



**MANOR ESTATES HOUSING
ASSOCIATION LIMITED**

**ANNUAL REPORT
and
GROUP FINANCIAL STATEMENTS**

For the year ended 31 March 2015

MANOR ESTATES HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS
For the year ended 31 March 2015

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MANOR ESTATES HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Registered Office: 11 Washington Lane
EDINBURGH
EH11 2HA

Management Committee: William Hardie (Chairman)
Margaret Fountain (Vice Chairman)
Alexander Motion (Secretary)
Elizabeth Curran (resigned 10/09/14)
David Lindsay
Carol Tait
Doug McEwan
Janette Montgomery
Duncan Murray (resigned 30/04/14)
Robert Brodie (resigned 29/10/14)
Mustafizur Rahman
Graeme Duncan (resigned 28/01/15)
Wilma Malik (resigned 10/09/14)
Nigel Hicks (appointed 10/09/14)
Ian Parker (appointed 10/09/14)

Director: Lynn McDonald

Bankers: Royal Bank of Scotland plc Santander
36 St Andrew Square Bootle
Edinburgh Merseyside
EH2 2AD L30 4GB

Solicitors: Lindsays WS Stewart Watt
Caledonian Exchange 202 Dalry Rd
19a Canning Street Edinburgh
Edinburgh EH11 2ES
EH3 8HE

Shoosmiths
Saltire Court
Edinburgh
EH1 2EN

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

Financial Conduct Authority No. 2484R(S)

Registered with the Scottish
Housing Regulator: HEP 284

Scottish Charity Number: SC 023106

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 2015.

Membership of Management Committee

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

William Hardie (Chairman)
Margaret Fountain (Vice Chairman)
Alexander Motion (Secretary)
David Lindsay
Carol Tait
Doug McEwan
Janette Montgomery
Mustafizur Rahman
Nigel Hicks
Ian Parker

Business review

Introduction

On the basis of our review of the current position and future forecasts the Management Committee believe it is appropriate to prepare the consolidated financial statements for Manor Estates Housing Association Ltd (the Association) on a going concern basis. No foreseeable material uncertainties that cast significant doubt about the ability of the Association to continue as a going concern have been identified by the governing body, the Management Committee.

The Management Committee is confident that we have sufficient reserves and income to cover the costs of the Association's business over future years and to carry out our long term planned maintenance programme.

The Association's main source of income is the rent paid by tenants. In this economic climate there is a greater risk that the Association's success in collecting rents may reduce. The level of risk has increased due to changes to the welfare benefits system which are having a negative impact by reducing incomes for some tenants and, in time, will end the current system of Housing Benefit being paid directly to landlords. The Association continues to maximise its rental income by maintaining good performance in managing the level of rent arrears and rent lost on empty houses. We have also implemented a welfare reform strategy to assist us in managing the outcomes of the reforms as these are introduced.

The Management Committee receives reports on key performance indicators at every meeting. In addition, we carry out a six monthly budget review. This allows the Management Committee to ensure effective oversight of the Association's finances and to quickly introduce appropriate action should this prove necessary.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Business Activities

2014/15 was Manor Estates Housing Association's 20th year in operation. During the year the Association continued its major programme of expenditure on managing and maintaining its houses. In 2014/15 the Association again increased its housing stock due to the completion of the first stage of a major new build development project and one Mortgage to Rent purchase. The Association's subsidiary company, Manor Estates Associates Limited (MEA Limited) continued trading, undertaking a range of activities.

The Association spends significant sums each year maintaining and improving its properties. During the past year we carried out work to ensure we have successfully met the requirements of the Scottish Housing Quality Standard. We also carried out the necessary maintenance and component replacement work identified in our most recent stock condition survey.

In 2015 the Scottish Government introduced a new energy efficiency standard for social housing (ESSH). We must meet this standard by 2020 and have been investigating various sources of funding to enable us to carry out external wall insulation to our no fines properties in mixed tenure estates. We have succeeded in securing grant funding to enable us to carry out a programme of external wall insulation at our Telford estate and are seeking further funding to carry out the same work at Niddrie Mill. This insulation programme will significantly improve energy efficiency and lead to savings in energy costs for all residents.

In September 2014, work was completed on our latest new build project which provided 49 properties for let at the Greendykes development in south east Edinburgh. Eight properties have been let as social rented housing with the other 41 let for Mid Market Rent (MMR). These are the Association's first MMR properties and have been leased to our subsidiary company, MEA Ltd, which is carrying out routine management and maintenance. The development was funded by a mix of private finance and grant funding provided by the City of Edinburgh Council on behalf of the Scottish Government.

The Association began work on the next phase of the Greendykes development in April 2014 and this will provide an additional 44 properties, 24 for MMR and 20 for social rent in July 2015. The private finance arranged for the first phase of the development will fund this further phase along with approved grant funding.

We plan to undertake the third and final phase of this development project starting on site in July 2015 with completion scheduled for the summer of 2016. Phase 3 of the Greendykes development will provide 35 flats, 15 for MMR and 20 for social rent. In order to fund this project the Association has secured additional private finance of £1.5 million from its lenders, Santander. This additional loan will take the Association's total borrowing for the Greendykes project to £9 million. Grant funding will again be provided by the City of Edinburgh Council for phase 3 of the development.

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

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Business Activities (Contd.)

prevent homelessness by enabling home owners in financial difficulties to sell their home to the Association and become tenants. In 2014/15 we acquired a further Mortgage to Rent property. This brings the total number of such properties acquired to 80.

This year we repaid a further £400,000 of our outstanding loan and the Association's financial plans demonstrate that we will have the necessary resources available to meet future repayments as these fall due.

In 2014/15, the Association sold three properties under the Right to Buy. It is anticipated that the number of houses sold may increase over the next year before the Right to Buy is abolished under the provisions of the Housing (Scotland) Act.

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, including taking legal action where necessary. We are a Registered Factor and comply fully with the requirements of the Property Factors (Scotland) Act 2011.

For a number of years we have been providing agency services (Finance and Technical services) to other Housing Associations. These activities are carried out by our subsidiary company, MEA Ltd, and we have effective systems in place 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. In the most recent independent survey, carried out in late 2013, 89% of tenants stated they were satisfied with the services provided by the Association and 88% considered the rent they pay to be good value for money.

Management Committee

The Association has 10 Management Committee members, including seven tenants. The Management Committee sets the organisation's strategic direction and is committed to ensuring that the Association complies fully with the highest governance standards. The Association's Chair conducts annual review meetings with individual Committee members where their skills and knowledge are appraised and training needs identified. The Management Committee ensures that members attend regular training events each year to enable them to carry out their responsibilities to the highest standards. The Committee completed a review of the Association's governance arrangements in 2013 to ensure it is operating effectively and complying fully with the requirements set by the Scottish Housing Regulator.

In May 2014, the Management Committee approved the Association's new Corporate Plan for the five year period to 2019. The Committee agreed the Association's aim, objectives and strategic direction and the Plan was finalised taking account of input from staff and customers.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

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. The Association is committed to the highest standards in staff management, training and development and carries out regular staff appraisals. We are members of Employers in Voluntary Housing (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 continues to be recognised as an Investor in People and is accredited as a user of the disability equality symbol by Jobcentre Plus.

Surplus for the year and transfers to reserves

The Association has generated a surplus of £1,480,071 for 2014/15 (2013/14: £1,116,019) which is broadly in line with our financial plans. The surplus has been transferred to the revenue reserve.

Statement of the Management Committee's Responsibilities

The Management Committee is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require 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 its income and expenditure for the year ended on that date. In preparing these financial statements, the Board 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 and the Statement of Recommended Practice 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; and
- 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 it 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 – April 2012. The Management Committee is 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.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Statement of the Management Committee's Responsibilities (Contd.)

Information for the Auditors

The Management Committee members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Management Committee members has confirmed that they have taken all the steps they ought to take as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

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 good practice.

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 by the internal auditors (TIAA), which covers those areas of the Association's activity where potential risks have been identified. Overall the reviews carried out by TIAA auditor indicate that the Association has systems in place that are designed and operated to provide effective control.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

Internal Financial Control System

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

- Documented financial regulations, including statements of delegation to and authority of executive management, who are appropriately qualified;
- Approval by the Management Committee of a detailed business plan and of income and expenditure and cashflow budgets;
- Approval by the Management Committee of an annual programme for planned maintenance and improvement work, as part of the business planning and budgeting process;
- Quarterly 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;
- 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 and Tait LLP as the Association's auditor will be made at the Annual General Meeting.

By order of the Committee



Alexander Motion
Secretary

24 JUNE 2015

We have audited the consolidated financial statements of Manor Estates Housing Association Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. 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 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 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 the auditor

As explained more fully in the Statement of the Management Committee's Responsibilities set out on pages 4 & 5, the Management Committee is responsible for the preparation of financial statements which 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 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 nonfinancial information in the Report of the Management Committee to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 prepared in accordance with the C, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MANOR ESTATES HOUSING ASSOCIATION LIMITED**



Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative 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; or
- we have not received all the information and explanations we need for our audit.

Chiene & Tait LLP

**CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
EDINBURGH EH3 6NL**

1 July 2015

**REPORT BY THE AUDITORS TO THE MEMBERS OF
MANOR ESTATES HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**



In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 & 6 concerning the Association's compliance with the information required by the Regulatory Standards [for systemically important RSLs] in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 5 & 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

1 July 2015

MANOR ESTATES HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	Note	2015	Group	Association	2015	2014
		£	2014		£	£
			£			
Turnover	2/3	5,079,449	4,730,416	5,034,700	4,686,125	
Operating costs	3	3,371,716	3,459,119	3,326,967	3,414,828	
Operating surplus	3	1,707,733	1,271,297	1,707,733	1,271,297	
Interest receivable and similar income	9	2,326	3,525	2,326	3,525	
Interest payable and similar charges	9	(384,480)	(294,634)	(384,480)	(294,634)	
Surplus on ordinary activities	6	1,325,579	980,188	1,325,579	980,188	
Surplus on disposal of Housing Accommodation/ Garages:						
House Disposals in year		127,759	79,644	127,759	79,644	
Garage and land Disposals in year		25,967	56,953	25,967	56,953	
Surplus on ordinary activities before taxation		1,479,305	1,116,785	1,479,305	1,116,785	
Tax on surplus on ordinary activities	10	-	-	-	-	
Surplus for the year	16	1,479,305	1,116,785	1,479,305	1,116,785	

The above results relate wholly to continuing activities.

The notes on pages 14 to 31 form part of these financial statements.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2015

	Note	2015 £	Group 2014 £	2015 £	Association 2014 £
Tangible fixed assets					
Housing properties	11	36,865,551	32,517,323	36,865,551	32,517,323
Housing Association Grant	11	(15,247,279)	(13,542,607)	(15,247,279)	(13,542,607)
		21,618,272	18,974,716	21,618,272	18,974,716
Other fixed assets	11	149,575	100,013	149,575	100,013
Investments	24	-	-	100	100
		21,767,847	19,074,729	21,767,947	19,074,829
Current assets					
Debtors	12	316,712	520,762	353,189	533,230
Cash at bank and in hand		707,995	164,116	661,132	142,350
		1,024,707	684,878	1,014,321	675,580
Creditors - amounts falling due within one year	13	1,575,247	1,421,589	1,564,961	1,412,391
Net current (liabilities) / assets		(550,540)	(736,711)	(550,640)	(736,811)
Total assets less current liabilities		21,217,307	18,338,018	21,217,307	18,338,018
Creditors - amounts falling due after more than one year	14	10,400,000	9,000,000	10,400,000	9,000,000
Net assets		10,817,307	9,338,018	10,817,307	9,338,018
Capital and reserves					
Share capital	15	110	126	110	126
Revenue reserves	16	10,817,197	9,337,892	10,817,197	9,337,892
		10,817,307	9,338,018	10,817,307	9,338,018

The financial statements were approved by the Management Committee on 29 June 2015.

..........William Hardie: Chairman

..........David Lindsay: Committee Member

..........Alexander Motion: Secretary

The notes on pages 14 to 31 form part of these financial statements

MANOR ESTATES HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2015 £	Group 2014 £	2015 £	Association 2014 £
Net cash inflow from operating activities	17	2,344,942	1,796,285	2,319,845	1,791,042
Returns on investments and servicing of finance					
Interest received		2,326	10,371	2,326	10,371
Interest paid		(383,879)	(296,166)	(383,879)	(296,166)
Net cash outflow from returns on investments and servicing of finance		(381,553)	(285,795)	(381,553)	(285,795)
Capital expenditure and financial investment					
Payments to improve housing properties and develop housing		(4,924,630)	(5,147,341)	(4,924,630)	(5,147,341)
Grants received for housing improvements and developments		1,841,187	1,828,951	1,841,187	1,828,951
Payments to acquire non-housing fixed assets		(103,522)	(71,878)	(103,522)	(71,878)
Net receipts from sale of housing properties and lockups		167,454	146,931	167,454	146,931
Net cash outflow from capital expenditure and financial investment		(3,019,511)	(3,243,337)	(3,019,511)	(3,243,337)
Net cash outflow/inflow before financing		(1,056,122)	(1,732,847)	(1,081,219)	(1,738,090)
Financing					
Loans received		2,000,000	-	2,000,000	-
Loans repaid (housing)		(400,000)	(400,000)	(400,000)	(400,000)
Shared capital issued		1	8	1	8
Net cash inflow (outflow) from financing		1,600,001	(399,992)	1,600,001	(399,992)
(Decrease)/increase in cash	19	543,879	(2,132,839)	518,782	(2,138,082)
		=====	=====	=====	=====

The notes on pages 14 to 31 form part of these financial statements

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Principal accounting policies

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

Group accounts/basis of preparation

The Group financial statements consolidate the financial statements of Manor Estates Housing Association Limited and its subsidiary, Manor Estates Associates Limited made up to 31 March 2015.

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting.

Going concern

The financial statements have been prepared on a going concern basis. The Management Committee have assessed the Group and Association's ability to continue as a going concern and have reasonable expectation that the Group and the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

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 social housing and other public grants less accumulated depreciation.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

1. Principal accounting policies (cont.)

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.

Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	infinity
Roof	65 years (Depreciated at 1.54% per annum)
Walls	65 years (Depreciated at 1.54% per annum)
Bathroom	30 years (Depreciated at 3.33% per annum)
Kitchen	15 years (Depreciated at 6.67% per annum)
Windows	30 years (Depreciated at 3.33% per annum)
Boilers	20 years (Depreciated at 5% per annum)
External Doors	40 years (Depreciated at 2.5% per annum)

Where assets are depreciated over more than 50 years, FRS 15 "Tangible Fixed Assets" requires an annual impairment review to be carried out. As the Association depreciates certain components over 65 years an impairment review has been carried out on housing properties and the Association is satisfied that no impairment charge requires to be recognised.

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% (5 years)
Office furniture and equipment	10% (10 years)
Computer equipment	20% (5 years)
MMR: Floor Coverings	10% (10 years)
Appliances	20% (5 years)

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 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 2015

2. Turnover

	2015	Group	Association	2014
	£	£	£	£
Income from lettings	4,701,952	4,337,620	4,521,791	4,337,620
Management services and other income	377,497	392,796	512,909	348,505
Total	5,079,449	4,730,416	5,034,700	4,686,125

**3. Particulars of turnover, operating costs and operating surplus/(deficit):
Association only**

	Turnover	Operating costs	Operating surplus or deficit 2015	Operating surplus or deficit 2014
	£	£	£	£
Social lettings (note 4)	4,521,791	2,886,644	1,635,147	1,273,726
Other activities (note 5)	512,909	440,323	72,586	(2,429)
Total	5,034,700	3,326,967	1,707,733	1,271,297
2014	4,686,125	3,414,828	1,271,297	

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

4. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities: Association only

	General Needs Housing £	Sheltered Housing Accom- modation £	2015 £	2014 £
Rent receivable net of service charges	3,669,660	661,880	4,331,540	4,172,925
Service charges	24,233	185,025	209,258	202,297
	-----	-----	-----	-----
Gross income from rents and service charges	3,693,893	846,905	4,540,798	4,375,222
<u>Less: Voids</u>	(12,348)	(6,659)	(19,007)	(37,602)
	-----	-----	-----	-----
Total turnover from social letting activities	3,681,545	840,246	4,521,791	4,337,620
	-----	-----	-----	-----
Management and maintenance administration				
Costs	1,200,792	193,268	1,394,060	1,314,637
Service Costs	26,288	131,965	158,253	145,848
Planned and cyclical maintenance				
Major repair costs	423,685	69,566	493,251	722,359
Reactive maintenance costs	317,725	56,161	373,886	424,852
Bad debts (rents and service charges)	6,874	1,221	8,095	36,380
Depreciation of social housing	392,244	66,855	459,099	419,818
	-----	-----	-----	-----
Operating costs for social letting activities	2,367,608	519,036	2,886,644	3,063,894
	-----	-----	-----	-----
Operating surplus for social lettings	1,313,937	321,210	1,635,147	1,273,726
	=====	=====	=====	=====
2014	935,474	338,252	1,273,726	
	=====	=====	=====	

MANOR ESTATES HOUSING ASSOCIATION LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

5. Particulars of turnover, operating costs and operating surplus or deficit from other activities: Association only

	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 2015 £	Operating surplus or deficit 2014 £
Factoring	-	-	-	251,483	251,483	13,535	298,669	(60,721)	(40,442)
Other activities	5,413	-	-	223,416	228,829	-	92,536	136,293	44,085
Medical adaptations	32,597	-	-	-	32,597	-	35,583	(2,986)	(6,072)
Total from other activities	38,010	-	-	475,665	512,909	13,535	426,788	72,586	(2,429)
Total from other activities for the previous period of account	26,704	-	-	321,801	348,505	6,966	343,968	(2,429)	

Note: Other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements 2012 do not apply.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

6. Surplus on ordinary activities	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Surplus on ordinary activities is stated after:-				
Auditor's remuneration including Value Added Tax for external audit services	10,980	9,180	9,480	8,160
for taxation services	1,200	930	-	-
	=====	=====	=====	=====

7. Officers' emoluments and interests

Manor Estates Housing Association Limited employs all staff for the Group and provides staff and services to Manor Estates Associates Limited.

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.

	2015	2014
	£	£
Total emoluments (excluding pension contribution of £30,622 (2014: £23,383))	274,169	268,005
	=====	=====

The emoluments of the Director (Chief Executive) were as follows:

Salary	79,901	78,105
Pension contributions	8,930	6,813
	-----	-----
	88,831	84,918
	=====	=====

The number of directors whose emoluments, excluding pension contributions, were above £60,000 for the year were:

	2015	2014
£60,001 to £70,000	3	3
£70,001 to £80,000	1	1
	=====	=====

Expenses payable to the Management Committee amounted to £3,611 (2014: £4,796).

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

7. Officers' emoluments and interests (Contd.)

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

8. Employee information	2015	2014
	£	£
Staff costs during the year were as follows:-		
Salaries	826,604	801,130
Social Security costs	70,780	65,105
Pension costs (note 19)		
- current contributions	63,808	62,992
- past service deficit contribution	183,007	80,700
Costs of recruitment	2,203	940
	-----	-----
	1,146,402	1,010,867
	=====	=====

	2015	2014
	£	£
The average number of persons (full time equivalents) employed by the Association during the year was as follows:		
Housing management	15	15
Administration	7	7
	-----	-----
	22	22
	=====	=====

9. Interest	2015	Group	Association	2014
	£	2014	2015	£
		£	£	
Interest receivable	2,326	3,525	2,326	3,525
	=====	=====	=====	=====
Interest payable on bank loans	384,480	294,634	384,480	294,634
	=====	=====	=====	=====

10. Tax on surplus on ordinary activities

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

Subsidiary company, Manor Estates Associates Limited is liable to Corporation Tax and no Corporation Tax charge has arisen in the year.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

11. Fixed assets: Group and association

(a) Housing properties: Group and association

	Housing Properties In course of construction £	Housing Properties Held for Letting £	MMR Properties £	Total £
Cost/Valuation				
At 1 April 2014	4,290,497	31,402,745	-	35,693,242
Additions – properties under construction	4,084,918	-	-	4,084,918
Capitalised improvements including components	-	839,133	-	839,133
Mortgage to rent properties	-	74,600	-	74,600
Disposals including replaced components	-	(311,624)	-	(311,624)
Transferred	(5,475,492)	893,958	4,581,534	-
At 31 March 2015	2,899,923	32,898,812	4,581,534	40,380,269
Depreciation				
At 1 April 2014	-	3,175,919	-	3,175,919
Charge for the year	-	459,269	40,911	500,180
Disposals including replaced components	-	(161,381)	-	(161,381)
At 31 March 2015	-	3,473,807	40,911	3,514,718
Depreciated cost	2,899,923	29,425,005	4,540,623	36,865,551
Housing Association Grant				
At 1 April 2014	1,558,944	11,983,663	-	13,542,607
Additions during period	1,818,520	22,667	-	1,841,187
Disposals	-	(136,515)	-	(136,515)
Transferred	(1,558,944)	328,944	1,230,000	-
At 31 March 2015	1,818,520	12,198,759	1,230,000	15,247,279
Net book value				
At 31 March 2015	1,081,403	17,226,246	3,310,623	21,618,272
At 31 March 2014	2,731,553	16,243,163	-	18,974,716
	Mainstream	Sheltered	Total	
At 1 April 2014	833	143	976	
At 31 March 2015	880	143	1,023	

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

11. Fixed assets: Group and association (Contd.)

(b) Other fixed assets: Group and Association

	Leasehold			
	Office & IT Equipment	Improve- ments	MMR Furnishings	Total
	£	£	£	£
Cost				
At 1 April	247,877	60,654	-	308,531
Additions	7,184	-	96,338	103,522
	-----	-----	-----	-----
At 31 March 2015	255,061	60,654	96,338	412,053
	-----	-----	-----	-----
Depreciation				
At 1 April 2014	158,987	49,531	-	208,518
Provided in year	38,135	3,404	12,421	53,960
	-----	-----	-----	-----
At 31 March 2015	197,122	52,935	12,421	262,478
	-----	-----	-----	-----
Net book value 31 March 2015	57,939	7,719	83,916	149,575
	=====	=====	=====	=====
Net book value 31 March 2014	88,890	11,123	-	100,013
	=====	=====	=====	=====

The leasehold office premises are held on a short lease (note 25).

	Group		Association	
12. Debtors	2015	2014	2015	2014
	£	£	£	£
Rent arrears	136,709	138,001	136,709	138,001
Doubtful debt provision	(49,500)	(55,372)	(49,500)	(55,372)
	-----	-----	-----	-----
	87,209	82,629	87,209	82,629
Other debtors	101,013	153,685	96,592	136,234
Subsidiary Company (MEAL note 26)	-	-	40,898	29,919
Prepayments	47,657	193,615	47,657	193,615
Finance costs (see note 14)	80,833	90,833	80,833	90,833
	-----	-----	-----	-----
	316,712	520,762	353,189	533,230
	=====	=====	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

13. Creditors - amounts falling due within one year

	2015	Group	Association	2014
	£	2014	2015	2014
	£	£	£	£
Trade creditors	197,792	351,497	197,792	351,497
Other creditors	45,330	37,064	45,330	37,064
Social Security and other taxes	20,750	19,538	20,750	19,538
Prepayments of rent and service charges	74,800	82,196	74,800	82,196
Accruals and deferred income	635,078	530,398	624,792	521,200
Loan interest currently due	1,497	896	1,497	896
Bank loan repayable within one year	600,000	400,000	600,000	400,000
	-----	-----	-----	-----
	1,575,247	1,421,589	1,564,961	1,412,391
	=====	=====	=====	=====

	2014	Group	Association	2015
	£	2015	2014	2015
	£	£	£	£
Bank loans repayable by instalments:-				
Repayable between two and five years	2,400,000	2,400,000	2,400,000	2,400,000
Repayable after five years	8,000,000	6,600,000	8,000,000	6,600,000
	-----	-----	-----	-----
	10,400,000	9,000,000	10,400,000	9,000,000
	=====	=====	=====	=====

£9,000,000 of the above bank loan is secured over housing properties and is repayable by instalments which commenced on 30 March 2012. At 31 March 2015, interest on £6,750,000 of the above loan was based on a fixed rate of 2.99% for a period of 6 years. The interest on the remaining loan is charged at a variable rate. 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.

The balance of above loan is the first draw down of the new development loan for £7.5m. This loan will cover the development costs of both phases of Sandilands Close. The finance costs for this loan are held in debtors until the loan is drawn down. A further £1.5m has been approved and will be used to finance the third phase of the development.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

15. Share capital	2015	2014
	£	£
Allotted, issued and fully paid:		
At 1 April 2014	126	127
Issued during the year - shares of £1	1	8
Cancelled in year	(17)	(9)
	-----	-----
At 31 March 2015	110	126
	=====	=====

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.

16. Revenue Reserves	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
As 1 April 2014	9,337,892	8,221,107	9,337,892	8,221,107
Surplus for the year	1,479,305	1,116,785	1,479,305	1,116,785
	-----	-----	-----	-----
At 31 March 2015	10,817,197	9,337,892	10,817,197	9,337,892
	=====	=====	=====	=====

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

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Operating surplus	1,707,733	1,271,297	1,707,733	1,271,297
Depreciation charges	554,140	467,693	554,140	467,693
(Increase)/decrease in debtors	204,050	(210,745)	180,041	(217,002)
Increase/(decrease) in creditors	(121,414)	268,049	(122,052)	269,063
Share capital cancelled	(17)	(9)	(17)	(9)
	-----	-----	-----	-----
Net cash inflow from operating activities	2,344,492	1,796,285	2,319,845	1,791,042
	=====	=====	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

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

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
(Decrease) / Increase in cash	543,879	(2,132,839)	518,782	(2,138,082)
Net cash flow from movement in debt	(1,600,000)	400,000	(1,600,000)	400,000
Change in net debt resulting from cash flows	(1,056,121)	(1,732,839)	(1,081,218)	(1,738,082)
Net debt at beginning of year	(9,235,884)	(7,503,045)	(9,257,650)	(7,519,568)
Net debt at end of year	(10,292,005)	(9,235,884)	(10,338,86)	(9,257,650)
	=====	=====	=====	=====

19. Analysis of net debt	At 1 April 2014 £	Cash Flows £	Other Changes £	At 31 March 2015 £
(a) Group				
Cash at bank and in hand	164,116	543,879	-	707,995
	-----	-----	-----	-----
	164,116	543,879	-	707,995
Debt due within one year	(400,000)	400,000	(600,000)	(600,000)
Debt due after one year	(9,000,000)	(2,000,000)	600,000	(10,400,000)
	-----	-----	-----	-----
	(9,235,884)	(1,056,121)	-	(10,292,005)
	=====	=====	=====	=====
(b) Association				
Cash at bank and in hand	142,350	518,782	-	661,132
	-----	-----	-----	-----
	142,350	518,782	-	661,132
Debt due within one year	(400,000)	400,000	(600,000)	(600,000)
Debt due after one year	(9,000,000)	(2,000,000)	600,000	(10,400,000)
	-----	-----	-----	-----
	(9,257,650)	(1,081,218)	-	(10,338,868)
	=====	=====	=====	=====

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

20. Pension scheme

(i) SHAP Scheme

1. Manor Estates Housing Association participates in the Scottish Housing Associations' Pension Scheme. The Scheme is funded and is contracted-out of the State pension scheme.
2. 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 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.
4. 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%.
5. The scheme actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which the full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

(i) SHAP Scheme

6. Manor Estates Housing Association has elected to operate the final salary with a 1/60th accrual rate. During the accounting period to 31 March 2015, Manor Estates Housing Association paid contributions at the rate of 12.3% of pensionable salaries as did the members. Manor Estates Housing Association also pay an annual lump sum, which amounted to £183,007 this year, to fund the past service deficit. The Association's contribution will increase to £185,880 next year and will remain at this level for twelve and a half years. From 1 April 2015, Manor Estates Housing Association has changed to the 1/70th CARE pension scheme within SHAP.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

20. Pension scheme (Contd.)

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 Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.
8. 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.
9. 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.
10. Manor Estates Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for the Association was £5,968,771. As the crystallisation of this debt is remote no provision is required.

(ii) Pension Trust's Growth Plan

1. Manor Estates Housing Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.
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 Plan or by the purchase of an annuity.
3. 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 individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

20. Pension scheme (Contd.)

4. The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
5. The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.
6. 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.
7. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.
8. The rules of the plan state that the proportion of obligatory contributions to be borne by the member and the members' employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide the employer shall pay the whole of them.
9. The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets as that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.
10. If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan settling out the steps to be taken to make up the shortfall.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

20. Pension scheme (Contd.)

11. The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or the recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as required by legislation.
12. Manor Estates Housing Association Limited and members paid no contributions during the accounting period.
13. As at the balance sheet date there were no active members of the Plan employed by Manor Estates Housing Associations Limited. The Association continues to offer membership of the Plan to its employees.
14. 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.
15. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. If the liabilities exceed assets there is a buy-out debt.
16. The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan 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.
17. Manor Estates Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014 (including Series 3 liabilities), as of this date the estimated employer debt for the Association was £51,842.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

21. Capital commitments	2015	Group	Association	
	£	2014	2015	2014
		£	£	£
Capital expenditure that has been contracted for but not been provided for in the financial statements	2,085,467	1,155,641	2,085,467	1,155,641
	=====	=====	=====	=====

These costs are the final costs for phase 2 of the development at Greendykes. This development has been funded by Housing Association Grant and a private loan from Santander. Manor Estates Housing Association used its own cash reserves to fund this development up to the Balance Sheet date, but drew down the second tranche of the £7.5m loan in May 2015.

The Association has committed to, subject to costs, but not contracted to phase 3 of the development at Greendykes. These costs will be met by a further loan of £1.5m recently agreed.

22. Contingent liabilities

Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Association is recognised in the Income and Expenditure account (as part of the net depreciation cost), with the cost of the replacement and any additional funding for this replacement being capitalised. The grant thus recognised in the Income and Expenditure account during the year was £136,515 resulting in a cumulative position at 31 March 2015 of £243,547.

23. Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and registered under Section 20(1) of the Housing (Scotland) Act 2010.

24. Investment

Manor Estates Housing Association has invested in its wholly owned subsidiary, Manor Estates Associates Limited (MEAL).

	2015	2014
	£	£
At 1 April 2014 and 31 March 2015 – 100 ordinary shares of £1 each	100	100
	=====	=====

The subsidiary has net assets, capital and reserves of £100 at 31 March 2015. The taxable surplus is transferred by Gift Aid to the Association and amounts to £7,299 for 2015 (2014: £766).

MANOR ESTATES HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

For the year ended 31 March 2015

25. Leasing Commitments

At 31 March 2015 the Association was committed to making the following payments under non-cancellable operating leases in the next financial year:

	Land and Buildings	
	2015	2014
	£	£
Operating leases which expire:		
After five years	75,000	75,000
	=====	=====

26. Related Party Transactions

Management and administration services are provided to Manor Estates Associates Limited (the subsidiary company). These costs amounted to £36,880 in the year (2014: £22,834). In addition, management charges of £11,500 (2014: £nil) and lease costs of £126,200 (2014: £nil) have been incurred by Manor Estates Associates Limited in relation to the MMR properties.

The balance owed by Manor Estates Associates Limited to the Association at 31 March 2015 is £40,898 (2014: £29,919) and is included in the Association's debtors in note 11.

27. Tenant Committee Members

Seven of the Management Committee were tenants of the Association as at 31 March 2015. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy. The net balance outstanding from the tenant Committee Members as at 31 March 2015 was £33 (credit).

