

ELDERPARK HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

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

ELDERPARK HOUSING ASSOCIATION LIMITED

ELDERPARK HOUSING ASSOCIATION LIMITED

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ELDERPARK HOUSING ASSOCIATION LIMITED

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31st MARCH 2018

MEMBERS OF THE MANAGEMENT COMMITTEE

Elspeth Millen	Chairperson
Janet Evans	Vice-Chairperson (appointed 29 th June 2017)
Barbara Wilson	Treasurer
Maureen McDonald	Secretary (appointed 29 th June 2017)
Anne Melvin	
Marri Holmes	
Ann McEachan	
Elizabeth Faulkner	
Alan Bell	
Sadie Montgomery	
Reinhild Gorniak	Appointed 29 th June 2017
Lindsay Roches	Co-opted 28 th November 2017
Dr Evi Viza	Co-opted 31 st January 2018
Helena Smith	Co-opted 28 th March 2018
Raymond Baxter	Co-opted 28 th November 2017, (resigned 27 th February 2018)
Susan Peters	Resigned 11 th April 2017
Sophia Kaseke	Resigned 13 th June 2017

EXECUTIVE OFFICERS

Gary Dalziel	Chief Executive Officer
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 2018

The Management Committee presents their report and the audited Financial Statements for the year ended 31st March 2018.

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 £961,886 (2017 - £2,556,226).

The year ending 31st March 2018 has been an exciting year for the association.

A new Chief Executive, Gary Dalziel joined the Association in February 2017 and throughout the year there have been changes to how the organisation operates to ensure that we are meeting our governance requirements including changing the meeting schedule and content, co-opting three new committee members onto the Management Committee and reviewing all the relevant governance policies.

We also undertook a rebranding exercise and began developing a new website to ensure the association had a more modern image which reflects our future ambitions.

Towards the end of last year we were proud that our Chairperson, Elspeth Mullen who has dedicated over 20 years to the association won the EVH Helen McGregor award which recognises the achievement of voluntary committee members have made to their organisation.

Our Housing Officer, Lynn Reid was also the winner of the Margaret Vass Excellence in Frontline Housing Award at the CIH Excellence Awards.

The rent increase for the year was set at 2.9%, 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 including an overall reduction in our rent arrears.

One of the major activities during the last year was finally completing the purchase of the former Hills Trust Primary School which will become our new office and gaining the necessary consents to allow us to commence redevelopment of the site at Nethan Street. Work should begin on these two large projects in the summer of 2018.

During the year our extensive refurbishment project within four closes in Crossloan Road took place with 35 flats being reconfigured into 31 larger flats and completely redesigned including larger rooms, communal wi-if, utility room and internal wall insulation among some of the elements incorporated into the design.

95.61% of tenants are satisfied with the services provided by Elderpark Housing Association and 100% feel that the landlord is good at keeping them informed about their services and decisions.

ELDERPARK HOUSING ASSOCIATION LIMITED

In terms of repairs and maintenance we invested £1,467,458 in completing refurbishment upgrades at 59 older tenement properties which included 60 new kitchen units, 213 bathroom suites, 68 gas boilers, 66 internal doors and 274 radio linked smoke detector systems.

Our cyclical maintenance programme, which included external paintwork, gas boiler and extractor fan servicing, was accomplished at a total cost £158,358

To let our properties to a high standard we also carried out remedial works to 95 void properties at a total cost of £186,491

We completed 4,419 reactive repairs at a total cost of £403,072 with 99.46% of these repairs completed within the target time set and 95.86% of tenants were either very satisfied or satisfied with the overall service.

Elderpark HA actively works in partnership to deliver a range of projects which support our tenants and residents within our areas of operation. We have attained funding for various projects including the Craft Cafe, Spruce Skills for Life and undertook an in-depth analysis with the public and private sector in the area to determine what opportunities there would be to develop greater joint working.

Financially the Association remains strong and we continue to operate effectively across all areas of service. We are anticipating another positive year in 2018/19 with construction of our new office, commencement of the 82 homes in Nethan Street, the launch of our new website and developing and enhancing our existing services to all our customers.

Principal Activities

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

Our Vision Statement is that Elderpark Housing Association will lead the way in delivering outstanding customer services and great places to live

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31st MARCH 2018 (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 2018 (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 2018 (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 2018. 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.

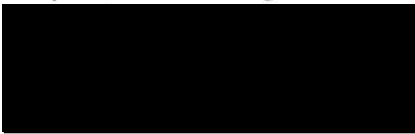
Auditors

The current appointment for external audit services has now expired and as such the Association will now review its audit requirements and invite tenders from suitably qualified audit firms.

Charitable Donations

During the year the Association made charitable donations amounting to £3,475 (2017 £4,273)

By order of Management Committee


Maureen McDonald,
Secretary

29th May 2018

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31ST MARCH 2018

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



INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2018

OPINION

We have audited the financial statements of Elderpark Housing Association Limited for the year ended 31st March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in reserves 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure 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 December 2014.

This report is made solely to the Association's members, as a body, in accordance with Section 87 of 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ISAs UK and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2018 (Continued)

CONCLUSIONS RELATING TO GOING CONCERN (Continued)

- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operation and Community Benefit Societies Act 2014 requires us to report to you, if in our opinion:

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

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2018 (Continued)

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 5, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF ELDERPARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2018 (Continued)

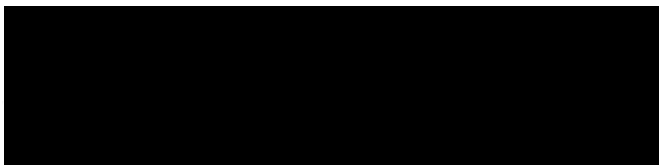
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB



ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2018

	Notes	2018		2017	
		£	£	£	£
REVENUE	2		6,309,361		6,115,947
Operating Costs	2		(4,880,871)		(4,722,936)
OPERATING SURPLUS			<u>1,428,490</u>		<u>1,393,011</u>
Gain/(Loss) on Sale of Housing Stock	7	-	-	-	-
Interest Receivable and Other Income		66,479		63,262	
Interest Payable and Similar Charges	8	(521,083)		(370,047)	
Other Finance Charges	11	(12,000)		(66,000)	
			<u>(466,604)</u>		<u>(372,785)</u>
SURPLUS FOR THE YEAR			961,886		1,020,226
SHAPS Pension Adjustment			-		1,536,000
TOTAL COMPREHENSIVE INCOME			<u>961,886</u>		<u>2,556,226</u>

The notes on pages 17 to 33 form part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12(a)		58,242,349		55,980,142
Other Tangible Fixed Assets	12(b)		720,693		384,366
			<hr/>		<hr/>
			58,963,042		56,364,508
Trade and Other Debtors	13	459,766		266,641	
Cash and Cash Equivalents		11,765,645		12,473,957	
		<hr/>		<hr/>	
		12,225,411		12,740,598	
CREDITORS: Amounts falling due within one year	14	(2,524,063)		(2,825,603)	
NET CURRENT ASSETS			<hr/>		<hr/>
			9,701,348		9,914,995
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			68,664,439		66,279,503
CREDITORS: Amounts falling due after more than one year					
Housing Property Loans	15		(15,206,527)		(13,710,733)
Retirement Benefit Scheme Deficit	15		(797,000)		(1,062,000)
DEFERRED INCOME					
Social Housing Grants	17	(41,357,041)		(41,187,902)	
Other Grants	17	(485,166)		(462,102)	
		<hr/>		<hr/>	
			(41,842,207)		(41,650,004)
NET ASSETS			<hr/>		<hr/>
			10,818,656		9,856,766
EQUITY					
Share Capital	18		563		559
Revenue Reserves			10,818,093		9,856,207
			<hr/>		<hr/>
			10,818,656		9,856,766

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 29th May 2018.

Elspeth Millen
Chair-person

Barbara Wilson
Treasurer

Maureen McDonald
Secretary

The notes on pages 17 to 33 form part of these financial statements.

ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2018

	Notes	2018	2017
		£	£
Net Cash Inflow from Operating Activities	16	1,945,193	2,305,617
Investing Activities			
Acquisition and Construction of Properties		(4,363,424)	(1,542,593)
Purchase of Other Fixed Assets		(374,160)	(40,407)
Social Housing Grant Received		1,548,668	477,854
Social Housing Grant Repaid		-	-
Proceeds on Disposal of Properties		-	-
Net Cash Outflow from Investing Activities		(3,188,916)	(1,105,146)
Financing Activities			
Interest Received on Cash and Cash Equivalents		66,479	63,262
Interest Paid on Loans		(521,083)	(370,047)
Loan Principal Repayments		(335,465)	(303,003)
New Secured Loans		1,700,000	5,000,008
Share Capital Issued		4	4
Net Cash Inflow from Financing		909,935	4,390,224
(Decrease)/Increase in Cash		(333,788)	5,590,695
Opening Cash & Cash Equivalents		12,099,433	6,508,738
Closing Cash & Cash Equivalents		11,765,645	12,099,433

ELDERPARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 st April 2017	559	9,856,207	9,856,766
Issue of Shares	4	-	4
Surplus for Year	-	961,886	961,886
Balance as at 31st March 2018	563	10,818,093	10,818,656

	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
Balance as at 31st March 2017	559	9,856,207	9,856,766

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018

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 2018 (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:-

Heritable Office Property	- 2%	Straight Line
Office Improvements	- 20%	Reducing Balance
Fixtures, Fittings & Equipment	- 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 2018 (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 2018 (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 2018 (Continued.)

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

		2018		2017	
	Notes	Revenue	Operating Costs	Revenue	Operating Costs
		£	£	£	£
Social Lettings	3	6,059,811	(4,641,065)	5,932,026	(4,468,519)
Other Activities	4	249,550	(239,806)	183,921	(254,417)
Total		6,309,361	(4,880,871)	6,115,947	(4,722,936)
					Operating Surplus/ (Deficit)
					1,428,490
					1,393,011

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2018 Total £	2017 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	4,640,725	-	18,054	4,658,779	4,545,159
Service Charges Receivable	90,035	-	1,790	91,825	102,855
Gross Rents Receivable	4,730,760	-	19,844	4,750,604	4,648,014
Less: Rent losses from voids	(47,258)	-	-	(47,258)	(40,532)
Net Rents Receivable	4,683,502	-	19,844	4,703,346	4,607,482
Amortisation of Social Housing Grants and Other Grants	1,356,465	-	-	1,356,465	1,324,544
Revenue Grants from Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	6,039,967	-	19,844	6,059,811	5,932,026
Expenditure on Social Letting Activities					
Service Costs	147,238	-	2,988	150,226	140,396
Management and maintenance administration costs	1,248,990	-	11,018	1,260,008	1,336,903
Reactive Maintenance	675,867	-	-	675,867	671,947
Bad Debts - Rents and Service Charges	35,062	-	-	35,062	22,021
Planned and Cyclical Maintenance, including Major Repairs	418,685	-	-	418,685	329,495
Depreciation of Social Housing	2,083,325	-	17,892	2,101,217	1,967,757
Operating Costs of Social Letting	4,609,167	-	31,898	4,641,065	4,468,519
Operating Surplus on Social Letting Activities	1,430,800	-	(12,054)	1,418,746	1,463,507
2017	1,477,568	-	(14,061)	1,463,507	-

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (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) 2018	Operating Surplus/ (Deficit) 2017
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	95,090	-	-	95,090	-	(110,334)	(15,244)	(6,000)
Factoring	-	-	-	27,531	27,531	-	(39,048)	(11,517)	(12,569)
Development and Construction of Property Activities	-	-	-	-	-	-	(60,378)	(60,378)	(46,334)
Other Activities	-	-	-	126,929	126,929	-	(30,046)	96,883	(5,593)
Total From Other Activities	-	95,090	-	154,460	249,550	-	(239,806)	9,744	(70,496)
2017	-	129,220	-	54,701	183,921	-	(254,417)	(70,496)	

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (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.

2018	2017
£	£

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

<u>1</u>	<u>0</u>
----------	----------

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

<u>1</u>	<u>0</u>
----------	----------

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

<u>69,504</u>	<u>32,324</u>
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Pension contributions paid on behalf of the Director

<u>4,448</u>	<u>5,454</u>
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Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 - £70,000

<u>1</u>	<u>0</u>
----------	----------

Payments made to board members during the year for reimbursement of expenses was £1,272 (2017-£2,552)

6. EMPLOYEE INFORMATION

2018	2017
------	------

No.	No.
-----	-----

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

<u>25</u>	<u>22</u>
-----------	-----------

The average total number of Employees employed during the year was

<u>26</u>	<u>23</u>
-----------	-----------

Staff Costs were:

Wages and Salaries

849,554	879,033
---------	---------

Social Security Costs

90,506	89,797
--------	--------

Other Pension Costs

79,828	81,222
--------	--------

<u>1,019,888</u>	<u>1,050,052</u>
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ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	-
Cost of Sales	-	-
(Loss)/Gain on Sale of Housing Stock	<u>-</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>521,083</u>	<u>370,047</u>

9. SURPLUS FOR THE YEAR

Surplus is stated after charging:-	2018	2017
	£	£
Depreciation - Tangible Owned Fixed Assets	2,139,051	1,996,072
Auditors' Remuneration - Audit Services	10,280	10,280
Amortisation of Capital Grants	<u>(1,343,679)</u>	<u>(1,312,144)</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

	2018	2017
	£	£
Unwinding of Discounted Pension Liabilities	<u>12,000</u>	<u>66,000</u>

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (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 2017	78,398,219	452,510	873,364	79,724,093
Additions	4,219,311	144,113	-	4,363,424
Disposals	-	-	-	-
As at 31st March 2018	<u>82,617,530</u>	<u>596,623</u>	<u>873,364</u>	<u>84,087,517</u>
DEPRECIATION				
As at 1 st April 2017	23,476,869	-	267,082	23,743,951
Charge for the year	2,083,325	-	17,892	2,101,217
Disposals	-	-	-	-
As at 31st March 2018	<u>25,560,194</u>	<u>-</u>	<u>284,974</u>	<u>25,845,168</u>
NET BOOK VALUE				
As at 31st March 2018	<u>57,057,336</u>	<u>596,623</u>	<u>588,390</u>	<u>58,242,349</u>
As at 31st March 2017	<u>54,921,350</u>	<u>452,510</u>	<u>606,282</u>	<u>55,980,142</u>

Additions to Housing Properties includes Capitalised Development Administration Costs of £60,378 (2017 £46,334) and Capitalised Major Repair Costs of £1,279,658 (2017 £870,190).

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

12 NON-CURRENT ASSETS (Continued.)

b) Other Tangible Assets	Heritable Office Property	Fixtures, Fittings and Equipment	Total
	£	£	£
COST			
As at 1st April 2017	415,456	510,856	926,312
Additions in year	340,493	33,669	374,162
Disposals in year	-	(2,505)	(2,505)
As at 31st March 2018	755,949	542,020	1,297,969
AGGREGATE DEPRECIATION			
As at 1st April 2017	115,934	426,012	541,946
Charge for year	13,772	23,613	37,385
Disposals in year	-	(2,055)	(2,055)
As at 31st March 2018	129,706	447,570	577,276
NET BOOK VALUE			
As at 31st March 2018	626,243	94,450	720,693
As at 1st April 2017	299,522	84,844	384,366

13. DEBTORS

	2018 £	2017 £
Arrears of Rent & Service Charges	222,704	204,671
Less: Provision for Doubtful Debts	(103,388)	(110,855)
	119,316	93,816
Other Receivables	340,450	172,825
	459,766	266,641

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	371,112	311,662
Trade Payables	369,339	535,338
Rent in Advance	116,573	100,141
Other Payables	1,225,432	1,156,218
Liability for Past Service		
Contribution Arrangements	268,000	260,000
Accruals and Deferred Income	173,607	87,721
Bank Overdraft	-	374,524
	<u>2,524,063</u>	<u>2,825,603</u>

Included within Other Payables are amounts of £20,351 (2017- £nil) for PAYE & NIC along with £36,373 (2017 £ nil) pension accrual

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Housing Loans	15,206,527	13,710,733
Liability for Past Service Contribution Arrangements	797,000	1,062,000
	<u>16,003,527</u>	<u>14,772,733</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
Charity Bank	Standard Security over 35 properties	Base + 1.75%	2042	Variable

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:

	2018	2017
	£	£
Between one and two years	377,643	318,055
Between two and five years	1,192,356	998,289
In five years or more	<u>13,636,528</u>	<u>12,394,389</u>
	<u>15,206,527</u>	<u>13,710,733</u>

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow	2018 £	2017 £
Operating Surplus	1,428,490	1,393,011
Depreciation	2,138,602	1,996,073
Amortisation of Capital Grants	(1,356,465)	(1,324,544)
Change in debtors	(193,125)	134,367
Change in creditors	63,758	57,683
Loss on sale of fixed assets	449	11,027
SHAPS pension adjustment	(9,000)	38,000
Net cash inflow	<u>1,945,193</u>	<u>2,305,617</u>

17. DEFERRED INCOME

	2018 £	2017 £
Social Housing Grants		
Balance as at 1 st April 2017	41,187,902	42,022,192
Additions in year	1,512,818	477,854
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(1,343,679)	(1,312,144)
Balance as at 31st March 2018	<u>41,357,041</u>	<u>41,187,902</u>
Other Grants		
Balance as at 1 st April 2017	462,102	474,502
Additions in year	35,850	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(12,786)	(12,400)
Balance as at 31st March 2018	<u>485,166</u>	<u>462,102</u>
Total	<u>41,842,207</u>	<u>41,650,004</u>
This is expected to be released to the Statement of Comprehensive Income as follows:-		
Amount due within 1 year	1,355,891	1,421,847
Amount due within one year or more	40,486,316	40,228,157
	<u>41,842,207</u>	<u>41,650,004</u>

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2017	559
Issued in year	4
	<hr/>
At 31st March 2018	563
	<hr/>

19. CAPITAL COMMITMENTS

	2018	2017
	£	£
Expenditure Contracted	212,125	3,317,227
Funded by:		
Social Housing Grant	212,125	1,445,451
Private Finance	-	1,671,203
Own Resources	-	200,573
	<hr/>	<hr/>
	212,125	3,317,227
Authorised Not Contracted	14,190,008	12,190,008
Funded by:		
Social Housing Grant	5,590,000	5,590,000
Loan facility	5,000,008	5,000,008
Own Resources	3,200,000	1,200,000
Other Funding	400,000	400,000
	<hr/>	<hr/>
	14,190,008	12,190,008

20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:-	2018	2017
	No.	No.
General Needs - House	159	159
-Tenement	1,031	1,031
- Four in a Block	8	8
- Other flat/maisonette	58	59
Shared Ownership	8	8
	<hr/>	<hr/>
	1,264	1,265
	<hr/>	<hr/>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (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 £40,270

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 £1,065,000 (2017 - £1,322,000). 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%.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2018 (Continued.)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued.)

General (Continued.)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	1,322	3,009
Unwinding of the discount factor (interest expense)	12	66
Deficit contribution paid	(260)	(255)
Remeasurements - impact of any change in assumptions	(9)	38
Remeasurements - amendments to the contribution schedule	-	(1,536)
Provision at end of period	1,065	1,322

The Association made payments totalling £352,000 (2017: £348,185) to the pension scheme during the year.