

ELDERPARK HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2017**

Registered Housing Association Number: HAL 108
Charity Registration Number: SCO32823
FCA Reference Number: 1840RS

ELDERPARK HOUSING ASSOCIATION LIMITED

ELDERPARK HOUSING ASSOCIATION LIMITED

CONTENTS

	Page.
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	2
REPORT TO THE MANAGEMENT COMMITTEE	3-7
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	8
REPORT OF THE AUDITORS	9-10
STATEMENT OF COMPREHENSIVE INCOME	11
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF CASH FLOWS	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE FINANCIAL STATEMENTS	15-30

ELDERPARK HOUSING ASSOCIATION LIMITED

The MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31st MARCH 2017

MEMBERS OF THE MANAGEMENT COMMITTEE

Elspeth Millen	Chairperson (appointed 30 th June 2016)
Susan Peters	Vice-Chairperson (appointed 30th June 2016)
Barbara Wilson	Treasurer (re-elected 30th June 2016)
Janet Evans	Secretary (re-elected 30th June 2016)
Anne Melvin	
Marri Holmes	
Ann McEachan	
Elizabeth Faulkner	
Sophia Kaseke	
Maureen MacDonald	
Andrew McQuilter	(Deceased November 2016)
Alan Bell	
Sadie Montgomery	

EXECUTIVE OFFICERS

Gary Dalziel	Chief Executive Officer (Appointed 20 th February 2017)
Christine Murphy	Director (Deceased July 2016)
Shirley McKnight	Deputy 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 Statutory Auditor

BANKERS

Royal Bank of Scotland plc

SOLICITORS

MSM Hart Smith

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2017**

The Management Committee presents their report and the audited Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1840R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SCO32823.

Review of business and future developments

The Management Committee reports an operating surplus for the year of £2,556,226 (2016 - £1,167,763).

2016/17 has been a challenging year for the Association following the sad loss of our previous Director, Christine Murphy. Christine had been with Elderpark for 33 years and had been the Director of the Association since 2006. All the committee and staff were shocked by the sudden loss and are grateful for all she achieved during her many years with the Association.

Following Christine's passing our Depute Director, Shirley McKnight operated as the Interim Director before the appointment of our new Chief Executive, Gary Dalziel who joined the Association in February 2017.

The rent increase for the year was set at 2.00%, which is low in comparison to other Housing Associations in our sector.

Across almost all areas of core performance Elderpark Housing Association continued to see a positive trend with areas such as rent collection, where rent arrears have reduced for a 3rd consecutive year.

95.95% of tenants are satisfied with the services provided by Elderpark Housing Association and 97.30% feel that the landlord is good at keeping them informed about their services and decisions.

We have been progressing slowly in securing the necessary consents to allow us to commence redevelopment of the site at Nethan Street. This will involve building 82 new homes all for social rent and it is hoped this project will be on site late 2017.

Our other major build project involves the acquisition of the former Hills Trust Primary School which will be refurbished to provide high quality office premises for the Association and it is currently envisaged that we will take ownership of the building in June 2017 before commencing work late 2017.

During the year we acquired and upgraded 6 properties, as part of the acquisition strategy developed and funded by Glasgow City Council.

In terms of repairs and maintenance we invested £644,000 in completing refurbishment upgrades at 59 older tenement properties which included new kitchen units, bathroom suites, gas boilers, internal doors and radio linked smoke detector systems.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)**

Review of business and future developments (Cont.)

We also commenced work on refurbishing four tenement closes in Crossloan Road.

Our cyclical maintenance programme, which included gardening, environmental works, external paintwork, gas boiler and extractor fan servicing, was accomplished at a total cost of £270,000.

To let our properties to a high standard we also carried out remedial works to 114 void properties at a total cost of £243,454.

We completed 4,217 reactive repairs at a total cost of £396,403 with 99.36% of these repairs completed within the target time set and 96.12% of tenants were either very satisfied or satisfied with the overall service.

Elderpark HA actively pursues opportunities for community regeneration which aims to support and encourage both community and individual resilience. We do this by enabling and facilitating other organisations to provide community regeneration projects either in community centre or commercial property. Currently we support:

Craft Café – A partnership project with Impact Arts aimed at reducing social isolation that provides arts and crafts tutoring for over 60's including painting, ceramics and sewing in our Community Centre in Elderpark Street.

Spruce Skills for Life – A partnership project with Spruce Carpets is a training and work experience project for young people living in Govan and Greater Glasgow. It provides certificated training on carpet fitting, fork-lift, first aid, retail, IT and Health & Safety.

A co-operative shop where members are sold key ingredients and staple foods at a low price to make healthy meals.

Organising cookery lessons, food demonstrations and community meals.

Running community events and workshops in two community gardens in addition to Fun days in Elder Park.

Building community capacity through volunteer development and offering training and opportunities in retail management and catering.

Financially the Association remains strong and we continue to operate effectively across all areas of service. The future looks bright for the Association with new homes, new offices and a new community centre while still striving to improve how we deliver services to our customers. Despite some of the challenges experienced in the last twelve months we are pleased with the progress the Association continues to make.

Principal Activities

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

Our Mission Statement is to improve the quality of life for the people of Greater Govan by providing high quality housing and associated services in a safe and secure environment.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)**

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 the 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must, in determining how amounts are presented within items in the statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are 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.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)**

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Association, or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)**

Statement on Internal Financial Control (Continued.)

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

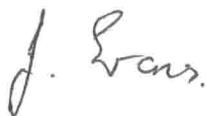
A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

Charitable Donations

During the year the Association made charitable donations amounting to £4,273 (2016 £3,863)

By order of Management Committee

Janet Evans,
Secretary



30th May 2017

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of The Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



French Duncan LLP
Chartered Accountants
Statutory Auditors

GLASGOW

30th May 2017

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Elderpark Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of The Management Committee's Responsibilities, the Association's Management Committee are responsible for the preparation of the Financial Statements that 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 (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED (Continued.)

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

French Duncan LLP

Chartered Accountants

Statutory Auditors

133 Finnieston Street

GLASGOW

G3 8HB

30th May 2017

ELDERPARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st MARCH 2017**

	Notes		2017		2016
		£	£	£	£
REVENUE	2		6,115,946		6,108,895
Operating Costs	2		(4,722,935)		(4,565,143)
OPERATING SURPLUS			<u>1,393,011</u>		<u>1,543,752</u>
Gain/(Loss) on Sale of Housing Stock	7	-		(1,400)	
Interest Receivable and Other Income		63,262		62,080	
Interest Payable and Similar Charges	8	(370,047)		(368,669)	
Other Finance Charges	11	(66,000)		(68,000)	
			<u>(372,785)</u>		<u>(375,989)</u>
SURPLUS FOR THE YEAR			1,020,226		1,167,763
SHAPS Pension Adjustment			1,536,000		-
TOTAL COMPREHENSIVE INCOME			<u>2,556,226</u>		<u>1,167,763</u>

The notes on pages 15 to 30 form part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12(a)		55,980,142		56,405,306
Other Tangible Fixed Assets	12(b)		384,366		383,302
			<u>56,364,508</u>		<u>56,788,608</u>
Trade and Other Debtors	13	266,641		401,008	
Cash and Cash Equivalents		12,473,957		6,508,738	
		<u>12,740,598</u>		<u>6,909,746</u>	
CREDITORS: Amounts falling due within one year	14	(2,825,603)		(2,124,740)	
NET CURRENT ASSETS			<u>9,914,995</u>		<u>4,785,006</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>66,279,503</u>		<u>61,573,614</u>
CREDITORS: Amounts falling due after more than one year					
Housing Property Loans	15		(13,710,733)		(9,022,384)
Retirement Benefit Scheme Deficit	15		(1,062,000)		(2,754,000)
DEFERRED INCOME					
Social Housing Grants	17	(41,187,902)		(42,022,192)	
Other Grants	17	(462,102)		(474,502)	
			<u>(41,650,004)</u>		<u>(42,496,694)</u>
NET ASSETS			<u>9,856,766</u>		<u>7,300,536</u>
EQUITY					
Share Capital	18		559		555
Revenue Reserves			9,856,207		7,299,981
			<u>9,856,766</u>		<u>7,300,536</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 30th May 2017.

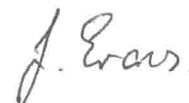
Chair-person



Treasurer



Secretary



The notes on pages 15 to 30 form part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	16	2,305,617	1,820,195
Investing Activities			
Acquisition and Construction of Properties	(1,542,593)	(1,691,499)	
Purchase of Other Fixed Assets	(40,407)	(14,349)	
Social Housing Grant Received	477,854	1,304,793	
Social Housing Grant Repaid	-	(25,502)	
Proceeds on Disposal of Properties	-	37,100	
Net Cash Outflow from Investing Activities		(1,105,146)	(389,457)
Financing Activities			
Interest Received on Cash and Cash Equivalents	63,262	62,080	
Interest Paid on Loans	(370,047)	(368,669)	
Loan Principal Repayments	(303,003)	(251,022)	
New Secured Loans	5,000,008	-	
Share Capital Issued	4	9	
Net Cash Inflow/ (Outflow) from Financing		4,390,224	(557,602)
Increase/ (decrease) in Cash		5,590,695	873,136
Opening Cash & Cash Equivalents		6,508,738	5,635,602
Closing Cash & Cash Equivalents		12,099,433	6,508,738

ELDERPARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st MARCH 2017**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 st April 2016	555	7,299,981	7,300,536
Issue of Shares	4	-	4
Surplus for Year	-	1,020,226	1,020,226
SHAPS Pension Adjustment	-	1,536,000	1,536,000
	<hr/>	<hr/>	<hr/>
Balance as at 31st March 2017	559	9,856,207	9,856,766
	<hr/>	<hr/>	<hr/>
	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 st April 2015	546	6,132,218	6,132,764
Issue of Shares	9	-	9
Surplus for Year	-	1,167,763	1,167,763
	<hr/>	<hr/>	<hr/>
Balance as at 31st March 2016	555	7,299,981	7,300,536
	<hr/>	<hr/>	<hr/>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees 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.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Valuation of Housing Properties (Continued.)

Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roof	40 years
Windows	40 years
Lifts	40 years
Bathrooms	35 years
Radiators	25 years
Composite Flooring	25 years
Kitchens	20 years
Door Entry	20 years
Boilers	15 years

Depreciation and Impairment of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- 2%	Straight Line
Improvements	- 10%	Straight Line
Fixtures, Fittings & Equipment	- 20%	Reducing Balance
Office Improvements	- 20%	Reducing Balance

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year 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, such as the disposal of certain assets. The amount

repayable would be restricted to the net proceeds of sale.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Elderpark's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

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

of the scheme.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the entire housing portfolio in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2017		2016		
		Revenue	Operating Costs	Revenue	Operating Costs	Operating Surplus/ (Deficit)
		£	£	£	£	£
Social Lettings	3	5,932,026	(4,468,519)	5,894,771	(4,272,073)	1,622,698
Other Activities	4	183,921	(254,416)	214,124	(293,070)	(78,946)
Total		6,115,946	(4,722,935)	6,108,895	(4,565,143)	1,543,752

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	4,528,105	-	17,054	4,545,158	4,472,901
Service Charges Receivable	100,746	-	2,110	102,855	115,248
Gross Rents Receivable	4,628,850	-	19,163	4,648,013	4,588,149
Less: Rent losses from voids	40,532	-	-	40,532	34,403
Net Rents Receivable	4,588,319	-	19,163	4,607,482	4,553,746
Amortisation of Social Housing Grants and Other Grants	1,324,544	-	-	1,324,544	1,341,025
Revenue Grants from Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	5,912,863	-	19,163	5,932,026	5,894,771
Expenditure on Social Letting Activities					
Service Costs	137,393	-	3,003	140,396	143,554
Management and maintenance administration costs	1,324,574	-	12,329	1,336,903	1,216,492
Reactive Maintenance	671,947	-	-	671,947	581,818
Bad Debts - Rents and Service Charges	22,021	-	-	22,021	59,449
Planned and Cyclical Maintenance, including Major Repairs	329,495	-	-	329,495	348,720
Depreciation of Social Housing	1,949,865	-	17,892	1,967,757	1,922,040
Operating Costs of Social Letting	4,435,294	-	33,225	4,468,519	4,272,073
Operating Surplus on Social Letting Activities	1,477,568	-	(14,061)	1,463,507	1,622,698
2016	1,617,290	-	5,408	1,622,698	-

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

4. PARTICULARS OF REVENUE, 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	Operating Costs Other	Operating Surplus/ (Deficit) 2017	Operating Surplus/ (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	129,220	-	-	129,220	-	(135,220)	(6,000)	(77,990)
Factoring	-	-	-	27,066	27,066	-	(39,635)	(12,569)	(9,727)
Development and Construction of Property Activities	-	-	-	-	-	-	(46,334)	(46,334)	(61,483)
Other Activities	-	-	-	27,635	27,635	-	(33,227)	(5,592)	70,254
Total From Other Activities	-	129,220	-	54,701	183,921	-	(254,416)	(70,495)	(78,946)
2016	-	-	-	214,124	214,124	-	(293,070)	(78,946)	

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, Managers and Employees of the Association.

2017 **2016**
£ £

No emoluments have been paid to any member of the Management Committee
Number of Officers of the Association who received emoluments (excluding pension contributions) greater than £60,000

0 1

Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)

0 73,880

Emoluments payable to the Director/Chief Executive (excluding pension contributions)

32,324 73,880

Pension contributions paid on behalf of the Director

5,454 37,985

Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£80,001 - £90,000

0 1

Payments made to board members during the year for reimbursement of expenses was £2,552 (2016-£2,361)

6. EMPLOYEE INFORMATION

2017 **2016**

No. **No.**

The average monthly number of full time equivalent persons employed during the year was

22 21

The average total number of Employees employed during the year was

23 23

Staff Costs were:

Wages and Salaries

879,033 823,805

Social Security Costs

89,797 72,107

Other Pension Costs

81,222 83,350

1,050,052 979,262

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	0	37,100
Cost of Sales	0	(38,500)
(Loss)/Gain on Sale of Housing Stock	<u>0</u>	<u>(1,400)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>370,047</u>	<u>368,669</u>

9. SURPLUS FOR ONE YEAR

Surplus is stated after charging:-	2017	2016
	£	£
Depreciation - Tangible Owned Fixed Assets	1,996,072	1,951,206
Auditors' Remuneration - Audit Services	7,910	12,823
Amortisation of Capital Grants	<u>(1,312,144)</u>	<u>(1,341,025)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2017	2016
	£	£
Unwinding of Discounted Pension Liabilities	<u>66,000</u>	<u>68,000</u>

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1 st April 2016	76,906,044	380,842	894,614	78,181,500
Additions	1,492,175	71,668	-	1,563,843
Disposals	-	-	(21,250)	21,250
As at 31st March 2017	78,398,219	452,510	873,364	79,724,093
DEPRECIATION				
As at 1 st April 2016	21,527,004	-	249,190	21,776,194
Charge for the year	1,949,865	-	17,892	1,967,757
Disposals	-	-	-	-
As at 31st March 2017	23,476,869	-	267,082	23,743,951
NET BOOK VALUE				
As at 31st March 2017	54,921,350	452,510	606,282	55,980,142
As at 31st March 2016	55,379,040	380,842	645,424	56,405,306

Additions to Housing Properties includes Capitalised Development Administration Costs of £46,334 (2016 £61,483) and Capitalised Major Repair Costs of £870,190 (2016 £552,459).

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

12 NON-CURRENT ASSETS (Continued.)

b) Other Tangible Assets	Office Equipment £	Furniture & Fittings £	Total £
COST			
As at 1st April 2016	415,456	518,859	934,315
Additions in year	-	40,407	40,407
Disposals in year	-	(48,410)	(48,410)
As at 31st March 2017	415,456	510,856	926,312
AGGREGATE DEPRECIATION			
As at 1st April 2016	108,830	442,184	551,014
Charge for year	7,104	21,211	28,315
Disposals in year	-	(37,383)	(37,383)
As at 31st March 2017	115,934	426,012	541,946
NET BOOK VALUE			
As at 31st March 2017	299,522	84,844	384,366
As at 1st April 2016	306,626	76,676	383,302

13. DEBTORS

	2017 £	2016 £
Arrears of Rent & Service Charges	204,671	223,242
Less: Provision for Doubtful Debts	(110,855)	(135,434)
	93,816	87,808
Other Receivables	172,825	313,200
	266,641	401,008

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	311,662	303,006
Trade Payables	535,338	166,392
Rent in Advance	100,141	73,229
Other Payables	1,156,218	1,243,044
Liability for Past Service Contribution Arrangements	260,000	255,000
Accruals and Deferred Income	87,721	84,069
Bank Overdraft	374,524	-
	<u>2,825,603</u>	<u>2,124,740</u>

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contribution Arrangements	1,062,000	2,754,000
Housing Loans	13,710,733	9,022,384
	<u>14,772,733</u>	<u>11,776,384</u>

The Association has a number of long term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
RBS	Standard Security over 4 properties	5.30%	2039	Fixed
RBS	Standard Security over 133 properties	5.62%	2040	Fixed
RBS	Standard Security over 114 properties	LIBOR+1.45%	2040	Variable/Fixed
Clydesdale	Standard Security over 40 properties	5.53%	2026	Fixed
ALLIA	No Standard Security	3.30%	2027	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The Bank loans are repayable as follows:

	2017	2016
	£	£
Between one and two years	318,055	311,161
Between two and five years	998,289	642,541
In five years or more	<u>12,394,389</u>	<u>8,068,682</u>
	<u>13,710,733</u>	<u>9,022,384</u>

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow	2017	2016
	£	£
Operating Surplus	1,393,011	1,543,752
Depreciation	1,996,073	1,951,206
Amortisation of Capital Grants	(1,324,544)	(1,353,883)
Change in debtors	134,367	(125,206)
Change in creditors	312,684	62,913
Loss on sale of fixed assets	11,027	413
SHAPS pension adjustment	38,000	(12,000)
SHAPS pension deficit contribution	(255,001)	(247,000)
	<hr/>	<hr/>
Net cash flow inflow	2,305,617	1,820,195

17. DEFERRED INCOME

	2017	2016
	£	£
Social Housing Grants		
Balance as at 1 st April 2016	42,022,192	42,083,926
Additions in year	477,854	1,304,793
Released / Repaid as the result of property disposal	-	(25,502)
Amortisation in Year	(1,312,144)	(1,341,025)
	<hr/>	<hr/>
Balance as at 31st March 2017	41,187,902	42,022,192
Other Grants		
Balance as at 1 st April 2016	474,502	487,360
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(12,400)	(12,858)
	<hr/>	<hr/>
Balance as at 31st March 2017	462,102	474,502
Total	<hr/>	<hr/>
	41,650,004	42,496,694
This is expected to be released to the Statement of Comprehensive Income as follows:-		
Amount due within 1 year	1,421,847	1,312,144
Amount due within one year or more	40,228,157	41,184,550
	<hr/>	<hr/>
	41,650,004	42,496,694

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	555
Issued in year	4
	<hr/>
At 31st March 2017	559
	<hr/>

19. CAPITAL COMMITMENTS

	2017	2016
	£	£
Expenditure Contracted	3,317,227	57,691
Funded by:		
Social Housing Grant	1,445,451	55,829
Private Finance	1,671,203	-
Own Resources	200,573	1,862
	<hr/>	<hr/>
	3,317,227	57,691
Authorised Not Contracted	12,190,008	12,880,953
Funded by:		
Social Housing Grant	5,590,000	5,983,583
Loan facility	5,000,008	5,078,014
Own Resources	1,200,000	1,819,356
Other Funding	400,000	-
	<hr/>	<hr/>
	12,190,008	12,880,953

20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:-	2017	2016
	No.	No.
General Needs - House	159	159
-Tenement	1,031	1,029
- Four in a Block	8	8
- Other flat/maisonette	59	59
Shared Ownership	8	9
	<hr/>	<hr/>
	1,265	1,264
	<hr/>	<hr/>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 (Continued.)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

The related party relationships of the members of the Management Committee are summarised as:

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

Rent Received from Tenants on the Committee was £38,461

At the year-end total rent arrears owed by the tenant members of the Committee were Nil.
At the year-end total factored arrears owed by Owner Occupiers of the Committee were Nil.

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 31 Garmouth Street Glasgow G51 3PR.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow.

23. RETIREMENT BENEFIT OBLIGATIONS

General

Elderpark Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit 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

23. RETIREMENT BENEFIT OBLIGATIONS (Continued.)

General (Continued.)

liabilities belonging to individual participating employers 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 year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified Actuary. The market value of the Scheme's assets at the valuation date was £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m, equivalent to a past service funding level of 76%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. 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 £810m and indicated an increase in the shortfall of assets compared to liabilities to approximately £210m, equivalent to a past service funding level of 79%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £1,322,000 (2016 - £3,009,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%.

The Association made payments totalling £348,185 (2016: £336,895) to the pension scheme during the year.