the Prevention of Accidents Gold Award.

During 2013/14 there were 4 reportable RIDDOR accidents.

The Environment and Corporate Social Responsibility

The Board recognises the need to develop its business in a sustainable manner; i.e. the business is developed to meet the needs of the present without compromising the ability of future generations to meet their own needs. We recognise that there are physical limits to the resources of the Earth (both in terms of generating materials and absorbing waste), and that any business activity that exceeds these limits is, by definition, unsustainable in the long term. In addition to making effective use of natural resources and enhancing the environment, we also believe that to achieve short and long term sustainability we need to promote social cohesion and inclusion and strengthen economic prosperity in the communities in which we work. Places for People has been accredited with ISO 14001 and has been awarded the highest platinum status in Business in the Community's (BITC) Corporate Responsibility Index (CRI).

The Board

Responsibility for Castle Rock Edinvar's activities rests with the Board. The Board's responsibilities are set out in a Governance Handbook.

Details of the Board members can be found listed on page 2 of these accounts. The Board has a range of skills and experience which meet the of the UK Corporate Governance code requirements. Places for People Homes is a subsidiary of the Places for People Group. The Places for People Group has adopted the UK Corporate Governance Code and the required disclosures are included in the consolidated financial statements which are available from the registered office address. In addition all directors have access to the Company Secretary for advice.

The Board has adopted guidelines for the appointment of directors which have been in place and which have been observed throughout the year. The letters of appointment of all directors are available for inspection at the Association's registered office during normal business hours. Board members are currently non remunerated and the normal term of office is six years.

Four new Board members have been recruited in the year ended 31 March 2014.

The Board is well equipped to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct that are vital to the success of the Association. Training is provided to ensure that Board members have a duty to exercise reasonable care, skill and diligence; a duty to promote the success of the Association; a duty to act within their powers; a duty to exercise independent judgment; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

The Board has agreed that there should be a reporting framework which would include six formal Board meetings and at least one development meeting each year. The Board Members attendance at Board and Committee meetings, in relation to the number of meetings held, during the year ended 31 March 2014 is set out below.

Board Members		Board Meetings	Audit & Risk Committee	Governance & Nominations
Cathy Garner	Chair	6/6	3/3	1/1
Anna Evans		6/6		1/1
Julie Jackson	(appointed 17.09.13)	3/3		
Stephen Oswald	(appointed 17.09.13)	3/3		
Liz Ritchie	(appointed 17.09.13)	3/3		
David Robertson		5/6	6/6	1/1
Simran Soin		6/6		
Graham Waddell	(appointed 17.09.13)	3/3		
William Wood		6/6		
Mohindra Dhall MBE	(resigned 08.04.14)	4/6	4/6	1/1
Brian Elliott	(resigned 17.09.13)	3/3		
David Fraser	(resigned 17.09.13)	3/3	3/3	
Martin Gill	(resigned 17.09.13)	3/3	2/3	
Paula McLeay	(resigned 01.08.13)	1/2		
Neil Miller	(resigned 17.09.13)	3/3		

Internal control

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2014 and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

The view of the External Auditor, KPMG LLP

This position in relation to controls which are within the scope of the auditor's terms of engagement is confirmed at the conclusion of each audit. Any issues arising from interim audit work are also reported to the Audit and Risk Committee.

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2014, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Group Accounts

Castle Rock Edinvar Housing Association is exempt from the requirement to prepare and deliver group accounts as it is itself a wholly owned subsidiary of Places for People Group Limited. As such these financial statements present information about Castle Rock Edinvar Housing Association as an individual undertaking and not about its group.

Statement of Board to the Auditors

At the time of approval of this report:

- So far as the Board is aware, there is no relevant audit information of which the Associations's Auditor is unaware, and
- The Board has taken all steps that they ought to have taken as a Board in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standard.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the surplus or deficit for that period.

In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice 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 association will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2012. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



By order of the Board
Chris Martin
Company Secretary

Independent auditor's report to the members of Castle Rock Edinvar Housing Association

We have audited the financial statements of Castle Rock Edinvar Housing Association for the year ended 31 March 2014 set out on pages 14 to 31. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 69 of the Housing (Scotland) Act 2010 and 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 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 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 the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 11, the Association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Association as at 31 March 2014 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 2003, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 require us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained, or
- The Association has not kept proper accounting records, or
- The financial statements are not in agreement with the books of account, or
- We have not received all the information and explanations we need for our audit.



Chris Wilson for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

24 July 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	26,977	26,137
Operating costs	2	(16,295)	(15,404)
Operating surplus	2	<u>10,682</u>	<u>10,733</u>
Surplus on sale of fixed assets	5	1,011	176
Interest receivable and similar income	7	4	12
Interest payable and similar charges	8	(1,185)	(1,366)
Net surplus for the year		<u><u>10,512</u></u>	<u><u>9,555</u></u>

The historical cost surpluses and deficits are identical to those shown in the financial statements. There are no other recognised gains or losses other than those reported above. Therefore a separate statement of recognised gains and losses has not been prepared.

All activities are continuing.

The notes on pages 16 to 30 form an integral part of these financial statements.

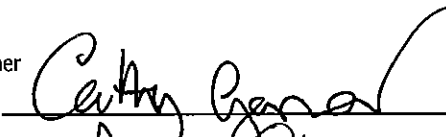
Castle Rock Edinvar Housing Association
 Balance Sheet
 As at 31 March 2014




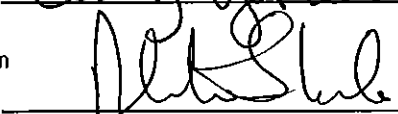
	Notes	2014 £'000	2013 £'000
Fixed assets			
Housing properties - depreciated cost	11	347,625	342,249
Less: Social Housing Grant	11	(225,254)	(225,209)
Other public grants	11	(3,900)	(3,900)
		<u>118,471</u>	<u>113,140</u>
Other fixed assets	12	<u>2,699</u>	<u>2,483</u>
Investments			
Homebuy loan	13	194	192
Homebuy grant	13	(194)	(192)
		<u>-</u>	<u>-</u>
Total fixed assets		<u>121,170</u>	<u>115,623</u>
Current assets			
Stock	14	105	85
Debtors: amounts due within one year	15	3,514	3,663
Cash at bank and in hand		207	1,050
		<u>3,826</u>	<u>4,798</u>
Creditors - amounts due within one year	16	<u>(12,543)</u>	<u>(8,400)</u>
Net current liabilities		<u>(8,717)</u>	<u>(3,602)</u>
Total assets less current liabilities		<u>112,453</u>	<u>112,021</u>
Creditors - amounts falling due after more than one year	17	<u>52,310</u>	<u>62,390</u>
Capital and Reserves			
Non-equity share capital	18	-	-
Revenue reserves	19	60,143	49,631
Total capital and reserves		<u>60,143</u>	<u>49,631</u>
		<u>112,453</u>	<u>112,021</u>

The notes on pages 16 to 30 form an integral part of these accounts.

The financial statements on pages 13 to 30 were approved by the Board on the 24 June 2014 and were signed on its behalf by:

Cathy Garner 
 Chair

David Robertson 
 Board Member

Chris Martin 
 Secretary

Castle Rock Edinvar Housing Association
Cash Flow Statement
For the year ending 31 March 2014



		2014		2013	
	Note	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	23		16,435		10,045
Returns on investments and servicing of finance					
Interest received	7	4		12	
Interest paid	8	<u>(1,185)</u>		<u>(1,366)</u>	
Net cash outflow from returns on investments and servicing of finance			(1,181)		(1,354)
Capital expenditure and financial investment					
Additions to housing properties	11	(7,925)		(11,991)	
Capital grants received	11	2,199		3,347	
Payments to acquire other fixed assets	12	(277)		-	
Proceeds of sales of other fixed assets	5	<u>184</u>		<u>135</u>	
Net cash (outflow) from capital expenditure			(5,819)	305	(8,509)
Cash inflow before management of liquid resources and financing	25		9,435		182
Financing					
Loan repayments		(9,987)		(8,017)	
Loan advances received		<u>-</u>		<u>5,500</u>	
Net cash outflow from financing	24		(9,987)		(2,517)
(Decrease) in cash	24		<u>(552)</u>		<u>(2,335)</u>

The notes on pages 16 to 30 form an integral part of these accounts.

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers Update 2010. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2012.

Turnover

The turnover represents mainly rents, service charges and revenue grants receivable from the Scottish Government or Local Authorities, housing developed for sale and some fees from managing agency services.

VAT

The majority of the Association's turnover from letting activities is exempt from VAT. Properties developed for sale are subject to VAT at zero rate. Where appropriate, costs are stated including irrecoverable VAT.

Pensions

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS).

The defined benefit portion of SHAPS was closed to new entrants on 1 August 2005 and closed to future accruals on 31 March 2014. The Association is unable to identify separately the assets and liabilities of the Scheme, therefore the costs of the pension have been accounted for on a defined contribution basis in this association. The Association has complied with FRS 17 and relevant disclosures are included in Note 21 to the accounts.

With respect to the defined contribution portion of SHAPS the amount charged against profits represents the contribution payable to the scheme in respect of the accounting period.

The Association also contributes to a defined contribution retirement benefit scheme - the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme. The defined contribution pension schemes assets are held separately from those of the Association in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Housing Association Grant and other capital grants

Where developments have been financed wholly or partly by Housing Association Grant (HAG) or any other form of capital grant subsidy, the cost of those developments is reduced by the grant received.

When HAG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Where HAG is retained following the disposal of a property, it is shown under disposal proceeds and recycled grant funds in creditors. These funds will be used for the provision and improvement of new social housing for rent and sale.

Capitalisation of interest and administrative costs

Interest is capitalised on loans financing schemes in development up to their completion. This is calculated by reference to the Association's cost of borrowing and the development costs.

Administration costs relating to the development activities are capitalised on an apportionment of the staff time directly spent on this activity.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Capitalisation of fixed assets

The Association capitalises expenditure to existing properties which it is considered will materially enhance the economic life of the asset, its income generating capacity or will result in a material reduction in annual operating costs. Components such as kitchens, windows doors and bathroom replacement programme are capitalised and depreciated over their expected useful lives.

Depreciation

Fixed assets other than freehold land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis, over the expected remaining useful life of the component. Freehold land is not depreciated. The estimated life of assets and components is as shown in the table below.

<u>Housing assets</u>	<u>Depreciation period in years</u>
Kitchens	20
Bathrooms	20
Boilers	15
External Windows & Doors	30
Roofs	45
Fire Safety Systems.	20
Fencing	30
Digital TV Aerials	10
Lifts	10
Aids and adaptations	10
Initial and replacement scheme assets	10
Other Elements (new build)	100
Other Elements (rehab)	80
Other Elements (leasehold)	Lesser of Term of Lease or 100 years
<u>Other Fixed Assets</u>	
Offices (new build)	100
Offices (rehab)	10
Office refurbishment	10
Offices (long leasehold)	Lesser of Term of Lease or 100 years
Offices (short leasehold)	10
Equipment	5
Computer hardware, software and infrastructure	5

Impairment

For fixed assets with a remaining useful life greater than 100 years an impairment review is carried out on an annual basis in accordance with FRS11. For all other assets an impairment review is undertaken when there is an indication the asset may be impaired. If assets are found to be impaired, the amount of impairment is disclosed in note 3 analysis to the income and expenditure.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Scottish Government shared equity scheme

The Association has sold properties under the Scottish Government shared equity schemes. Under these schemes buyers purchase a majority share of the property with the balance funded by Scottish Government grants. The fixed asset investment represents the total of the loans receivable from purchasers of the property when the equity is released. There is an equal and opposite liability to the Scottish Government amounting to any shared equity release.

Stock and work in progress

Stock and work in progress comprises the costs to balance sheet date of properties being developed for sale either as outright sale or shared ownership properties.

Cost of raising finance

The cost of raising finance is amortised over the period of the instrument. The deferred cost is offset against the liability and is included within "Creditors: amounts falling due after one year" (Note 16).

Special needs housing managed by voluntary agents on behalf of the association

Because of the nature of the relationship between the Association and its managing agents these financial statements exclude the financial performance of the projects managed by our agents.

Service charge sinking funds

The Association is required to set aside sums in respect of future maintenance of certain factored properties. Amounts accumulated in the fund are included within "Cash at bank and in hand" and within "Creditors: falling due within one year" (Note 16).

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Group Accounts

Castle Rock Edinvar Housing Association is exempt from the requirement to prepare and deliver group accounts as it is itself a wholly owned subsidiary of Places for People Group Limited. As such these financial statements present information about Castle Rock Edinvar Housing Association as an individual undertaking and not about its group.

2. PARTICULARS OF TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS

	Turnover £'000	2014 Operating costs £'000	Operating surplus £'000	2013 Operating surplus £'000
Social lettings	24,621	(14,833)	9,788	10,518
Other activities	2,356	(1,462)	894	215
Total	26,977	(16,295)	10,682	10,733
 Total for the year ended 31 March 2013	 26,137	 (15,404)	 10,733	

3. PARTICULARS OF TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS FROM SOCIAL LETTINGS ACTIVITIES

	2014				2013
	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Total £'000	Total £'000
Income from lettings activities					
Rent receivable net of service charges	19,861	3,041	612	23,514	21,789
Service charges receivable	354	619	-	973	1,917
Gross Rents Receivable	20,215	3,660	612	24,487	23,706
Less Voids	(200)	(45)	-	(245)	(157)
	20,015	3,615	612	24,242	23,549
Revenue grants from local authorities and other agencies	226	88	-	314	475
Other Income	48	17	-	65	66
	20,289	3,720	612	24,621	24,090
 Expenditure on letting activities					
Management	(3,584)	(570)	(113)	(4,267)	(3,627)
Services	(995)	(930)	(15)	(1,940)	(1,921)
Routine maintenance	(2,742)	(441)	(20)	(3,203)	(3,501)
Planned maintenance	(1,965)	(498)	(15)	(2,478)	(1,741)
Rent losses from bad debts	(232)	(9)	(8)	(249)	(121)
Major repairs expenditure	(52)	(859)	92	(819)	(811)
Depreciation on housing assets	(1,620)	(192)	(33)	(1,845)	(1,567)
Impairment of housing assets	-	-	-	-	(262)
Other Costs	(26)	(4)	(2)	(32)	(21)
Total expenditure on lettings	(11,216)	(3,503)	(114)	(14,833)	(13,572)
 Operating surplus on letting activities	9,073	217	498	9,788	10,518
 Total for the year ended 31 March 2013	 8,669	 397	 1,452	 10,518	

4. PARTICULARS OF TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover £'000	Operating costs – bad debts £'000	Other operating costs £'000	Operating surplus/ (deficit) year ended 31 March 2014 £'000	Operating surplus/ (deficit) year ended 31 March 2014 £'000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	156	-	-	-	156	-	(220)	(64)	(229)
Support activities	-	-	121	-	121	-	(144)	(23)	1
Other agency/management services	-	-	-	87	87	-	(87)	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	(1)
Developments and improvements for sale to non registered social landlords	-	-	-	651	651	-	(512)	139	17
Commercial property income	-	-	-	1,093	1,093	-	(494)	599	258
VAT recovery	-	-	-	202	202	-	-	202	183
Other	-	-	-	45	45	-	(5)	40	(14)
Total from other activities	156	-	121	2,078	2,356	-	(1,462)	894	215
Total from other activities for the year ended 31 March 2013	164	-	126	1,757	2,047	-	(1,832)	215	

5. SALE OF OTHER FIXED ASSETS AND REDUCTION OF GRANT LIABILITY

	2014	2013
	£'000	£'000
Sales proceeds	184	135
Cost of sales	(142)	(70)
Operating costs	(10)	(2)
Gain on sale of fixed asset	<u>32</u>	<u>63</u>
Reduction of grant Liability	1,997	153
Recycled grant	(1,018)	(40)
Non cash reduction in grant liability	<u>979</u>	<u>113</u>
Surplus on sale of other assets and reduction in grant liability	<u><u>1,011</u></u>	<u><u>176</u></u>

6. OFFICERS' EMOLUMENTS

The Association is controlled by a voluntary Board of Management who received no remuneration during the year to 31 March 2014 (2013 - £Nil).

	2014	2013
	£'000	£'000
The aggregate of emoluments payable to Officers.	<u>303</u>	<u>313</u>
Aggregate emoluments payable to the Chief Executive (excluding pension contributions)	<u>106</u>	<u>104</u>
Pension contributions payable to Officers	<u>25</u>	<u>24</u>

The emoluments of the Officers (excluding pension contributions) were as follows;

	2014	2013
£60,000 to £70,000	3	3
£80,000 to £90,000	-	-
£100,000 to £110,000	<u>1</u>	<u>1</u>

	2014	2013
	No.	No.
The average number of full-time equivalents employed during the year was:-		
Housing	46	44
Property Services	19	18
Direct Trades	38	41
Sheltered Housing	17	17
Cleaners	6	4
Wider role and Commercial activities	9	7
Total Managing Housing Services	<u>135</u>	<u>131</u>
Central Administration Services	<u>18</u>	<u>19</u>
Total average FTE employees	<u><u>153</u></u>	<u><u>150</u></u>

6. OFFICERS' EMOLUMENTS (continued)

	2014	2013
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	4,267	4,203
Severance costs	13	
Social security costs	330	370
Other pension costs	59	246
	<u>4,668</u>	<u>4,967</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£'000	£'000
Interest receivable on cash deposits	<u>4</u>	<u>12</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£'000	£'000
On loans from related undertakings	221	274
On bank loans and overdrafts	<u>975</u>	<u>1,121</u>
	1,196	1,395
Capitalised interest	<u>(11)</u>	<u>(29)</u>
	<u>1,185</u>	<u>1,366</u>
Capitalisation rate used to determine the finance costs capitalised during the year:	<u>1.69%</u>	<u>2.12%</u>

9 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation was arrived at after charging:

	2014	2013
	£'000	£'000
Auditors' remuneration in their capacity as auditors (including expenses and VAT)	11	11
Payments under operating leases on motor vehicles	166	166
Depreciation of Housing fixed assets	1,903	1,902
Depreciation of Other fixed assets	<u>61</u>	<u>71</u>

10. TAXATION

There was no charge to corporation tax in 2014 or in 2013. The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

11. HOUSING PROPERTIES

	Completed housing properties £'000	Completed LSE & Shared Ownership housing properties £'000	Housing properties in the course of construction £'000	LSE & Shared Ownership properties in the course of construction £'000	Total housing properties £'000
Cost					
As at 1st April 2013	336,774	13,981	5,209	245	356,209
Additions	-	-	7,276	649	7,925
Change of Tenure/Use	(135)	(166)	(180)	(14)	(495)
Schemes Completed In Year	8,733	880	(8,733)	(880)	-
Disposals	-	(151)	-	-	(151)
At 31 March 2014	345,372	14,544	3,572	-	363,488
Housing Association Grant					
At 1 April 2013	(211,847)	(10,146)	(3,216)	-	(225,209)
Additions	-	-	(2,183)	(15)	(2,198)
Change of tenure/use	124	32	-	-	156
Schemes completed in year	(2,525) #	(15)	2,525	15	-
Removal of grant liability	1,857	140	-	-	1,997
At 31 March 2014	(212,391)	(9,989)	(2,874)	-	(225,254)
Other capital grants					
At 1 April 2013 and 31 March 2014	(3,893)	(7)	-	-	(3,900)
Total grants at 31 March 2014	(216,284)	(9,996)	(2,874)	-	(229,154)
Total grants at 1 April 2013	(215,740)	(10,153)	(3,216)	-	(229,110)
Depreciation & Impairment					
At 1 April 2013	(13,655)	(305)	-	-	(13,960)
Depreciation charges during year	(1,909)	(36)	-	-	(1,945)
Depreciation change of tenure	40	1	-	-	41
Depreciation eliminated on disposal	-	1	-	-	1
At 31 March 2014	(15,524)	(339)	-	-	(15,863)
Net Book Value at 31 March 2014	113,564	4,209	698	-	118,471
Net Book Value at 1 April 2013	107,379	3,523	1,993	245	113,140

Transfer to completed schemes Includes £3,574,928 (2013: £3,258,887) in respect of capitalised major repairs. In addition the cost of planned, cyclical and major repairs charged to revenue in the year amounted to £3,108,712 (2013: £2,762,227).

12. OTHER FIXED ASSETS

	Computer equipment £'000	Freehold commercial properties £'000	Total £'000
Cost			
At 1 April 2013	48	5,271	5,319
Additions	-	277	277
At 31 March 2014	48	5,548	5,596
Other capital grants			
At 1 April 2013 and 31 March 2014	-	(2,211)	(2,211)
Depreciation			
At 1 April 2013 and 31 March 2014	(30)	(595)	(625)
Charged during year	(8)	(53)	(61)
At 31 March 2014	(38)	(648)	(686)
Net book value at 31 March 2014	10	2,689	2,699
Net book value at 31 March 2013	18	2,465	2,483

13. FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
Gross valuation		
At 1 April	193	191
Net appreciation in year	1	1
At 31 March	194	192
Social Housing Grant		
At 1 April	(193)	(191)
Net appreciation in year	(1)	(1)
At 31 March	(194)	(192)
Net book value at 31 March	-	-

Castle Rock Edinvar Housing Association holds a fixed asset Investments In Places for People Scotland Limited, being 100% of its ordinary share capital held at a cost of £1.

14. STOCK AND WORK IN PROGRESS

	2014 £'000	2013 £'000
Properties in construction	-	85
Completed properties	8	-
Stock Other	97	-
	105	85

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Rental debtors	1,092	1,030
Less: provision for bad and doubtful debts	(313)	(280)
	779	750
Other trade debtors	364	170
Other taxes	44	17
Sundry debtors, prepayments and accrued income	449	239
Capital development debtor	1,377	2,116
Amounts due from related undertakings	498	371
Loans to employees	3	-
	3,514	3,663
	3,514	3,663
16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2014	2013
	£'000	£'000
Housing loans principal payable within one year	2,184	2,400
Finance leases	305	85
Interest on housing loans	60	41
Trade creditors	621	489
Amounts due to related undertakings	32	30
Other creditors and accruals	2,078	1,481
Capital development creditor	6,673	3,329
Prepaid rent	590	545
	12,543	8,400
	12,543	8,400

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£'000	£'000
Debt		
Housing loans	51,554	53,915
Loans from related undertakings	2,100	10,000
Finance leases	-	123
Recycling Capital Grant Funds	1,412	1,119
Cost of raising finance	<u>(267)</u>	<u>(282)</u>
	54,799	64,875
Less : payable within one year	<u>(2,489)</u>	<u>(2,485)</u>
Total creditors: amounts falling due after more than one year	<u><u>52,310</u></u>	<u><u>62,390</u></u>
Debt analysis		
Debt is repayable as follows:		
In one year or less	2,223	2,485
In more than one year but less than two years	3,940	3,445
In more than two years but less than five years	7,516	17,202
In more than five years		
By instalments	33,520	36,243
Not by instalments	<u>7,600</u>	<u>5,500</u>
	<u><u>54,799</u></u>	<u><u>64,875</u></u>

The loans are secured by specific charges over properties, and are repayable at varying rates of interest.

18. NON EQUITY SHARE CAPITAL

	2014	2013
	No	No
Issued, allotted and fully paid "B" shares of £1 each		
At 1 April	163	162
Cancelled during the year	(1)	(4)
Issued during the year	9	5
At 31 March	<u>171</u>	<u>163</u>
Issued, allotted and unpaid "A" shares of £1 each		
At 1 April	8	6
Issued during the year	1	3
Cancelled during the year	-	(1)
At 31 March 2013	<u>9</u>	<u>8</u>

The shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's rules and by the Industrial and Provident Societies Act 1965. On a return of capital on a winding-up, no member shall receive any property or sum beyond their £1 entitlement.

19. REVENUE RESERVES

	2014	2013
	£'000	£'000
At 1 April	49,631	40,076
Net surplus for the year	10,512	9,555
At 31 March	<u>60,143</u>	<u>49,631</u>

20. CAPITAL COMMITMENTS

	2014	2013
	£'000	£'000
Contracts placed for future capital expenditure not provided in the financial statements.	<u>6,530</u>	<u>2,916</u>
Additional Capital expenditure that has been authorised by the Board of directors	<u>16,090</u>	<u>3,002</u>

Grant funding is in place for all social housing projects where contracts have been placed for future capital expenditure.

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires are set out below.

	Motor vehicles	Motor vehicles
	2014	2013
	£'000	£'000
In one or less	13	19
Between one and two years	56	-
Between two and five years	50	66
	<u>119</u>	<u>85</u>

21. PENSION OBLIGATIONS

The pension costs for the Association relate to the following schemes:

The Places for People Group Stakeholder Scheme

Employees joining the Association from 1 September 2004 have the option of joining a defined contribution retirement benefit scheme - the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme.

The total cost charged to the profit and loss account of £195,184 (2013: £99,188) represents contributions payable to these schemes by the Association at rates specified in the rules of the plan. As at 31 March 2014 contributions of £23,377 (2013: £9,418) due in respect of the current reporting period had not been paid over to the schemes.

The Scottish Housing Associations' Pension Scheme - defined benefit section ("the Scheme")

The Association participates in the Scottish Housing Associations' Pension Scheme ("the Scheme"). The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three 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 last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63.0%.

Disclosure in Respect of Employer Debt

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.

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 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.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the estimated financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Castle Rock Edinvar was £17.7m (2013: £19.7m).

21. PENSION OBLIGATIONS (CONTINUED)

The Scottish Housing Associations' Pension Scheme Growth Plan ("the Plan")

The Association participates in the Plan as an Additional Voluntary Contribution (AVC) vehicle for employees. The Plan is a multi-employer pension plan where it is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers.

Contributions paid into the 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 Plan or by the purchase of an annuity.

The rules of the Plan give the Trustee the power to require employers to pay additional voluntary 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.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustees of the Plan. The Trustee's current policy is that it only applies to employers with the pre October 2001 liabilities in the plan winding up. The amount of debt can be volatile over time.

The Association has been notified by The Pension Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2012. As of this date the estimated employer debt for the Association was £121,747 (2013: £142,763).

22. CONTINGENT LIABILITIES

There are no contingent liabilities other than those referred to in note 21 concerning the Scottish Housing Association Pension Scheme.

23. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £'000	2013 £'000
Operating surplus on ordinary activities	10,682	10,733
Depreciation and Impairment	1,963	1,973
Decrease in stock and work in progress	305	230
Decrease/ (Increase) in debtors	149	(90)
Increase/ (Decrease) in creditors	4,347	(2,977)
(Loss)/ Gain on sales of fixed assets	(1,011)	176
Net cash inflow from operating activities	<u>16,435</u>	<u>10,045</u>

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £'000	2013 £'000
(Decrease) in cash	(552)	(2,335)
Net cash inflow from financing	<u>9,987</u>	<u>2,517</u>
Change in net debt resulting from cash flows	9,435	182
Opening net debt	<u>(62,790)</u>	<u>(62,972)</u>
Closing net debt	<u>(53,355)</u>	<u>(62,790)</u>

25. ANALYSIS OF NET DEBT

	At 1 April 2013 £'000	Cash flow £'000	At 31 March 2014 £'000
Cash	1,050	(552)	498
Loans	(63,719)	10,071	(53,648)
Group Loan	(43)	1	(42)
HP/ finance leases	(78)	(85)	(163)
	<u>(62,790)</u>	<u>9,435</u>	<u>(53,355)</u>

26. LOTTERY GRANT FUNDING

Castle Rock Edinvar has received restricted grant funding during the year from the Big Lottery Fund. These funds are used to assist clients with money matters and financial inclusion.

	2014 £'000	2013 £'000
At 1 April 2013	16	30
Grant money received in year	127	126
Expenditure in year	<u>(127)</u>	<u>(140)</u>
At 31 March 2014	<u>16</u>	<u>16</u>

The balance carried forward is included within "Other creditors and accruals" (note 16).

27. RELATED PARTY TRANSACTIONS 2198926.57

Castle Rock Edinvar is a subsidiary of the Places for People Group Limited, 305 Gray's Inn Road, London WC1X 8QR. Since the parent company publishes consolidated group accounts, the Association has taken advantage of the exemption not to report transactions with other group companies as permitted in FRS8.

The principal subsidiaries of Castle Rock Edinvar are Place for People Scotland Limited (formerly Lothian Homes Limited) and Places for People Scotland Care & Support Limited.

28. HOUSING ACCOMMODATION

	2014 No.	2013 No.
General needs	5,224	5,160
Support accommodation	866	868
Shared ownership	265	251
Other tenancies	21	23
Managed for others	37	37
	<u>6,413</u>	<u>6,339</u>

	General needs housing No.	Supported housing No.	Shared ownership housing No.	Others No.	Total No.
Units owned and managed at year end	5,043	713	265	-	6,021
Units managed not owned at year end	-	37	-	-	37
Units owned not managed at year end	181	153	-	21	355
	<u>5,224</u>	<u>903</u>	<u>265</u>	<u>21</u>	<u>6,413</u>