

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

FINANCIAL CONDUCT AUTHORITY NO. 1840RS

REGISTERED HOUSING ASSOCIATION NO. HAL 108

REGISTERED SCOTTISH CHARITY NUMBER SCO32823

ELDERPARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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ELDERPARK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, SENIOR STAFF AND ADVISORS

YEAR ENDED 31 MARCH 2014

THE MANAGEMENT COMMITTEE

Elspeth Millen	Chairperson
Susan Peters	Vice-Chairperson
Barbara Wilson	Treasurer
Janet Evans	Secretary (appointed on 16 th April 2013)
Anne Melvin	
Marri Holmes	
Ann McEachan	
Elizabeth Faulkner	Elected 27 th June 2013
Sophia Kaseke	Elected 27 th June 2013
Christine Brunton	Co-opted 18 th February 2014
Maureen MacDonald	Co-opted 15 th April 2014
Agnes Carey	Secretary (resigned as Secretary and committee member on 2 nd April 2013)
Marie Martin	Resigned 29 th April 2014
John McKenzie	Co-opted 19 th November 2013, resigned 28 th January 2014.

SENIOR STAFF

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

REGISTERED OFFICE

31 Garmouth Street, Glasgow, G51 3PR

AUDITORS

French Duncan LLP, Chartered Accountants and Statutory Auditor

BANKERS

Allied Irish Bank (GB)
Royal Bank of Scotland plc

SOLICITORS

Hart, Smith & Company

ELDERPARK HOUSING ASSOCIATION LIMITED

Report of the Management Committee for the Year Ended 31 March 2014

The Management Committee present their report and the audited financial statements for the Year Ended 31 March 2014.

Legal Status

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

Principal Activities

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

Business Review

The Management Committee reports an operating surplus for the year of £1,362,322 (2013 - £1,322,639).

During the year, the Association, although it did not have any new developments on site, continued to market the properties for sale at the new build scheme at Elder Street/Garmouth Street which came off site in February 2012, only two remain to be sold.

The Association also recently purchase the site at the Old Hills Trust Primary School with a view to developing a new build scheme on the site. The final designs and costs are currently being worked on and the Association hopes to be on site by April 2015.

Over the last year, the Association had a large level of expenditure on planned maintenance and is working towards ensuring that the Scottish Housing Quality Standards are fully met by March 2015. At present, the Standards should be fully met by September 2014.

The Association continues to put in place mechanisms which ensure that the requirements of the Scottish Social Housing Charter are fully met and has established strategies to minimise any risks associated with Welfare Reform and Universal Credit.

The Association is also in the process of acquiring new office accommodation at the Hills Trust Learning Academy and hopes also to have within it an Information Technology Suite to support residents in the area.

Over the last year, the Association was successful in applying for grants to the People & Communities Fund. This has allowed the Association to provide other activities as follows:

- Welfare Rights and Financial Inclusion advice. This provides residents in the area with advice on claiming benefits, debt, loans, energy and insurance.
- Aberlour Street Work Project. This project allows street workers to engage with people aged from 11 to 18 years. It provides early information and informal education to help young people move into further education or employment.
- Craft Cafe. This, in conjunction with Impact Arts, continues to provide a Craft Cafe for over 50's for members to learn skills in art and craft.
- Spruce – Skills for Life. This project, in partnership with Spruce Carpets, is a training and work experience initiative for young people.

The Committee is satisfied with the results. Of this surplus £299,896 (2013 - £288,362) was transferred to designated reserves to fund future major repairs. The Association now has Housing Properties totalling £72,264,805 (2013 - £70,329,910) and net assets now total £9,140,618 (2013-£8,069,666).

ELDERPARK HOUSING ASSOCIATION LIMITED

Changes in Fixed Assets

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

The Management Committee and Senior Staff

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

Statement of Committee's Responsibilities

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

Housing Association legislation requires the Committee to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Association as at the end of the financial year and of the surplus 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 judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for ensuring that arrangements are made for keeping proper books of accounts in respect of the Association's transactions, its assets and liabilities and for maintaining a satisfactory system of control over the Association's books of accounts and transactions to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010, the Scottish Housing Regulator Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Management Committee is aware:

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

ELDERPARK HOUSING ASSOCIATION LIMITED

Related Party Transactions

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

Internal Financial Control

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

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

Charitable Donations

During the year, the Association made charitable donations amounting to £2,595 (2013 - £2,772).

Charitable Status

The Association achieved Charitable Status on 29 January 2002.

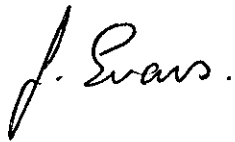
ELDERPARK HOUSING ASSOCIATION LIMITED

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, was accepted and approved at the 2013 Annual General Meeting.

By Order of the Committee

Secretary
03 June 2014

A handwritten signature in black ink, appearing to read "J. Evans.", is written over the typed name of the Secretary.

ELDERPARK HOUSING ASSOCIATION LIMITED

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

We have audited the Financial Statements on pages 8 to 25, which have been prepared under the accounting policies, set out on pages 11 and 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Management Committee and Auditors

As explained more fully in the Committee's Responsibilities Statement set out on page 3, the Committee are responsible for the preparation of the financial statements and for being satisfied that they 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 of 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 Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the report of the Management Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

ELDERPARK HOUSING ASSOCIATION LIMITED

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

Matters arising on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 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.



French Duncan LLP
Chartered Accountants and
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

05/06/2014

ELDERPARK HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		£	£
Turnover	2	4,861,533	4,165,810
Less: Operating costs	2	<u>(3,497,830)</u>	<u>(2,921,797)</u>
		1,363,703	1,244,013
(Loss)/Gain on sale of housing accommodation		<u>(1,381)</u>	<u>78,626</u>
Operating surplus	8	1,362,322	1,322,639
Interest receivable		49,876	75,095
Interest payable	7	<u>(341,252)</u>	<u>(368,456)</u>
Surplus for the year		<u>1,070,946</u>	<u>1,029,278</u>

The results for the year relate wholly to continuing activities.

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

ELDERPARK HOUSING ASSOCIATION LIMITED
BALANCE SHEET
AS AT 31 MARCH 2014

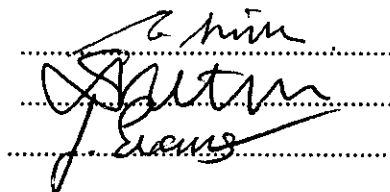
	Note	2014	2013
		£	£
Tangible fixed assets	10		
Housing properties - gross cost		72,264,805	70,329,910
Other properties - gross cost		<u>250,846</u>	<u>250,044</u>
		72,515,651	70,579,954
Less: Social Housing Grant		(55,037,915)	(54,170,538)
Depreciation		(2,555,768)	(2,108,517)
Other grants		<u>(679,161)</u>	<u>(628,323)</u>
		14,242,807	13,672,576
Other fixed assets	11	<u>431,583</u>	<u>427,958</u>
Investments			
Shared Equity Loan	11(a)	800,730	725,730
Shared Equity Grant		<u>(800,730)</u>	<u>(725,730)</u>
		=	=
Total Fixed Assets		<u>14,674,390</u>	<u>14,100,534</u>
Current assets			
NSSE Stock	12	79,841	377,484
Debtors	13	312,265	221,290
Cash at bank and in hand		<u>5,313,071</u>	<u>4,751,339</u>
		<u>5,705,177</u>	<u>5,350,113</u>
Current Liabilities			
Creditors due within one year	14	<u>(1,662,537)</u>	<u>(1,741,331)</u>
Net current assets		<u>4,042,640</u>	<u>3,608,782</u>
Total assets less current liabilities		18,717,030	17,709,316
Creditors: amounts falling due after more than one year	15	<u>(9,576,412)</u>	<u>(9,639,650)</u>
Net Assets		<u>9,140,618</u>	<u>8,069,666</u>
Capital and Reserves			
Share capital	16	191	191
Forfeited shares		348	343
Designated Reserves	17	3,614,402	3,314,506
Revenue Reserves	18	<u>5,525,677</u>	<u>4,754,626</u>
		<u>9,140,618</u>	<u>8,069,666</u>

Approved on behalf of the Management Committee on 3rd June 2014

Elsbeth Millen, Chairperson

Susan Peters, Vice Chairperson

Janet Evans, Secretary



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

ELDERPARK HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2014

	Note	2014	2013
		£	£
Net Cash Inflow From Operating Activities	19a	<u>2,086,238</u>	<u>2,593,267</u>
Returns on Investments and Servicing of Finance			
Interest received		49,876	75,095
Interest paid		<u>(341,252)</u>	<u>(368,456)</u>
		<u>(291,376)</u>	<u>(293,361)</u>
Net Cash Inflow From Returns on Investments and Servicing of Finance		<u>1,794,862</u>	<u>2,299,906</u>
Capital Expenditure			
Cash paid for construction and purchase of housing properties		(2,152,846)	(388,239)
NSSE Property Purchases		-	-
Cash paid for purchase of other fixed assets		(41,987)	(70,010)
Cash received from sale of housing properties		-	-
Social Housing Grant received and abated		867,378	(730,027)
NSSE Funding Received		-	-
Other Grants received		<u>50,838</u>	<u>4,194</u>
		<u>(1,276,617)</u>	<u>(1,184,082)</u>
Net Cash Inflow before use of Liquid Resources and Financing		<u>518,245</u>	<u>1,115,824</u>
Financing			
Loan advances received		-	-
Loans repaid		(59,036)	(58,016)
Share Capital		6	12
		<u>(59,030)</u>	<u>(58,004)</u>
Increase in Cash	19b	<u>459,215</u>	<u>1,057,820</u>

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

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. Accounting Policies

a) Accounting Basis

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards, the 2010 Statement of Recommended Practice and comply with the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

b) Turnover

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

c) Social Housing Grant and Other Capital Grants

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

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

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

d) Scottish Government New Supplied Shared Equity

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

e) Fixed Assets - Housing Properties

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

f) Depreciation

i. Housing Properties:

Depreciation is provided on housing properties by major component on a straight-line basis over the expected economic useful life of each identified component. All components are categorised as Housing Properties in Note 10.

Component	Useful Economic Life
Structure	50 Years
Roofs	40 Years
Windows	40 Years
Lifts	40 Years
Bathrooms	35 Years
Kitchens	20 Years
Radiators	25 Years
Door Entry	20 Years
Boilers	15 Years
Composite Flooring	25 Years

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

1. Accounting Policies (Cont.)

ii. Other Fixed Assets:

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

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

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

g) Capitalisation of Interest

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

h) Development Administration Costs

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

i) Sales of Housing Properties

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

j) Designated Reserves

i. Major Repairs Reserve:

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

ii. Planned Maintenance Reserve:

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

k) Pension Scheme Costs

The Association participates in the centralised Scottish Housing Associations' Pension Scheme administered by the Pension Trust for charities and voluntary organisations. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and 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. Scheme costs are spread over the average remaining service life of employees. Any deficiencies arising will be spread over this period.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

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

	Turnover	Operating Costs	2014 Operating Surplus	2013 Operating Surplus /(Deficit)
	£	£	£	£
Social Lettings	4,190,806	(2,929,794)	1,261,012	1,292,929
Other Activities	670,727	(568,036)	102,691	(48,916)
Total	4,861,533	(3,497,830)	1,363,703	1,244,013
Total for 2013	4,165,810	(2,921,797)	1,244,013	

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

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2014 Total £	2013 Total £
Rent receivable net of service charges	4,098,635	-	24,325	-	4,122,960	3,935,904
Service Charges	105,814	-	3,257	-	109,071	102,053
Gross income from rents and service charges	4,204,449	-	27,582	-	4,232,031	4,037,957
Less Voids	41,225	-	-	-	41,225	19,941
Total turnover from social letting activities	4,163,224	-	27,582	-	4,190,806	4,018,016
Management and maintenance administration costs	1,249,546	-	16,039	-	1,265,585	1,313,420
Service costs	110,212	-	3,615	-	113,827	110,031
Planned and cyclical maintenance including major repair costs	340,396	-	-	-	340,396	251,203
Reactive maintenance costs	699,546	-	-	-	699,546	617,428
Bad debts – rents and service charges	63,189	-	-	-	63,189	35,123
Depreciation of social housing	447,251	-	-	-	447,251	397,882
Operating costs for social letting activities	2,910,140	-	19,654	-	2,929,794	2,725,087
Operating surplus for social lettings	1,253,084	-	7,928	-	1,261,012	1,292,929
Operating surplus for social lettings for 2013	1,284,777	-	8,152	-	1,292,929	

Planned and Cyclical Maintenance including repair costs spend in the year totalled £1,175,631

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

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

	Grants from Scottish Ministers	Other Revenue Grants	Supporting People Income	Other income	Total Turnover	Operating Costs – bad debts	Other operating costs	Operating surplus or (deficit)	Operating surplus or (deficit) for 2013
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	176,098	-	2,812	-	178,910	-	(178,910)	-	-
Care and Repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	28,817	28,817	-	(25,525)	3,292	2,832
Development and construction of property activities	-	-	-	-	-	-	(56,509)	(56,509)	(56,111)
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other activities -	-	-	-	463,000	463,000	-	(307,092)	155,908	4,363
Sale of NSSE and IFS properties	-	-	-	-	-	-	-	-	-
Total from other activities	176,098	-	2,812	491,817	670,727	-	(568,036)	102,691	(48,916)
Total from other activities for 2013	78,343	-	3,075	66,376	147,794	-	(196,710)	(48,916)	

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

5. Directors' Emoluments

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

	2014	2013
	£	£
Total Directors Emoluments (including pension contribution and benefits in kind)	<u>326,412</u>	<u>318,972</u>
Emoluments of highest paid Director (excluding pension contributions)	<u>68,949</u>	<u>68,339</u>

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

	2014	2013
	Number of Directors	Number of Directors
Greater than £60,000	1	1

The highest paid Director is an ordinary member of the Association's pension scheme described in Note 24. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Director in the year amounted to £10,564 (2013 - £9,880).

	2014	2013
	£	£
Total expenses reimbursed insofar as not Chargeable to income tax		
Management Committee	<u>1,135</u>	<u>1,045</u>

Reimbursement to the Management Committee is only made for expenses directly incurred in connection with performing the Association's business.

6. Staff Costs and Numbers

Staff Costs were:-	2014	2013
	£	£
Wages & Salaries	810,809	786,023
Social Security Costs	70,051	67,000
Other Pension Costs	<u>151,973</u>	<u>145,488</u>
	<u>1,032,833</u>	<u>998,511</u>

The average number of employees during the year was 23 (2013 - 23).

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

7. Interest Payable

	2014	2013
	£	£
Interest Payable on Bank Loans	<u>341,252</u>	<u>368,456</u>

8. Operating Surplus

	2014	2013
	£	£
Operating surplus is stated after charging:-		
Pension Past Service Deficit Cost	86,602	80,383
Depreciation of Housing Properties	447,251	397,882
Auditors' Remuneration – Audit Services	10,620	11,479
Depreciation and loss on sale of Other Fixed Assets	<u>36,889</u>	<u>51,713</u>

9. Taxation

No liability to Corporation Tax has occurred during the year because the Association's activities are charitable.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

10. Tangible Fixed Assets

Housing Properties

	Housing Properties held for Letting £	Completed Shared Ownership Properties £	Other Properties £	Total £
Cost				
At start of year	69,402,068	927,842	250,044	70,579,954
Additions	2,000,895	-	802	2,001,697
Disposals	(66,000)	-	-	(66,000)
At end of year	71,336,963	927,842	250,846	72,515,651
Social Housing Grant				
At start of year	53,353,551	816,987	-	54,170,538
Additions	926,777	-	-	926,777
Disposals	(59,400)	-	-	(59,400)
At end of year	54,220,928	816,987	-	55,037,915
Depreciation				
At start of year	2,101,042	-	7,475	2,108,517
Disposals	-	-	-	-
Charge for year	442,249	-	5,002	447,251
At end of year	2,543,291	-	12,477	2,555,768
Other Grants				
At start of year	543,293	-	85,030	628,323
Additions	50,838	-	-	50,838
At end of year	594,131	-	85,030	679,161
Net Book Value				
At end of year	13,978,613	110,855	153,339	14,242,807
2013	13,404,182	110,855	157,539	13,672,576

Additions to housing properties included capitalised administration costs of £56,509 (2013 - £56,111).

All housing properties are heritable.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

11. Tangible Fixed Assets

Other Fixed Assets

	Heritable Office Property £	Fixtures, Fittings And Equipment £	Total £
Cost			
At start of year	386,062	519,356	905,418
Additions during year	29,394	11,791	41,185
Disposals during year	-	(7,106)	(7,106)
At end of year	415,456	524,041	939,497
Depreciation			
At Start of year	87,003	380,457	467,460
On disposals	-	(5,577)	(5,577)
Charge for year	6,370	29,661	36,031
At end of year	93,373	404,541	497,914
Other Grants	-	10,000	10,000
Net Book Value at end of year	322,083	109,500	431,583
2013	299,059	128,899	427,958

11(a) Fixed Asset Investments

Shared Equity Loans

	2014 £	2013 £
Opening Balance	725,730	533,130
Additions in year	75,000	192,600
Closing Balance	<u>800,730</u>	<u>725,730</u>

Shared Equity Loans Received

Opening Balance	725,730	533,130
Additions in year	75,000	192,600
Closing Balance	<u>800,730</u>	<u>725,730</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

12. Stock

	2014 £	2013 £
Cost of Developing Properties	183,625	868,166
Grants Received to Develop Properties	<u>(103,784)</u>	<u>(490,682)</u>
NSSE Stock	<u>79,841</u>	<u>377,484</u>

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

13. Debtors

Amounts falling due within one year:-	2014 £	2013 £
Arrears of rent and service charges	206,021	217,042
Less: Provision for bad and doubtful debts	<u>(129,993)</u>	<u>(106,691)</u>
	76,028	110,351
Other Debtors	<u>236,237</u>	<u>110,939</u>
	<u>312,265</u>	<u>221,290</u>

14. Creditors Due Within One Year

	2014 £	2013 £
Bank overdraft & loans	184,565	82,047
Rent paid in advance	69,116	84,629
Trade creditors	113,913	86,508
Accruals and deferred income	51,042	81,017
Loans	63,291	59,088
Other creditors	<u>1,180,610</u>	<u>1,348,042</u>
	<u>1,662,537</u>	<u>1,741,331</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

15. Creditors Due After More Than One Year

	2014	2013
	£	£
Loans	<u>9,576,412</u>	<u>9,639,650</u>

Analysis of Borrowings

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

	2014	2013
	£	£
In year one or less	63,291	59,088
Between one and two years	192,776	142,490
Between two and five years	642,138	620,439
In more than five years	<u>8,741,498</u>	<u>8,876,721</u>
	9,639,703	9,698,738
Less: loans repayable within one year	<u>(63,291)</u>	<u>(59,088)</u>
	<u>9,576,412</u>	<u>9,639,650</u>

16. Share Capital

	2014	2013
	£	£
Shares of £1 each fully paid and issued		
At start of year	191	186
Shares issued during year	6	12
Shares forfeited during year	<u>(6)</u>	<u>(7)</u>
At end of year	<u>191</u>	<u>191</u>

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

17. Designated Reserves

	Major Repair Reserve	Planned Maintenance Reserve	Total
	£	£	£
At start of year	2,764,506	550,000	3,314,506
Transfer from Revenue Reserves	299,896	-	299,896
At end of year	<u>3,064,402</u>	<u>550,000</u>	<u>3,614,402</u>

18. Revenue Reserves

	2014	2013
	£	£
At start of year	4,754,626	4,013,710
Surplus for year	1,070,946	1,029,278
Transfer to Designated Reserves	<u>(299,896)</u>	<u>(288,362)</u>
At end of year	<u>5,525,677</u>	<u>4,754,626</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31-MARCH 2014

19. Notes To The Cash Flow Statement

	2014	2013
	£	£
a) Reconciliation of operating profit to net cash inflow from Operating Activities		
Operating surplus for year	<u>1,362,322</u>	<u>1,322,639</u>
Depreciation and loss on sale – Housing Properties	447,251	397,882
Other Fixed Assets	<u>37,560</u>	<u>51,712</u>
	484,811	449,594
(Increase)/Decrease in NSSE Stock	297,643	315,022
(Increase)/Decrease in Debtors	(90,975)	302
Increase/(Decrease) in Creditors	<u>32,437</u>	<u>505,710</u>
	<u>239,105</u>	<u>821,034</u>
Cash Inflows from Operating Activities	<u>2,086,238</u>	<u>2,593,267</u>

b) Reconciliation of Net Cash Flow to Movement in Funds

	2014	2013
	£	£
Increase/(Decrease) in Cash in the Year	459,215	1,057,820
Loans Repaid	<u>59,036</u>	<u>58,016</u>
Change in Funds	518,251	1,115,836
(Debt)/Funds at 1 April 2013	<u>(5,029,446)</u>	<u>(6,145,282)</u>
Debt at 31 March 2014	<u>(4,511,195)</u>	<u>(5,029,446)</u>

c) Analysis of Changes in Debt

	At 1 April 2013	Cash Flow	Transfers	At 31 March 2014
	£	£	£	£
Cash at Bank and in Hand	4,751,339	561,732	-	5,313,071
Bank Overdraft	<u>(82,047)</u>	<u>(102,517)</u>	-	<u>(184,564)</u>
	4,669,292	459,215		5,128,507
Debt Due within one year	(59,088)	59,036	(63,239)	(63,291)
Debt Due after one year	<u>(9,639,650)</u>	-	63,239	<u>(9,576,411)</u>
	<u>(5,029,446)</u>	<u>518,251</u>	-	<u>(4,511,195)</u>

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

20. Capital Commitments

	2014	2013
	£	£
Expenditure Contracted	<u>14,400</u>	<u>33,232</u>
Funded by:		
Social Housing Grant	-	-
Private Finance	-	-
Sales	-	-
Own Resources	<u>14,400</u>	<u>33,232</u>
	<u>14,400</u>	<u>33,232</u>
Authorised Not Contracted	<u>349,606</u>	<u>750,000</u>
Funded by:		
Social Housing Grant	<u>5,114</u>	-
Loan facility to be agreed	-	-
Own Resources	<u>344,492</u>	<u>750,000</u>
	<u>349,606</u>	<u>750,000</u>

21. Housing Stock

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

	2014	2013
General Needs – House	169	169
- Tenement	988	827
- Four in a block	8	8
- Other flat/maisonette	53	216
- House of Multiple Occupancy	0	3
Shared Ownership	<u>12</u>	<u>12</u>
	<u>1,230</u>	<u>1,235</u>

22. Contingent Liabilities

At 31 March 2014 there were no known contingent liabilities other than as disclosed in note 24.

23. Commitments under Operating Leases

At 31 March 2014 there were no commitments under operating leases.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

24. Pension Scheme

Elderpark Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme, administered by the Pension Trust. The scheme is a multi-employer defined benefit scheme. The scheme is funded and contracted out of the State Pension scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.
- Defined Contribution (DC) option.

Elderpark Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate and the career average revalued earnings with a 1/80th accrual rate for active members as at 1st April 2014 and the final salary with a 1/60th accrual rate and the career average revalued earnings with a 1/80th accrual rate for new entrants from 1st April 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its obligations as they fall due.

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

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 20 active members of the Scheme employed by Elderpark Housing Association Limited. The annual pensionable payroll in respect of these members was £665,270.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers 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 FRS17 represents the employer contribution payable.

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

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million, equivalent to a past service funding level of 63%.

**ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014**

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2012.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

	% pa
- Investment return pre-retirement	5.3
- Investment return post retirement - Non pensioners	3.4
- Investment return post retirement – Pensioners	3.4
- Rate of salary increases	4.1
- Rate of pension increases	
pension accrued pre 6 April 2005 in excess of GMP	2.0
pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
- Rate of price inflation	2.6

The valuation was carried out using the SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1.25% p.a. minimum improvement mortality tables for non-pensioners and pensioners.

The contribution rates required from employers and members to meet the cost of future benefit accrual (payable from 1st April 2014) were assessed as:

Benefit structure	%
Final salary 1/60 ^{ths}	24.6
Career average revalued earnings 1/60 ^{ths}	22.4
Career average revalued earnings 1/70 ^{ths}	19.2
Career average revalued earnings 1/80 ^{ths}	16.9
Career average revalued earnings 1/120 ^{ths}	11.4
Additional rate for deficit contributions	13.4

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt on withdrawal for Elderpark Housing Association Limited has been calculated as £5,852,543.40.

ELDERPARK HOUSING ASSOCIATION LIMITED
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

25. Assured Tenancy Rents	2014	2013
	£	£
Average Scottish Secure tenancy rent for Housing Accommodation	<u>3,395</u>	<u>3,258</u>

26. Related Party Transactions

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