

FINANCE

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ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

REGISTER OF FRIENDLY SOCIETIES NO. 1840RS

REGISTERED HOUSING ASSOCIATION NO. HAL 108

REGISTERED SCOTTISH CHARITY NUMBER SCO32823

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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ELDERPARK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, SENIOR STAFF AND ADVISORS

YEAR ENDED 31 MARCH 2010

THE MANAGEMENT COMMITTEE

Susan Peters	Chairperson (appointed Chairperson on 25 June 2009)
Elsbeth Millen	Vice-Chairperson (appointed Vice Chairperson on 25 June 2009)
Barbara Wilson	Treasurer
Agnes Carey	Secretary
Charlotte McNeil	
Sophia Kaseke	
Marie Martin	
Joan Gordon	Resigned 2 March 2010
Janet Evans	
Paul Hendry	Elected 25 June 2009

SENIOR STAFF

Christine Murphy	Director
Shirley McKnight	Depute Director
Terry Frew	Maintenance Manager
James McGeough	Finance Manager
Aidan McGuinness	Housing Manager

REGISTERED OFFICE

31 Garmouth Street, Glasgow, G51 3PR

AUDITORS

French Duncan LLP, Chartered Accountants and Registered Auditor

BANKERS

Royal Bank of Scotland plc

SOLICITORS

Hart, Smith & Company

ELDERPARK HOUSING ASSOCIATION LIMITED

Report of the Management Committee for the year ended 31 MARCH 2010

The Management Committee present their report and the audited financial statements for the year ended 31 March 2010.

Legal Status

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965 No. 1840RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032823.

Principal Activities

The principal activity of the Association is the provision of good quality social housing at an affordable rent.

Review of Business and Future Developments

The Management Committee reports a surplus for the year of £737,889 (2009 - £539,401). Committee are satisfied with the results. Of this surplus £256,352 (2009 - £164,328) was transferred to designated reserves to fund future major repairs. The Association now has Housing Properties totalling £60,482,833 (2009 - £52,151,529) and net assets now total £5,573,397 (2009 - £4,835,494).

During the year the Association continued with the new build scheme at Harhill Street/Elder Street. This scheme consists of 109 units, comprising a development of flats, townhouses, family housing and wheelchair housing for both mainstream and re-provisioning. The scheme started on site in March 2009 and it is hoped to be completed by December 2010. The scheme is part of the Central Govan Action Plan. Also during this year, the Association has worked on the re-improvement of two closes at 40 and 46 Elderpark Street, Govan. This two close contract should be completed in June 2010.

In the current year, the Association hopes to achieve site start in August 2010 on a new build scheme at Elder Street/Garmouth Street, Govan (previously St Anthony's school). This scheme will comprise 114 units and will range from two apartment flats to five apartment houses. It will also include wheelchair housing and New Supply Shared Equity properties. The Association also hopes to start a new build scheme at 10 Elderpark Street in June 2010. This scheme will be made up of three apartment amenity flats.

Changes in Fixed Assets

Details of fixed assets are set out in notes 10 and 11.

The Management Committee and Senior Staff.

The Management Committee and Senior Staff are listed on Page 1. Each member of committee holds one fully paid up share of £1 in the Association.

Statement of Committee's Responsibilities

The Committee are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

ELDERPARK HOUSING ASSOCIATION LIMITED

Statement of Committee's Responsibilities (cont'd)

Housing Association legislation requires the committee to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Association as at the end of the financial year and of the surplus and deficit of the Association for that year.

In preparing those financial statements, the Management 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for ensuring that arrangements are made for keeping proper books of accounts in respect of the Association's transactions, its assets and liabilities and for maintaining a satisfactory system of control over the Association's books of accounts and transactions to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 (SSI 2007/165) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2008). They are 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.

The Management Committee confirm that the Financial Statements comply with the above requirements.

In so far as the Management Committee is aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Related Party Transactions

The Management Committee are tenants, owners, sharing owners or interested parties. For those who are tenants, their tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Raising Standards Guidance on Internal Financial Control and Financial Reporting

The Association considers that it has complied with the "Raising Standards" guidance on "Internal financial control and financial reporting" contained within "Raising Standards in Housing", published by the Scottish Federation of Housing Associations and endorsed by The Scottish Housing Regulator.

ELDERPARK HOUSING ASSOCIATION LIMITED

Internal Financial Control

The Management Committee exercises overall responsibility for the Association's system of internal financial control and is responsible for its effectiveness. This system, like any other can only provide reasonable and not absolute assurance against material mis-statement or loss. The system in place within the Association relating to control includes the following: -

- Recognition of personal responsibility and accountability of the Management Committee;
- Policies and detailed procedures covering all the key areas of the Association's activities
- A comprehensive system of budgeting, planning and financial reporting;
- A formal Business Risk Management policy. This risk policy considers risk as a priority and recognises that it includes risk to the organisation, its Committee, staff or customers. The Association aims to identify these risks and attempt to minimise and manage them within its day to day activities;
- The Management Committee set up a rolling programme of internal audit, which took place during the year. The programme covers all aspects of the Association's activities. The programme was evolved from an Internal Audit Needs Assessment Plan.

Auditor's Review

In addition to their audit of the financial statements, our Auditors have reviewed the Management Committee's statement concerning the Association's compliance with the disclosures required by the Scottish Federation of Housing Associations "Raising Standards" guidance on "Internal financial control and financial reporting". Their report is set out on page 5.

Charitable Donations

During the year, the Association made charitable donations amounting to £1,905 (2009 - £1,910).

Charitable Status

The Association achieved Charitable Status on 29 January 2002.

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, will be proposed at the Annual General Meeting.

By Order of the Committee

Agnes Learey
Secretary
15 June 2010

ELDERPARK HOUSING ASSOCIATION LIMITED

Report of the Independent Auditors on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your Statement on pages 3 and 4 concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the Scottish Federation of Housing Association's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review having regard to Bulletin 1999/5 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

In our opinion, the statement on internal financial controls on pages 3 and 4 has provided the disclosures required by the Internal Financial Control section within the Scottish Federation of Housing Association's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



French Duncan LLP
Chartered Accountants and
Registered Auditor
375 West George Street
Glasgow
G2 4LW

15 June 2010

ELDERPARK HOUSING ASSOCIATION LIMITED

Report of the Independent Auditors to the Members of Elderpark Housing Association Limited

We have audited the Financial Statements on pages 8 to 25, which have been prepared under the accounting policies, set out on pages 11 and 12.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial 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 Management Committee and Auditors

The Management Committee's responsibilities for preparing of 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 Management Committee 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 Industrial and Provident Societies Act 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 (SSI 2007/165). We also report to you if, in our opinion, the Management Committee's report is not consistent with the Financial Statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the Association is not disclosed.

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

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 Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the Financial Statements, 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 Financial Statements are free from material mis-statement, whether caused by fraud, other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

ELDERPARK HOUSING ASSOCIATION LIMITED

***Report of the Independent Auditors to the Members of Elderpark Housing Association Limited
(cont'd)***

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 affairs of the Association as at 31 March 2010 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 (SSI 2007/165);

French Duncan LLP

French Duncan LLP
Chartered Accountants and
Registered Auditor
375 West George Street
Glasgow
G2 4LW

15 June 2010

ELDERPARK HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
Turnover	2	3,248,408	2,962,502
Less: operating costs	2	<u>(2,434,871)</u>	<u>(2,411,100)</u>
Operating surplus	2,8	813,537	551,402
Interest receivable		42,744	82,529
Interest payable	7	<u>(118,393)</u>	<u>(94,530)</u>
Surplus for the year		<u>737,888</u>	<u>539,401</u>

The results for the year relate wholly to continuing activities.

The Association has no recognised surpluses or deficits in the years ended 31 March 2009 or 2010 other than the surplus for the year.

The notes on pages 11 to 25 form an integral part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH 2010


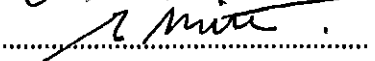
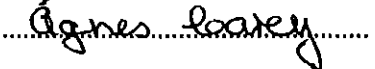
	Note	2010 £	2009 £
Tangible fixed assets	10		
Housing properties - gross cost		60,482,833	52,151,529
Other properties - gross cost		<u>152,955</u>	<u>133,330</u>
		60,635,788	52,284,859
Less: Social Housing Grant		(52,800,413)	(46,153,874)
Depreciation		(928,220)	(850,467)
Other grants		<u>(543,293)</u>	<u>(543,293)</u>
		6,363,862	4,737,225
Other fixed assets	11	<u>326,160</u>	<u>292,197</u>
Total Fixed Assets		<u>6,690,022</u>	<u>5,029,422</u>
Current assets			
Stock	12	-	2,906
NSSE Stock	12	11,095	-
Debtors	13	2,624,194	258,451
Cash at bank and in hand		<u>2,930,271</u>	<u>2,816,497</u>
		<u>5,565,560</u>	<u>3,077,854</u>
Current Liabilities			
Creditors due within one year	14	<u>(4,011,231)</u>	<u>(604,162)</u>
Net current assets		<u>1,554,331</u>	<u>2,473,692</u>
Total assets less current liabilities		8,244,351	7,503,114
Creditors: amounts falling due after more than one year	15	<u>(2,670,955)</u>	<u>(2,667,620)</u>
Net Assets		<u>5,573,396</u>	<u>4,835,494</u>
Capital and Reserves			
Share capital	16	201	192
Forfeited shares		296	292
Designated Reserves	17	2,482,267	2,225,914
Revenue Reserves	18	<u>3,090,632</u>	<u>2,609,096</u>
		<u>5,573,396</u>	<u>4,835,494</u>

Approved on behalf of the Management Committee on 15 June 2010

Susan Peters, Chairperson

Elspeth Millen, Vice Chairperson

Agnes Carey, Secretary

The notes on pages 11 to 25 form an integral part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
Net Cash Inflow From Operating Activities	19a	<u>942,684</u>	<u>707,867</u>
Returns on Investments and Servicing of Finance			
Interest received		42,744	82,529
Interest paid		<u>(118,393)</u>	<u>(94,530)</u>
		<u>(75,649)</u>	<u>(12,001)</u>
Net Cash Inflow From Returns on Investments and Servicing of Finance		<u>867,035</u>	<u>695,866</u>
Capital Expenditure			
Cash paid for construction and purchase of housing properties		(7,498,125)	(3,686,804)
NSSE Property Purchases		(318,120)	
Cash paid for purchase of other fixed assets		(97,332)	(32,984)
Cash received from sale of housing properties		32,055	47,297
Cash received from sale of other fixed assets		-	-
Social Housing Grant received		6,116,612	2,068,805
NSSE Funding Received		307,025	
Other Grants received		-	-
		<u>(1,457,885)</u>	<u>(1,603,686)</u>
Net Cash (Outflow) before use of Liquid Resources and Financing		<u>(590,849)</u>	<u>(907,820)</u>
Financing			
Loan advances received		112,441	2,087,559
Loans repaid		(88,109)	(204,960)
Share Capital		<u>13</u>	<u>11</u>
		<u>24,345</u>	<u>1,882,610</u>
(Decrease)/Increase in Cash	19b	<u>(566,504)</u>	<u>974,789</u>

The notes on pages 11 to 25 form an integral part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

1. Accounting Policies

a) Accounting Basis

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards, the 2008 Statement of Recommended Practice and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

b) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from Communities Scotland.

c) Social Housing Grant and Other Capital Grants

Where developments have been financed partly by a Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. This amount is shown separately on the balance sheet.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances primarily following sale of property.

d) Scottish Government New Supplied Shared Equity

The Association sells properties under the NSSE scheme. Under this scheme 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.

e) Fixed Assets - Housing Properties

Housing properties are stated at cost less Social Housing Grants, other capital grants and accumulated depreciation.

f) Depreciation

i. Housing Properties:

Depreciation is provided on housing properties on a straight-line basis over the expected economic useful life of the properties at an annual rate of 2%.

ii. Other Fixed Assets:

Depreciation is charged on heritable office property, office fixtures, fittings, equipment, motor vehicle and office improvements to write off the asset less recoverable value over its anticipated useful life. Depreciation is also provided on improvements to Housing Properties over the useful economic life of the improvements to the properties. The following Rates & Methods are used: -

Heritable Office Property: Straight Line	2%
Improvements: Straight Line	10%
Fixtures, Fittings and Equipment: Reducing Balance	20%
Motor Vehicle: Reducing Balance	25%
Office Improvements: Reducing Balance	20%

A full year's depreciation is charged in the year of purchase, but no charge is made in the year of disposal.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

g) Capitalisation of Interest

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

h) Development Administration Costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent on this activity.

i) Sales of Housing Properties

Surpluses and deficits on sale of housing properties are accounted for in the Income and Expenditure Account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

j) Designated Reserves

i. Major Repairs Reserve:

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure and the actual costs of repairs is charged to this reserve.

ii. Planned Maintenance Reserve:

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

k) Pension Scheme Costs

The Association participates in centralised SFHA Pension Scheme administered by the Pension Trust for charities and voluntary organisations. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employee's in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. Scheme costs are spread over the average remaining service life of employees. Any deficiencies arising will be spread over this period.

l) Stock

Stock of maintenance materials is stated at the lower of cost and net realisable value. Cost is defined as supplier's invoice price.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover	Operating Costs	2010 Operating Surplus /(Deficit)	2009 Operating Surplus /(Deficit)
	£	£	£	£
Social Lettings	3,079,291	(2,171,473)	907,818	553,648
Other Activities	169,117	(263,398)	(94,281)	(2,246)
Total	3,248,408	(2,434,871)	813,537	551,402
Total for 2009	2,962,502	(2,411,100)	551,402	

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2010 Total £	2009 Total £
Rent receivable net of service charges	2,992,778	-	28,579	-	3,021,356	2,793,096
Service Charges	79,702	-	3,495	-	83,198	77,239
Gross income from rents and service charges	3,072,480	-	32,074	-	3,104,554	2,870,335
Less voids	25,263	-	-	-	25,263	37,447
Total turnover from social letting activities	3,047,217	-	32,074	-	3,079,291	2,832,888
Management and maintenance administration costs	1,054,120	-	19,697	-	1,073,817	1,120,742
Service costs	81,647	-	3,893	-	85,540	85,490
Planned and cyclical maintenance including major repair costs	351,496	-	-	-	351,496	360,515
Reactive maintenance costs	550,167	-	-	-	550,167	543,238
Bad debts – rents and service charges	32,700	-	-	-	32,700	106,621
Depreciation of social housing	77,753	-	-	-	77,753	62,634
Operating costs for social letting activities	2,147,885	-	23,590	-	2,171,473	2,279,240
Operating surplus for social lettings	899,332	-	8,484	-	907,818	553,648
Operating surplus for social lettings for 2009	547,181	-	6,467	-	553,648	

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other income	Total Turnover	Operating Costs – bad debts	Other operating costs	Operating surplus or (deficit)	Operating surplus or (deficit) f or 2009
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	142,191	-	2,812	-	145,003	-	(149,026)	(4,023)	-
Care and Repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	18,815	18,815	-	(11,221)	7,594	7,499
Development and construction of property activities	-	-	-	-	-	-	(92,262)	(92,262)	-
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	5,300	5,300	-	(10,890)	(5,590)	(9,745)
Total from other activities	142,191	-	2,812	24,115	169,118	-	(263,398)	(94,281)	(2,246)
Total from other activities for 2009	105,027	5,000	-	19,587	129,614	-	(131,860)	(2,246)	-

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

5. Directors' Emoluments

The Management Committee are all classed as Directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition the director and any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

	2010 £	2009 £
Total Directors Emoluments (including pension contribution and benefits in kind)	<u>301,357</u>	<u>298,500</u>
Emoluments of highest paid Director (excluding pension contributions)	<u>64,323</u>	<u>65,937</u>

The number of Directors, including the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were as follows

	Number of Directors	Number of Directors
Greater than £60,000	1	1

The highest paid Director is an ordinary member of the Association's pension scheme described in Note 24. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Director in the year amounted to £9,180 (2009 - £8,949).

	2010 £	2009 £
Total expenses reimbursed insofar as not Chargeable to income tax		
Management Committee	<u>1,362</u>	<u>1,578</u>

Reimbursement to the Management Committee is only made for expenses directly incurred in connection with performing the Association's business. All expenses incurred are within the designated classes under Schedule 7 of the Housing (Scotland) Act 2001.

6. Staff Costs and Numbers

Staff Costs were:-	2010 £	2009 £
Wages & Salaries	704,732	692,211
Social Security Costs	55,126	54,589
Other Pension Costs	<u>104,648</u>	<u>99,387</u>
	<u>864,506</u>	<u>846,187</u>

The average number of employees during the year was 23 (2009 - 22).

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

7. Interest Payable

	2010	2009
	£	£
Interest Payable on Bank Loans	<u>118,393</u>	<u>94,530</u>

8. Operating Surplus

	2010	2009
	£	£
Operating surplus is stated after charging:-		
Depreciation of Housing Properties	77,753	62,654
Auditors Remuneration – Audit Services	6,693	6,662
Depreciation and loss on sale of Other Fixed Assets	<u>60,299</u>	<u>55,345</u>

9. Taxation

No liability to Corporation Tax has occurred during the year because the Association is now a registered charity.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

10. Tangible Fixed Assets

Housing Properties

	Housing Properties held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Other Properties £	Total £
Cost					
At start of year	48,321,598	2,751,493	1,078,438	133,330	52,284,859
Additions	5,143,153	3,220,205	-	19,625	8,382,983
Transfers	1,114,573	(1,114,573)	-	-	-
Disposals	(32,055)	-	-	-	(32,055)
At end of year	54,547,269	4,857,125	1,078,438	152,955	60,635,787
Social Housing Grant					
At start of year	43,035,639	2,301,248	816,987	-	46,153,874
Additions	2,094,287	4,552,252	-	-	6,646,539
Transfers	3,074,517	(3,074,517)	-	-	-
At end of year	48,204,443	3,778,983	816,987	-	52,800,413
Depreciation					
At start of year	850,467	-	-	-	850,467
Charge for year	77,753	-	-	-	77,753
At end of year	928,220	-	-	-	928,220
Other Grants					
At start of year	543,293	-	-	-	543,293
Additions	-	-	-	-	-
At end of year	543,293	-	-	-	543,293
Net Book Value					
At end of year	7,172,562	(1,223,107)	261,451	152,955	6,363,861
2009	4,342,444	-	261,451	133,330	4,737,225

Additions to housing properties included capitalised administration costs of £92,262 (2009 - £95,505).

All housing properties are heritable.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

11. Tangible Fixed Assets

Other Fixed Assets

	Heritable Office Property £	Fixtures Fittings And Equipment £	Total £
Cost			
At start of year	164,558	529,782	694,340
Disposals in year	-	(12,196)	(12,196)
Additions during year	11,094	86,238	97,332
At end of year	175,652	603,824	779,476
Depreciation			
At start of year	45,958	346,185	392,143
On disposals	-	(9,126)	(9,126)
Charge for year	2,110	58,189	60,299
At end of year	48,068	395,248	443,316
Other Grants	-	10,000	10,000
Net Book Value at end of year	127,584	198,576	326,160
2009	118,600	173,597	292,197

12. Stock

	2010 £	2009 £
Maintenance Stock	-	2,908
Cost of Developing Properties	318,120	-
Grants Received to Develop Properties	(307,025)	-
NSSE Stock	<u>11,095</u>	-

The Association participates in the Scottish Governments New Supplied Shared Equity Scheme with the aim of providing assistance to those on lower incomes to own their own home. Grants are made to equity sharing owners to reduce the purchase cost to an affordable level. A standard security is taken over the property in favour of the Scottish Government and no interest or rent is receivable from the equity sharing owner.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

13. Debtors

Amounts falling due within one year:-	2010	2009
Arrears of rent and service charges	173,617	182,139
Less: Provision for bad and doubtful debts	<u>(122,641)</u>	<u>(141,981)</u>
	50,976	40,158
Social Housing Grant Receivable	170,245	127,189
Glasgow City Council Front Funding	2,302,227	-
Other Debtors	<u>100,746</u>	<u>91,104</u>
	<u>2,624,194</u>	<u>258,451</u>

14. Creditors Due Within One Year

	2010	2009
	£	£
Bank overdraft	680,278	-
Rent paid in advance	100,368	85,742
Trade creditors	80,569	116,524
Accruals and deferred income	60,293	33,521
Loans	109,107	88,109
Bank Front Funding	2,302,227	-
Other creditors	<u>678,387</u>	<u>280,266</u>
	<u>4,011,229</u>	<u>604,162</u>

15. Creditors Due After More Than One Year

Loans	<u>2,670,955</u>	<u>2,667,620</u>
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Analysis of Borrowings

Loans are secured by specific charges on the Association's properties and are repayable at varying interest rates with instalments due as follows:-

In year one or less	128,529	88,109
Between one and two years	128,529	105,021
Between two and five years	385,587	325,397
In more than five years	<u>2,156,839</u>	<u>2,237,202</u>
	2,799,484	2,755,729
Less: loans repayable within one year	<u>(128,529)</u>	<u>(88,109)</u>
	<u>2,670,955</u>	<u>2,667,620</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

16. Share Capital

Shares of £1 each fully paid and issued		
At start of year	192	191
Shares issued during year	13	11
Shares forfeited during year	<u>(4)</u>	<u>(10)</u>
At end of year	<u>201</u>	<u>192</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

17. Designated Reserves

	Major Repair Reserve £	Planned Maintenance Reserve £	Total £
At start of year	1,675,914	550,000	2,225,914
Transfer from Revenue Reserves	256,353	-	256,353
At end of year	<u>1,932,267</u>	<u>550,000</u>	<u>2,482,267</u>

18. Revenue Reserves

	2010 £	2009 £
At start of year	2,609,096	2,234,023
Surplus for year	737,888	539,401
Transfer to Designated Reserves	<u>(256,353)</u>	<u>(164,328)</u>
At end of year	<u>3,090,631</u>	<u>2,609,096</u>

19. Notes To The Cash Flow Statement

	2010 £	2009 £
a) Reconciliation of operating profit to net cash inflow from Operating Activities		
Operating surplus for year	<u>813,537</u>	<u>551,402</u>
Depreciation and loss on sale – Housing Properties	77,753	62,654
Other Fixed Assets	<u>63,369</u>	<u>60,906</u>
	141,122	123,560
Decrease in Stock	2,908	3,320
Increase in NSSE Stock	(11,095)	
Increase in Debtors	(2,142,841)	(97,070)
Increase in Creditors	<u>2,139,053</u>	<u>126,655</u>
Cash Inflows from Operating Activities	<u>942,684</u>	<u>707,867</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

19. Notes To The Cash Flow Statement (cont'd)

b) Reconciliation of Net Cash Flow to Movement in Funds

New Loans	(112,441)	(2,087,559)
(Decrease)/Increase in Cash in the Year	(565,504)	974,789
Loans Repaid	88,109	204,960
Change in Funds	(590,836)	(907,810)
Funds at 1 April 2009	<u>60,768</u>	<u>968,578</u>
(Debt)/Funds at 31 March 2010	<u>(530,068)</u>	<u>60,768</u>

c) Analysis of Changes in Debt

	At 1 April 2009	Cash Flow	At 31 March 2010
	£	£	£
Cash at Bank and in Hand	2,816,497	113,774	2,930,271
Bank Overdraft	-	<u>(680,278)</u>	<u>(680,278)</u>
	2,816,497	(566,504)	2,249,993
Debt Due within one year	(88,109)	(20,997)	(109,107)
Debt Due after one year	<u>(2,667,620)</u>	<u>(3,335)</u>	<u>(2,670,955)</u>
	<u>60,768</u>	<u>(590,836)</u>	<u>(530,069)</u>

20. Capital Commitments

	2010 £	2009 £
Expenditure Contracted	<u>12,002,966</u>	<u>8,216,552</u>
Funded by:		
Social Housing Grant	6,079,699	5,377,065
Loan facility to be agreed	-	645,982
Agreed loan facility	3,757,950	2,193,505
Anticipated Sales	2,060,200	-
Own Resources	74,997	-
Other Public Subsidy	<u>30,120</u>	-
	<u>12,002,966</u>	<u>8,216,552</u>
Authorised Not Contracted	-	<u>10,621,386</u>
Funded by:		
Social Housing Grant	-	7,313,520
Loan facility to be agreed	-	2,958,472
Anticipated Sales	-	349,394
	-	<u>10,621,386</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

21. Housing Stock

The number of units of accommodation in management at the year end was:-

General Needs – New Build	273	261
- Rehabilitation	842	843
- Unimproved	42	42
Shared Ownership	<u>16</u>	<u>16</u>
	<u>1,173</u>	<u>1,162</u>

22. Contingent Liabilities

At 31 March 2010 there were no known contingent liabilities.

23. Commitments under Operating Leases

At the 31 March 2010 there were no commitments under operating leases.

24. Pension Scheme

Pension Obligations Note – SFHA Scheme Standard Employers

The Association participates in the SFHA Pension Scheme, administered by the Pension Trust. The scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the state scheme.

The Scheme currently operates with a single benefit structure, final salary with a 1/60th accrual rate. From April 2008 there are three benefit structures available, namely:

1. Final salary with a 1/60th accrual rate.
2. Career average revalued earnings with a 1/60th accrual rate.
3. Career average revalued earnings with a 1/70th rate.

The Association has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from April 2009.

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 so that the Scheme can meet its obligations as they fall due.

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 values. Accrued pension benefits are valued by discounting expected future benefit payments using a discounted rate calculated by reference to the expected future investment returns.

During the accounting period the Association paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 22 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £673,526. The Association continues to offer membership of the Scheme to its employees.

**ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010**

24. Pension Scheme (cont'd)

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 2006 by a professionally qualified actuary using the Projected Unit Credit method. The Market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. 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 £265 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate 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 2006.

The financial assumptions underlying the valuation as at 30 September 2006 were as follows:

	% pa
- Investment return pre-retirement	7.2
- Investment return post retirement	4.9
- Rate of salary increases	4.6
- Rate of pension increases	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.25
- Rate of price inflation	2.6

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort 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:

Mortality Tables	
Non-pensioners	PA92C2025 Short
Pensioners	PA92C2013 Short

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010

24. Pension Scheme (cont'd)

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

Benefit structure	%
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6
 Additional rate for deficit contributions	 5.3

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate
	(% of pensionable salaries per annum)
Final salary 60ths	23.1
	comprising employer contributions of 15.4% and member contributions of 7.7%

A small number of employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 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 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 SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The current triennial formal valuation of the scheme, as at September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in autumn 2010.

As a result of pension scheme legislation 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

**ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2010**

24. Pension Scheme (cont'd)

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 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 SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt on withdrawal for Elderpark Housing Association has been calculated as £5,396,651.

25. Assured Tenancy Rents	2010	2009
	£	£
Average Scottish Secure tenancy rent for Housing Accommodation	<u>2,715</u>	<u>2,557</u>
Percentage increase from previous year	<u>6%</u>	<u>6%</u>

26. Related Party Transactions

The Management Committee are tenants, owners, sharing owners or interested parties. For those who are tenants, their tenancies are on the Association's normal tenancy terms and they cannot use their position to their advantage.