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STATUTORY.

**MANOR ESTATES HOUSING
ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

For the year ended 31 March 2010



MANOR ESTATES HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2010

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MANOR ESTATES HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Registered Office: 11 Washington Lane
EDINBURGH
EH11 2HA

Management Committee: David Lindsay (Chairman)
William McBeath (Vice Chairman)
Ian Johnston (Secretary from 27 May 2009)
Margaret Fountain
Elizabeth Curran
Margaret Currie
Ronald Dickson
Bryan Fraser
William Hardie
Ella Chatterjee (Secretary, retired 27 May 2009)
Grant Nicol
John McIntosh
Alexander Motion
Jan Robertson (Co-opted, 24 February 2010)

Director: Lynn McDonald

Bankers: Royal Bank of Scotland plc
Santander
Alliance and Leicester
Bank of Scotland
Anglo Irish Bank

Solicitors: Lindsays WS
Stewart Watt & Co

Auditors: Chiene + Tait
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Industrial & Provident Society: 2484R(S)
Registered with the Scottish
Housing Regulator: HEP 284
Scottish Charity Number: SCO23106

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

The members of the Management Committee have pleasure in presenting their report on the Association's affairs for the year ended 31 March 2010

Membership of Management Committee

Members of the Management Committee during the year and to the date of this report were:-

David Lindsay (Chairman)
William McBeath (Vice Chairman)
Ian Johnston (Secretary from 27 May 2009)
Margaret Fountain
Elizabeth Curran
Margaret Currie
Ronald Dickson
Bryan Fraser
William Hardie
Ella Chatterjee (Secretary, retired 27 May 2009)
Grant Nicol
John McIntosh
Alexander Motion
Jan Robertson (Co. opted 24 February 2010)

Business review

Introduction

2009/10 was Manor Estates Housing Association's 15th year in operation. During the year the Association continued its major programme of expenditure on managing and maintaining its houses; reviewed its staff structure and maintained excellent performance in managing the level of rent arrears and rent lost on empty houses. In 2009/10 the Association increased its housing stock and reviewed its loan arrangements. The Association's subsidiary company, Manor Estates Associates Limited (MEA Limited) continued trading, undertaking a range of activities.

Business Activities

The Association spends significant sums each year maintaining and improving our properties. We have plans in place to meet the requirements set out in the Scottish Housing Quality Standard by 2015 and to carry out the necessary maintenance and component replacement work identified in our stock condition survey.

In order to ensure the Association has sufficient resources available in the short term, we have agreed with our lender to defer loan repayments until March 2012. In March 2010, the fixed interest rate on one of the Association's loans expired. The Management Committee decided to move this loan to a variable rate, with an interest rate cap, in order to benefit from the current low level of interest rates. This situation will be kept under review over the next year.

During 2009/10 the Association sold two properties through the Right to Buy (compared to two in the previous year and seven in 2007/08). The level of RTB sales continues to slow significantly compared to past experience and we anticipate this trend continuing as the number of tenants who retain RTB reduces year by year.

The Association has participated in the Mortgage to Rent scheme run by The Scottish Government since it was introduced in 2003. The scheme is designed to prevent homelessness by enabling home owners in financial difficulties to sell their home to the Association and become tenants. In 2009/10 we acquired a further 14 Mortgage to Rent properties. This brings the total number of properties acquired to 44 and we are committed to continuing to participate in the scheme.

We continued to employ a welfare rights officer as part of our wider role activities. This service has played an important role in helping tenants maximise their income by claiming their full entitlement to a range of benefits. We are also working with other Housing Associations to manage a wider role project designed to support residents into work.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Business Activities (Contd.)

The Association provides factoring services to around 1700 home owners, principally in estates where we have an interest as a landlord. Recovering the costs of the factoring service is a significant area of work for the Association and we take all practical steps to ensure the effective management of debt.

For a number of years we have been providing agency services (Finance and Technical services) to other Housing Associations. In 2008/09 we transferred responsibility for this area of activity to our subsidiary company, MEA Ltd, and have implemented effective systems to ensure it recovers the full cost of service provision.

The Association is committed to providing excellent services and continues to receive positive feedback from customers on the quality of services provided.

Management Committee

The Association has 13 Management Committee members, including eight tenants. The Management Committee sets the organisation's strategic direction and is committed to ensuring that the Association complies fully with the requirements set in the Regulatory Code of Governance. The Management Committee ensures that members attend regular training events each year to enable them to carry out their responsibilities to the highest standards.

Staff

The Association keeps its staff structure under review to ensure that it continues to be appropriate to the scale and scope of the organisation's activities and enables us to operate effectively and efficiently in meeting the objectives set by the Management Committee. Following a comprehensive review, the Association's staff structure was revised during 2009/10. This resulted in staff numbers increasing to 24 (17 full time and 7 part time), including the creation of an Office Trainee post through the Modern Apprenticeship programme.

The Association is committed to the highest standards in staff management, training and development and carries out regular staff appraisals. We are members of EVH and through this ensure that staff terms and conditions are in line with the sector generally and that all aspects of health and safety are effectively managed.

The Association is recognised as an Investor in People and is accredited as a user of the disability equality symbol by Jobcentre Plus.

Future Developments

Through our planned maintenance programme for 2010/11 we will be spending £1.25 million maintaining and improving our housing stock and will continue to implement our plans for meeting the SHQS.

The Association is a member of the Edinburgh Affordable Housing Partnership and through this forum we will continue to work with the City Council and other Housing Associations to contribute to achieving the objectives of the Local Housing Strategy.

Manor Estates works with seven other Housing Associations (Barony, Dunedin Canmore, Link, Margaret Blackwood, Muirhouse, Prospect and Viewpoint) in the Rowan Group. The Rowan Group has retained its status as one of the City Council's preferred partners for development funding. The Association is committed to working with our Rowan Group partners to identify development opportunities, including further new build activity, which can contribute to meeting the widely recognised need for more affordable housing in Edinburgh.

During 2009/10 we carried out a review of the Association's IT system and as a result have decided to invest in new software which will be implemented in 2010. This will enable the organisation to improve its efficiency while continuing to provide good quality services to our customers.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Future Developments (Contd.)

In April 2010 the Association entered into a contract for reactive maintenance services with R3 Repairs Ltd. This is a new company set up as a subsidiary of East Lothian Housing Association; it will make extensive use of IT and mobile working systems with the aim of improving the repairs service to tenants.

Surplus for the year and transfers to reserves

The Association has generated a surplus of £266,569 for 2009/10 (£163,698 for 2008/09) which is broadly in line with our financial plans. The surplus has been transferred to the revenue reserve. The Association decided to amalgamate the Planned Maintenance and Sheltered Maintenance Reserves into the Revenue Reserve this year.

Statement of the Management Committee's Responsibilities

Housing Association legislation 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 at the balance sheet date, and of the income and expenditure of the Association for the period ended on that date. 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.

The Management Committee is responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Association.

The Management Committee is also responsible for taking adequate steps to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Treasury Management Policy

It is the policy of the Association that any surplus funds (that is, cash not needed to meet immediate short-term needs) are invested to maximise interest income without the Association becoming open to unnecessary risk.

Rent Policy

Rent policy is to set rents that are fair, reasonable and affordable to current and prospective tenants. They must cover the Association's costs and promote confidence in the Association.

Internal Financial Control

Introduction

The Committee is responsible for ensuring that the Association has an appropriate system of internal financial control. Whilst no system of internal financial control can provide absolute assurance against material loss or misstatement, the Association's systems and procedures are designed to provide reasonable assurance that the controls in place are operating effectively.

Audit Committee

The Association has established an Audit Committee in line with 'The Code of Audit Practice' in "Raising Standards in Housing" published by the Scottish Federation of Housing Associations.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Internal Financial Control (contd.)

Internal Audit

The Association operates an independent internal audit function, which reports directly to the Audit Committee. A programme of work has been prepared and agreed based on an Audit Needs Assessment, which covers those areas of the Association's activity where potential risks have been identified.

Internal Financial Control System

The key elements of the internal financial control system are as follows:-

- o Documented financial regulations, including statements of delegation to and authority of executive management, who are appropriately qualified;
- o Approval by the Management Committee of a detailed business plan and of income and expenditure and cashflow budgets;
- o Approval by the Management Committee of an annual programme for planned maintenance and improvement work, as part of the business planning and budgeting process;
- o Monthly reporting to the Management Committee of actual results for the year to date and forecasts for the remainder of the year, including comparison to budget, with commentary on significant variations, and a half yearly budget review;
- o Experienced and suitably qualified staff with executive responsibility for important business functions, and a formal staff appraisal and training systems to maintain skills and competence.

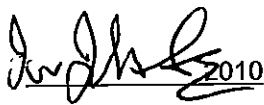
Throughout the year, the Committee has monitored and reviewed the effectiveness of the Association's internal financial controls using the key elements noted above. No weaknesses in internal control resulting in material losses, contingencies or uncertainties which require disclosure in the financial statements were found.

Auditor

A motion regarding the reappointment of Chiene + Tait as the Association's auditor will be made at the Annual General Meeting.

By order of the Committee

I Johnston
Secretary

Handwritten signature of I Johnston in black ink, with the year 2010 written at the end of the signature.

30 JUNE 2010

MANOR ESTATES HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MANOR ESTATES HOUSING ASSOCIATION LIMITED

This report is issued in respect of an audit carried out under Section 9 of the Friendly and Industrial and Provident Societies Act 1968 and Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements of Manor Estates Housing Association Limited for the year end 31 March 2010 set out on pages 8 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968, and to the charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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, the Association's members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE AND AUDITOR

The Management Committee's Responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Management Committee's Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

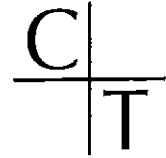
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained, if the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, or if we have not received all the information and explanations we require for our audit.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Management Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



OPINION

In our opinion the financial statements;

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 14 of the Charities Accounts (Scotland) Regulations 2006, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed the Management Committee's statement concerning internal financial control made under "The Code of External Audit Practice" contained within the publication "Raising Standards in Housing" which is the guidance issued by the Scottish Federation of Housing Associations. The object of our review is to draw attention to non-compliance with the guidance.

Basis of Opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

Opinion

With respect to the Management Committee's statements on internal financial control, in our opinion the Management Committee has provided the disclosures required by the guidance and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

CHIENE + TAIT

**Chartered Accountants and Statutory Auditor
61 Dublin Street
EDINBURGH EH3 6NL**

1 July 2010

MANOR ESTATES HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	3,903,325	3,661,767
Operating costs	2	2,982,660	3,003,978
Operating surplus	2	920,665	657,789
Interest receivable and similar income	8	3,647	56,554
Interest payable and similar charges	8	(685,292)	(613,871)
Surplus on ordinary activities	5	239,020	100,472
Surplus on disposal of Housing Accommodation		27,549	63,226
Surplus on ordinary activities before taxation		266,569	163,698
Tax on surplus on ordinary activities	9	-	-
Surplus for the year	15	266,569	163,698
		=====	=====

The above results relate wholly to continuing activities.

There were no recognised gains or losses other than the result for the year.

The notes on pages 11 to 22 form part of these financial statements.

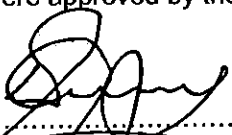
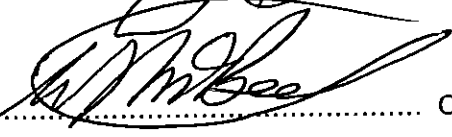

MANOR ESTATES HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2010

	Note	2010 £	2009 £
Tangible fixed assets			
Housing properties	10	23,035,209	21,479,426
Housing Association Grant	10	(10,004,542)	(8,935,982)
		-----	-----
		13,030,668	12,543,444
Other fixed assets	10	45,282	62,366
Investments	24	100	100
		-----	-----
		13,076,050	12,605,910
Current assets			
Debtors	11	447,949	356,603
Cash at bank and in hand		967,211	1,284,382
		-----	-----
		1,415,160	1,640,985
Creditors - amounts falling due within one year	12	1,091,308	1,113,571
		-----	-----
Net current assets		323,852	527,414
Total assets less current liabilities		13,399,902	13,133,324
Creditors - amounts falling due after more than one year	13	10,600,000	10,600,000
		-----	-----
Net assets		2,799,902	2,533,324
		=====	=====
Capital and reserves			
Share capital	14	185	176
Revenue reserves	15	2,799,717	1,067,237
Designated reserves	15	-	1,465,911
		-----	-----
		2,799,902	2,533,324
		=====	=====

The financial statements were approved by the Management Committee on 30 JUNE 2010.


 Committee Member

 Committee Member

 Secretary

The notes on pages 11 to 22 form part of these financial statements

MANOR ESTATES HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	16	855,969	641,840
Returns on investments and servicing of finance			
Interest received		4,211	55,924
Interest paid		(569,066)	(609,528)
Arrangement fee paid for interest rate cap		(145,000)	-
Net cash outflow from returns on investments and servicing of finance		(709,855)	(553,604)
Capital expenditure and financial investment			
Payments to improve housing properties and develop housing		(1,586,039)	(1,189,155)
Grants received for housing improvements and developments		1,068,559	819,628
Grants repaid (compulsory purchase)		-	(32,343)
Payments to acquire non-housing fixed assets		(3,619)	(47,499)
Net receipts from sale of housing properties		57,805	143,695
Payments to acquire investments		-	(100)
Net cash (outflow) from capital expenditure and financial investment		(463,294)	(305,774)
Net cash (outflow) before financing		(317,180)	(217,538)
Financing			
Shared capital issued		9	20
Share capital cancelled		-	(80)
Net cash inflow /(outflow)from financing		9	(60)
(Decrease) in cash	18	(317,171)	(217,598)

The notes on pages 11 to 22 form part of these financial statements

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards and Statements of Recommended Practice. The principal accounting policies of the Association are set out below.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting. As the parent of Manor Estates Associates Limited (note 24), Manor Estates Housing Association has been exempted from the preparation of consolidated accounts on the basis that it would be of no real value to the members.

Turnover

Turnover represents rental and service income receivable and fees and grants of a revenue nature from local authorities and the Scottish Government.

Housing properties

Housing properties are stated at cost less accumulated depreciation. The cost of properties includes the purchase price including land cost, all construction costs and professional fees, development administration costs and improvement costs.

No depreciation is charged on land and depreciation is no longer charged on housing properties as, in the opinion of the Committee, the depreciation charge and the accumulated depreciation not charged are considered to be immaterial due to the long useful economic life and high residual values of the properties. All housing properties are assumed to have a useful economic life of 50 years. In accordance with FRS 15 an impairment review of housing properties is carried out annually at the balance sheet date with any impairment recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value and its value in use. Value in use represents the net present value of expected future cash flows from these units. The impairment review did not result in any adjustment to the carrying value of the properties agenda.

Housing Association Grant and other capital grants

Where developments have been financed wholly or partly by Housing Association Grant (HAG) or other capital grants, the cost of those developments has been reduced by the amount of the grant received. The amount of grant received is shown separately on the balance sheet. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Other fixed assets

Other tangible fixed 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:

Leasehold improvements	20%
Office furniture and equipment	10%
Computer equipment	20%
Motor vehicles	33⅓%

Leased assets

All leases are regarded as operating leases and the payments made under them are charged to the income and expenditure account on a straight-line basis over the lease term.

Pension costs

The Association participates in the Scottish Federation of Housing associations' defined benefits pension scheme. The cost of the pension provision is charged to the income and expenditure account as contributions fall due.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2010

1. Principal accounting policies (cont'd)

Planned maintenance

The Association previously designated reserves for future planned maintenance expenditure. The Association no longer deems it necessary to separately designate reserves in this way and has amalgamated these designated reserves with the revenue reserves.

2. Particulars of turnover, operating costs and operating surplus/(deficit)

	Turnover	Operating Costs	Operating surplus or deficit 2010	Operating surplus or deficit 2009
	£	£	£	£
Social lettings (note 3)	3,603,239	2,720,543	882,696	674,998
Other activities (note 4)	300,086	262,117	37,969	(17,209)
Total	3,903,325	2,982,660	920,665	657,789
2010	3,661,767	3,003,978	657,789	

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

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

	General Needs Housing £	Sheltered Housing Accommo- dation £	2010 £	2009 £
Rent receivable net of service charges	2,888,950	560,718	3,449,668	3,260,043
Service charges*	17,024	161,339	178,363	176,580
	-----	-----	-----	-----
Gross income from rents and service charges	2,905,974	722,057	3,628,031	3,436,623
<u>Less: Voids</u>	(18,892)	(5,900)	(24,792)	(19,183)
	-----	-----	-----	-----
Total turnover from social letting activities	2,887,082	716,157	3,603,239	3,417,440
	-----	-----	-----	-----
Management and maintenance administration Costs	912,748	180,671	1,093,419	1,002,496
Service Costs	13,942	129,606	143,548	98,501
Planned and cyclical maintenance including Major repair costs	1,094,395	27,602	1,121,997	1,208,039
Reactive maintenance costs	291,172	41,921	333,093	421,344
Bad debts (rents and service charges)	24,175	4,311	28,486	12,062
Depreciation of social housing	-	-	-	-
Impairment of social housing	-	-	-	-
	-----	-----	-----	-----
Operating costs for social letting activities	2,336,432	384,111	2,720,543	2,742,442
	-----	-----	-----	-----
Operating surplus or deficit for social lettings	550,650	332,046	882,696	674,998
	=====	=====	=====	=====
2009	344,221	330,777	674,998	
	=====	=====	=====	

*Included in this income are amounts levied to fund future planned expenditure on the communal areas within housing accommodation.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2010

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

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit 2010 £	Operating surplus or deficit 2009 £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	17,552	(17,552)	(20,893)
Factoring	-	-	-	211,180	211,180	(1,028)	213,294	(1,086)	(33,123)
Other activities	-	6,700	-	52,276	58,976	-	-	58,976	43,481
Medical adaptations	29,930	-	-	-	29,930	-	32,299	(2,369)	(6,674)
Total from other activities	29,930	6,700	-	263,456	300,086	(1,028)	263,145	37,969	(17,209)
Total from other activities for the previous period of account	42,295	-	-	202,032	244,327	5,891	255,645	(17,209)	

Note: Other activity headings as noted in The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 do not apply.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

5. Surplus on ordinary activities	2010	2009
	£	£
Surplus on ordinary activities is stated after:-		
Auditor's remuneration including Value Added Tax		
for external audit services	7,400	7,130
	=====	=====

6. Officers' emoluments and interests

Officers are defined as the members of the Management Committee, the Secretary and the Director and any other manager whose total emoluments (excluding pension contributions) exceed £60,000 per annum. No emoluments were paid to any member of the Management Committee during the year and details of emoluments exceeding £60,000 per annum paid to the officers and other directors follow.

	2010	2009
	£	£
The emoluments of the Director (Chief Executive) were as follows:		
Salary	71,725	69,041
Pension contributions	10,041	9,526
	-----	-----
	81,766	78,567
	=====	=====
	2010	2009
Other Managers (£60,000 to £70,000)	1	-
	=====	=====

Expenses payable to the Management Committee amounted to £3,328 (2009: £6,289).

No payment by way of fees or other remuneration was made to members of the Management Committee.

7. Employee information	2010	2009
	£	£
Staff costs during the year were as follows:-		
Salaries	713,474	632,076
Social Security costs	54,539	49,110
Pension costs (note 19)	92,670	89,761
Costs of advertising and employing agency staff	7,811	1,339
	-----	-----
	868,494	772,286
	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

7. Employee information (Contd.) **2010**
£ **2009**
£

The average number of persons (full time equivalents) employed by the Association during the year was as follows:

Housing management	16	13
Administration	7	6
	23	19
	23	19

8. Interest **2010**
£ **2009**
£

Interest receivable 3,647 **56,554**

Interest payable on bank loans 540,292 **613,871**
Arrangement fee for interest rate cap 145,000 **-**

685,292 **613,871**

9. Tax on surplus on ordinary activities

The Association has charitable status and no Corporation Tax charge arises in the year.

10. Fixed assets

(a) Housing properties

	Total Held for Letting £
Cost	
At 1 April 2009	22,702,859
Additions	1,586,039
Disposals	(30,256)
At 31 March 2010	24,258,642
Depreciation	
At 1 April 2009 and 31 March 2010	1,223,433
Gross cost less depreciation	23,035,209
HAG	
At 1 April 2009	8,935,982
Additions	1,068,559
At 31 March 2010	10,004,542
Net book value 31 March 2010	13,030,668
Net book value 31 March 2009	12,543,444

All land and buildings are owned by the Association.

The number of units of accommodation at the start and end of the accounting period was as follows:-

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

10. Fixed assets (Contd.)

(a) Housing properties (Contd.)	Mainstream	Sheltered	Total
At 1 April 2009	790	143	933
At 31 March 2010	802	143	945
	=====	=====	=====

(b) Other fixed assets

	Office & IT equipment £	Leasehold improvements £	Motor vehicle £	Total £
Cost				
At 1 April 2009	144,350	58,067	7,265	209,682
Additions	3,619	-	-	3,619
	-----	-----	-----	-----
At 31 March 2010	147,969	58,067	7,265	213,301
	-----	-----	-----	-----
Depreciation				
At 1 April 2009	104,339	40,555	2,422	147,316
Provided in year	10,725	7,556	2,422	20,703
	-----	-----	-----	-----
At 31 March 2010	115,064	48,111	4,844	168,019
	-----	-----	-----	-----
Net book value 31 March 2010	32,905	9,956	2,421	45,282
	=====	=====	=====	=====
Net book value 31 March 2009	40,010	17,512	4,843	62,366
	=====	=====	=====	=====

The leasehold office premises are held on a short lease.

11. Debtors

	2010 £	2009 £
Rent arrears	102,338	116,831
Doubtful debt provision	(26,973)	(30,542)
	-----	-----
	75,365	86,289
Other debtors	210,634	111,159
Prepayments	161,950	159,155
	-----	-----
	447,949	356,603
	=====	=====

12. Creditors - amounts falling due within one year

	2010 £	2009 £
Trade creditors	123,170	124,130
Other creditors	634,346	636,626
Social Security and other taxes	17,617	15,953
Prepayments of rent and service charges	80,744	89,647
Accruals and deferred income	212,172	195,182
Loan interest currently due	23,259	52,033
	-----	-----
	1,091,308	1,113,571
	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

13. Creditors - amounts falling due after one year	2010	2009
	£	£
Bank loans repayable by instalments:-		
Repayable between two and five years	1,600,000	1,200,000
Repayable after five years	9,000,000	9,400,000
	-----	-----
	10,600,000	10,600,000
	=====	=====

The bank loan is secured over housing properties and is repayable by instalments commencing 31 March 2012. At 31 March 2010, interest on £4,000,000 of the above loan was based on a fixed rate. The interest on the remaining loan is charged at a variable rate. The Association purchased a cap for £4,000,000 of the now variable part of the loan at 4.5% effective from 22 March 2010, for 15 years. Under certain circumstances, part of the above loan may, at the request of the lender, become repayable within one year. Under normal circumstances, such a situation could only arise where increased cash has been generated and projections indicate that the Association's expenditure plans will not be jeopardised by an additional loan repayment.

The loan can also be repaid early at the option of the Association.

14. Share capital	2010	2009
	£	£
Allotted, issued and fully paid at 1 April 2009	176	236
Issued during the year - shares of £1	9	20
Cancelled in year	-	(80)
	-----	-----
At 31 March 2010	185	176
	=====	=====

Ownership of these shares does not entitle the holder to participate in the Association's assets. Each member of the Management Committee holds one share of £1 in the Association.

15. Reserves	Revenue Reserve	DESIGNATED Sheltered Maintenance Reserve	Planned Maintenance Reserve	Total
	£	£	£	£
At 1 April 2009	1,067,237	333,622	1,132,289	2,533,148
Transfers	1,465,911	(333,622)	(1,132,289)	-
Surplus for the year	266,569	-	-	266,569
	-----	-----	-----	-----
At 31 March 2010	2,799,717	-	-	2,799,717
	=====	=====	=====	=====

At the end of the year the Designated Reserves (Sheltered Maintenance and Planned Maintenance Reserves) were transferred to the Revenue Reserves (see Accounting Policies (note 1)).

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

16. Reconciliation of operating surplus to net cash inflow from operating activities

	2010 £	2009 £
Operating surplus	920,665	657,789
Depreciation charges	20,703	20,688
(Increase) in debtors	(91,910)	(31,353)
Increase / (decrease) in creditors	6,511	(5,284)
	-----	-----
Net cash inflow from operating activities	855,969	641,840
	=====	=====

17. Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
(Decrease) in cash	(317,171)	(117,598)
	-----	-----
Change in net debt resulting from cash flows	(317,171)	(217,598)
Net debt at beginning of year	(9,315,618)	(9,098,020)
	-----	-----
Net debt at end of year	(9,632,789)	(9,315,618)
	=====	=====

18. Analysis of net debt

	At 1 April 2009 £	Cash Flows £	Other Changes £	At 31 March 2010 £
Cash at bank and in hand	1,284,382	(317,171)	-	967,211
	-----	-----	-----	-----
	1,284,382	(317,171)	-	967,211
Debt due within one year	-	-	-	-
Debt due after one year	(10,600,000)	-	-	(10,600,000)
	-----	-----	-----	-----
	(9,315,618)	(317,171)	-	(9,632,789)
	=====	=====	=====	=====

19. Pension scheme

(i) SFHA Scheme

1. Manor Estates Housing Association participates in the SFHA Pension Scheme. The Scheme is funded and is contracted-out of the state scheme.
2. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.
3. The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, so that the scheme can meet its pension obligations as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

19. Pension Scheme (Contd.)

4. The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million, equivalent to a past service funding level of 83.4%.
5. The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010. The current triennial valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The final results of the valuation will be available in Autumn 2010; however the Association has been informed that provisional valuation results indicate that the funding level has fallen to 64.8% of liabilities and that the total contribution rate (employers' and employees' combined contributions) must increase on average by 7% of pensionable earnings from 1 April 2011. A period of consultation with employers has now commenced to consider the valuation results.
6. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
7. The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
8. Manor Estates Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for the Association was £3,908,778. As the crystallisation of this debt is remote no provision is required.

(ii) Pension Trust's Growth Plan

1. Manor Estates Housing Association Limited participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted out of the state scheme. The Plan is a multi-employer pension Plan where it is not possible to separately identify the assets and liabilities of the participating employer. The Growth Plan is in most respects a money purchase arrangements, but it has some guarantees.
2. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2010

19. Pension Scheme (Contd.)

3. The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.
4. The Association and members paid no contributions during the accounting period.
5. As at the balance sheet date there were no active members of the Plan employed by Manor Estates Housing Association Limited. The Association continues to offer membership of the Plan to its employees.
6. The funding position of the Growth Plan at 30 September 2008 revealed a deficit of £29 million, equivalent to a funding level of 96% and the 30 September updates indicates a funding level of 93%. In these circumstances no additional contributions from participating employers are required at this time.
7. Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan. The Trustee's current policy is that it only applies to employers with pre October 2001 liabilities in the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. As at 30 September 2009, the estimated employer debt for the Association was £33,747.

20. Capital commitments

	2010	2009
	£	£
Capital expenditure that has been contracted for but not been provided for in the financial statements	13,200	170,857
	=====	=====

21. Contingent liabilities

There are no contingent liabilities at 31 March 2010.

23. Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and registered under Section 57 of the Housing (Scotland) Act 2001.

24. Investment

Manor Estates Housing Association has invested in its subsidiary, Manor Estates Associates Limited.

	2010	2009
	£	£
At 1 April 2009 and 31 March 2010	100	100
	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2010

25. Leasing Commitments

At 31 March 2010 the Association was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings	
	2010	2009
Operating leases which expire:	£	£
After five years	73,448	73,448
	=====	=====

26. Related Party Transactions

Management and administration services are provided to Manor Estates Associates Limited (the subsidiary company). These costs amounted to £42,381 in the year (2009: £38,411). The balance owed by Manor Estates Associates Limited to the Association at 31 March 2010 is £94,145 (2009: £32,374).

27. Tenant Committee Members

Seven of the Management Committee are tenants of the Association as at 31 March 2010. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy.