

MILNBANK HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2011

MILNBANK HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2011

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Registration information

Financial Services Authority	Industrial and Provident Societies 1965 Registered number 1818 R(S)
Scottish Charity Number	SC039891
The Scottish Housing Regulator	Housing (Scotland) Act 2001 Registered number 161

Members, Executives and Advisers

Management Committee

Mr J O'Donnell	(Chairperson)
Mrs A Petrucci	(Vice-Chairperson)
Mrs C McGuire	(Secretary)
Mrs R Tinney	(Treasurer)
Mr A Scott	
Mrs A Irving	
Ms J Donachy	
Ms C Tartaglia	
Cllr P Chalmers	GCC Representative
Cllr E McDougall	GCC Representative
Mrs M Hutchison	(Appointed September 2010)
Mr N Halls	
Mrs M Hannah	
Mrs T McGinlay	
Ms N Skott	(Resigned September 2010)

Registered Office

53 Ballindalloch Drive
Glasgow
G31 3DQ

Auditors

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Bank of Scotland
1195 Duke Street
Glasgow
G31 5NJ

Executive Officers

Mr A Benson	Director
Mrs L Sichi	Depute Director

Solicitors

Low Beaton Richmond
Sterling House
20 Renfield Street
Glasgow
G2 5AP

**Report of the Management Committee
For the year ended 31 March 2011**

The Management Committee present their report and the audited financial statements for the year ended 31 March 2011.

Principal activities

The principal activity of the Association is the provision of rented accommodation.

Changes in fixed assets

Details of fixed assets are set out in note 9.

Review of Operations

The Association's Business Plan for the transfer of 857 houses from Glasgow Housing Association Limited (GHA) was approved by GHA and the Scottish Housing Regulator in December 2010. Following a ballot in January & February 2011, a clear majority of the tenants voted to transfer to Milnbank Housing Association Limited. The transfer was formally concluded on 2 June 2011 with a transfer value in respect of the 857 properties of £3,294,664.

The conversion of the former Great Eastern Hotel and re-development of the adjacent land was completed in June 2010. This provided 48 new flats for rent and 10 flats for low cost home ownership through the New Supply Shared Equity (NESSE) scheme. Ownership of the former hotel was transferred to ARC Homes and 50 private sector flats were provided by the developer. Milnbank Housing Association Limited will provide factoring services for the entire development through its subsidiary company Milnbank Property Services Limited.

The Association continued with its programme of component renewals and completed the replacement of back-boiler central heating systems during the year.

Future Developments

The Association has a partnership agreement with Glasgow City Council to develop cleared sites in Haghill and to purchase and convert the former Haghill Primary School in accordance with a Feasibility Study that Milnbank Housing Association Limited previously carried out. However, progress on future developments is currently slow due to funding constraints.

The management committee and executive officers

The management committee and executive officers of the Association are listed on page 1.

Each member of the management committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

Internal Financial Controls

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and the Committee. The Deputy Director performs internal audits and reports back to the staff on the findings.

**Report of the Management Committee
For the year ended 31 March 2011**

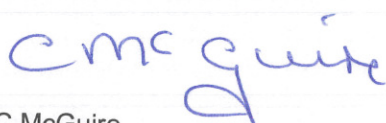
Related Party Transactions

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Auditors

The Association carried out a tendering process, following which, a resolution to appoint Scott-Moncrieff, Chartered Accountants as auditors will be put to the members at the annual general meeting.

By order of the committee



C McGuire
Secretary

Dated: 13 September 2011

Statement of Management Committee's Responsibilities

Housing Association legislation requires the committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee are 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; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The 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.

Report of the Auditors to the Members of Milnbank Housing Association Limited

We have audited the financial statements of Milnbank Housing Association Limited for the year ended 31 March 2011 which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by Registered Social Landlords issued in 2008.

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. 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 committee and auditors

As explained more fully in the Management Committee Responsibilities statement set out on page 4, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices' Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Group accounts Section 14 (2) of the Friendly and Provident Societies Act 1968

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiaries in group accounts required to be prepared under Section 13 of the Friendly and Industrial and Provident Societies Act 1968 for the year ended 31 March 2011, because of the immaterial nature of the subsidiaries' transactions in the year.

Opinion on financial statements

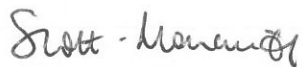
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its surplus for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Landlords issued in 2008; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Report of the Auditors to the members of Milnbank Housing Association Limited (continued)

Opinion

In our opinion the information given in the Report of the Management Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Dated: 13 September 2011

**Report of the Auditors to the Management Committee of
Milnbank Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement in the Report of the Management Committee concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin 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

In our opinion, your statement on internal financial control in the Report of the Management Committee has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Dated: 13 September 2011

**Income and Expenditure Account
For the year ended 31 March 2011**

	Note	2011 £	2010 £
Turnover	2	2,649,061	2,376,132
Operating costs	2	(2,168,177)	(2,008,741)
Operating surplus	2	480,884	367,391
Gain on disposal of fixed assets		1,761	750
Interest receivable and other income	5	2,758	2,280
Interest payable and similar charges	6	(139,369)	(149,489)
Surplus on ordinary activities before taxation		346,034	220,932
Gift aid from subsidiaries	23	45,361	6,353
Surplus for the year		<u>391,395</u>	<u>227,285</u>

The results for the year relate wholly to continuing activities.

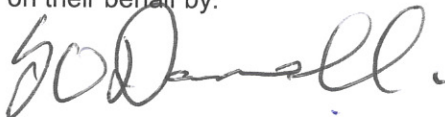


The Association has no recognised gains and losses other than those included in the surplus above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the surplus on ordinary activities for the year and the retained surplus for the year stated above and their historical cost equivalents.

Balance Sheet
As at 31 March 2011

	Note	2011 £	2010 £
Tangible fixed assets			
Housing properties – cost less depreciation	9	57,730,585	56,864,335
Less: SHG and other grants	9	(47,952,841)	(47,212,579)
		<u>9,777,744</u>	<u>9,651,756</u>
Other fixed assets	9	541,561	471,295
	9	<u>10,319,305</u>	<u>10,123,051</u>
Investments			
Investments in subsidiaries	10	2	2
Current assets			
Debtors	11	3,745,769	1,549,729
Stock	12	-	-
Cash at bank and in hand		2,616,367	2,154,200
		<u>6,362,136</u>	<u>3,703,929</u>
Creditors: amounts falling due within one year	13	(4,963,015)	(2,057,990)
Net current assets		<u>1,399,121</u>	<u>1,645,939</u>
Total assets less current liabilities		<u>11,718,428</u>	<u>11,768,992</u>
Creditors: amounts falling due after more than one year	14	(9,858,088)	(10,300,032)
Net assets		<u>1,860,340</u>	<u>1,468,960</u>
Capital and reserves			
Share capital	15	493	508
Designated reserves	7	859,068	855,831
Revenue reserve	8	1,000,779	612,621
		<u>1,860,340</u>	<u>1,468,960</u>

The financial statements were authorised for issue by the Management Committee on 13 September 2011 and are signed on their behalf by:

J O'Donnell		Chairperson
C McGuire		Secretary
A Petrucci		Vice-Chairperson

The notes form part of these financial statements.

Cash Flow Statement
For the year ended 31 March 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	1	1,435,446	344,040
Returns on investments and servicing of finance	2	(136,611)	(147,209)
Taxation		-	(10,657)
Capital expenditure	2	(472,553)	(2,969,932)
		<u>826,282</u>	<u>(2,783,758)</u>
Financing	2	(364,115)	3,477,238
Increase in cash	4	<u>462,167</u>	<u>693,480</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2011

1) Reconciliation of Surplus for Year to Net Cash Inflow from Operating Activities		
	2011	2010
	£	£
Operating surplus	480,884	367,391
Depreciation	278,060	248,888
(Increase) in debtors	(2,196,040)	(236,979)
Increase / (decrease) in creditors	2,827,225	(41,605)
Shares forfeited	(44)	(8)
Gift aid from subsidiaries	45,361	6,353
	<u>1,435,446</u>	<u>344,040</u>
2) Gross Cash Flows	2011	2010
	£	£
Returns on investments and servicing of finance		
Interest received	2,758	2,280
Interest paid	(139,369)	(149,489)
	<u>(136,611)</u>	<u>(147,209)</u>
Capital expenditure		
Purchase and development of housing properties	(1,456,262)	(6,984,006)
HAG and other grants received	1,013,300	4,010,607
HAG repaid on disposals	(46,026)	(29,464)
Sale of properties	49,665	32,929
Sale of other fixed assets	-	750
Payments to acquire other tangible fixed assets	(33,230)	(748)
	<u>(472,553)</u>	<u>(2,969,932)</u>
Financing		
Issue of ordinary share capital	29	24
Loan finance received	-	3,612,514
Loan repaid	(364,144)	(135,300)
	<u>(364,115)</u>	<u>3,477,238</u>

Notes to the Cash Flow Statement
For the year ended 31 March 2011

3) Analysis of changes in net debt	At 31 March 2010 £	Cash Flow £	Other Changes £	At 31 March 2011 £
Cash in hand, at bank	2,154,200	462,167	-	2,616,367
Debt due within 1 year	(260,100)	(77,800)	-	(337,900)
Debt due after 1 year	(10,300,032)	441,944	-	(9,858,088)
	<u>(8,405,932)</u>	<u>826,311</u>	<u>-</u>	<u>(7,579,621)</u>

4) Reconciliation of net cash flow to movement in net debt (Note 3)	2011 £	2010 £
Increase for the year	462,167	693,480
Cash used to repay loans	364,144	135,300
Loans received	-	(3,612,514)
Change in net debt	<u>826,311</u>	<u>(2,783,734)</u>
Net debt at 1 April 2010	(8,405,932)	(5,622,198)
Net debt at 31 March 2011	<u>(7,579,621)</u>	<u>(8,405,932)</u>

**Notes to the Financial Statements
For the year ended 31 March 2011**

1. Accounting policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in paragraphs (b) to (m) below.

These financial statements are prepared under the historical cost convention in accordance with applicable accounting standards, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

(b) Going Concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2012. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Turnover represents rental and service charge income and fees or revenue grants receivable from local authorities, from the Scottish Government, and from other sources. Also included is any income from first tranche shared ownership disposals.

(d) Loans

Mortgage loans are advanced by Private Lenders or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

(e) Social housing grant (SHG)

Social Housing Grant, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following the sale of the property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.

**Notes to the Financial Statements
For the year ended 31 March 2011**

1. Accounting policies (continued)

(f) Fixed assets - Housing properties

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

(g) Depreciation

1. Housing properties

Housing properties at cost, less grants received, less land, are depreciated over their expected useful lives of 50 years.

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture, Fittings, & Equipment	-	20% reducing balance & 33% straight line
Office and Commercial Property	-	2% to 5% straight line

A full year's depreciation is charged in the year of purchase.

No charge is made in the year of disposal.

(h) Designated Reserves (Note 7)

(i) Cyclical maintenance

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

**Notes to the Financial Statements
For the year ended 31 March 2011**

1. Accounting policies (continued)

(h) Designated Reserves (Note 7) (continued)

(ii) Major Repairs

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to General Reserves as appropriate.

(iii) Walpole

The reserve relates to the supported housing project at Walpole. These funds are designated for use in this project.

(i) Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

(j) Pensions (Note 20)

The Association contributes to a defined benefit scheme, the cost of which is written off to the income and expenditure account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund.

(k) Financial Commitments

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the Association, and hire purchase contracts are capitalised in the balance sheet and are depreciated in the income and expenditure account over the period of their useful lives.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(l) Stock (Note 12)

Properties held under the Homestake scheme have been included within stock rather than fixed assets as the cost and HAG held by the Association relates to Glasgow City Council's share of the Homestake property. This will be disposed off when the private owner buys the property outright.

(m) Consolidation

The Association and its subsidiary undertakings comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not of the group.

MILNBANK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2011

2. Particulars of Turnover, Operating Costs and Operating Surplus

Income and Expenditure From lettings	2011		2010	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Social Lettings (Note 3)	2,368,846	(1,867,545)	2,256,128	(1,896,204)
Other activities (Note 4)	280,215	(300,632)	120,004	(112,537)
	<u>2,649,061</u>	<u>(2,168,177)</u>	<u>2,376,132</u>	<u>(2,008,741)</u>
		Operating Surplus £		Operating Surplus £
		501,301		359,924
		(20,417)		7,467
		<u>480,884</u>		<u>367,391</u>

MILNBANK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2011

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

	General Needs Housing £	Supported Housing (Walpole) £	Shared Ownership £	2011 Total £	2010 Total £
Income from rent and service charges					
Rent receivable net of service charges	2,187,820	37,239	16,146	2,241,205	2,108,494
Service charges	-	-	-	-	-
Gross income from rents and service charges	<u>2,187,820</u>	<u>37,239</u>	<u>16,146</u>	<u>2,241,205</u>	<u>2,108,494</u>
Less voids	(28,408)	-	-	(28,408)	(42,548)
Net income from rents and service charges	<u>2,159,412</u>	<u>37,239</u>	<u>16,146</u>	<u>2,212,797</u>	<u>2,065,946</u>
Grants from the Scottish Ministers	-	142,957	-	142,957	188,871
Other revenue grants	-	13,092	-	13,092	-
Other income	-	-	-	-	1,311
Total turnover from social letting activities	<u>2,159,412</u>	<u>193,288</u>	<u>16,146</u>	<u>2,368,846</u>	<u>2,256,128</u>
Expenditure					
Management and maintenance administration costs	(1,198,600)	(196,466)	-	(1,395,066)	(1,439,552)
Service charges	-	-	-	-	-
Planned cyclical maintenance including major repairs	(133,834)	-	-	(133,834)	(124,851)
Reactive maintenance costs	(97,138)	-	-	(97,138)	(91,567)
Bad debts – rents and service charges	-	-	-	-	(20,234)
Depreciation of social housing	(238,257)	-	(3,250)	(241,507)	(220,000)
Operating costs for social letting activities	<u>(1,667,829)</u>	<u>(196,466)</u>	<u>(3,250)</u>	<u>(1,867,545)</u>	<u>(1,896,204)</u>
Operating Surplus on letting activities, 2011	<u>491,583</u>	<u>(3,178)</u>	<u>12,896</u>	<u>501,301</u>	
Operating Surplus / (Deficit) on letting activities, 2010	<u>339,937</u>	<u>19,987</u>			<u>359,924</u>

Notes to the Financial Statements
For the year ended 31 March 2011

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover 2011 £	Operating costs 2011 £	Surplus 2011 £	Total Turnover 2010 £	Operating costs 2010 £	Surplus 2010 £
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring *	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	44,259	-	58,137	-	44,259	(44,259)	-	62,339	(62,339)	-
Supporting people Care activities	-	-	-	-	58,137	(57,336)	801	-	-	-
Agency/management services for other RSLs	-	-	-	-	-	-	-	-	-	-
LHO services	12,983	-	-	-	12,983	(12,983)	-	-	(5,516)	7,467
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Second stage transfer East End Housing Project	84,876	-	-	-	84,876	(94,389)	(9,513)	-	-	-
	-	-	-	79,960	79,960	(91,665)	(11,705)	44,682	(44,682)	-
Total from other activities- 2011	142,118	-	58,137	79,960	280,215	(300,632)	(20,417)			
Total from other activities- 2010	12,983	-	62,339	44,682	120,004	(112,537)	7,467			

Undertaken to support the community, other than the provision, construction, improvement and management of housing.

* Factoring Services were transferred to the Association's subsidiary Milnbank Property Services Ltd on 1 April 2008, thus no factoring income has been generated since.

Notes to the Financial Statements
For the year ended 31 March 2011

5. Interest Receivable and Other Income	2011	2010	
	£	£	
Interest receivable on deposits	2,758	2,280	
	<u> </u>	<u> </u>	
6. Interest payable and similar charges	2011	2010	
	£	£	
On private loans	139,369	149,489	
	<u> </u>	<u> </u>	
7. Designated Reserves	Opening Balance 1 April 2010	Transfer	Closing Balance 31 March 2011
	£	£	£
Cyclical maintenance reserve	127,415	-	127,415
Walpole reserve	408,900	3,237	412,137
Major repair reserve	319,516	-	319,516
	<u> </u>	<u> </u>	<u> </u>
	855,831	3,237	859,068
	<u> </u>	<u> </u>	<u> </u>
8. Revenue Reserves	2011	2010	
	£	£	
At 1 April 2010	612,621	405,323	
Surplus for the year	391,395	227,285	
	<u> </u>	<u> </u>	
Transfer from designated reserves	1,004,016	632,608	
	(3,237)	(19,987)	
	<u> </u>	<u> </u>	
At 31 March 2011	1,000,779	612,621	
	<u> </u>	<u> </u>	

Notes to the Financial Statements
For the year ended 31 March 2011

9. Tangible Fixed Assets	Housing Properties Held for Letting £	Housing Properties under Development £	Shared Ownership Properties £	Office and Commercial Property £	Furniture Fittings & Equipment £	Nursery £	Total £
Cost							
At start of year	49,703,399	7,552,073	951,705	731,938	143,148	-	59,082,263
Additions during year	359,065	1,097,197	-	-	33,230	-	1,489,492
Transfers	8,365,131	(8,649,270)	-	-	-	284,139	-
Disposals	(64,366)	-	-	-	-	-	(64,366)
At end of year	58,363,229	-	951,705	731,938	176,378	284,139	60,507,389
Depreciation							
At start of year	1,329,788	-	13,054	313,155	90,636	-	1,746,633
Charge for year	237,632	-	3,875	11,634	24,919	-	278,060
On disposals	-	-	-	-	-	-	-
At end of year	1,567,420	-	16,929	324,789	115,555	-	2,024,693
HAG and other grants							
At start of year	41,059,768	5,292,156	860,655	-	-	-	47,212,579
Additions during year	48,085	965,215	-	-	-	-	1,013,300
Transfers	6,046,821	(6,257,371)	-	-	-	210,550	-
On disposals	(62,488)	-	-	-	-	-	(62,488)
At end of year	47,092,186	-	860,655	-	-	210,550	48,163,391
Net Book Value							
At end of year	9,703,623	-	74,121	407,149	60,823	73,589	10,319,305
At start of year	7,313,843	2,259,917	77,996	418,783	52,512	-	10,123,051

Included within Housing Properties under Development additions are capitalised development costs of £44,259 (2010: £9,749). Included within additions to HAG and other grants are development allowances of £41,633 (2010: £9,749).

Notes to the Financial Statements
For the year ended 31 March 2011

10. Investments

	2011 £	2010 £
Investment in subsidiary undertakings	2	2

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Community Enterprises Limited. This represents a 100% shareholding in Milnbank Community Enterprises Limited, a company registered in Scotland, whose principal activity is community development. The profit on ordinary activities after taxation of Milnbank Community Enterprises Ltd for the year ended 31 March 2011 was £nil (2010: £nil). The capital and reserves of Milnbank Community Enterprises Ltd as at 31 March 2011 was £64 (2010: £64).

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Property Services Limited. This represents a 100% shareholding in Milnbank Property Services Limited, a company registered in Scotland, whose principal activity is the provision of factoring services including the provision of repair and maintenance services. The profit on ordinary activities after taxation of Milnbank Property Services Limited for the year ended 31 March 2011 was £nil (2010: £nil). The capital and reserves of Milnbank Property Services Limited as at 31 March 2011 was £71 (2010: £71).

11. Debtors

	2011 £	2010 £
Amounts falling due within one year:		
Rental arrears	175,571	157,410
Less: provision for bad debts	(60,000)	(60,000)
	<u>115,571</u>	<u>97,410</u>
Social Housing Grant receivable	3,006,000	851,000
Amounts owed by subsidiaries	135,205	121,571
Other debtors and prepayments	488,993	479,748
	<u>3,745,769</u>	<u>1,549,729</u>

12. Stock

	2011 £	2010 £
Homestake – Cost	376,542	376,542
Homestake – HAG	(376,542)	(376,542)
	<u>-</u>	<u>-</u>

The above relates to the Homestake scheme administered by the Association on behalf of Glasgow City Council.

13. Creditors: amounts falling due within one year

	2011 £	2010 £
Loans	337,900	260,100
Trade creditors	61,356	32,149
Other creditors	4,070,279	1,035,508
Contract Retentions	294,198	285,430
Accruals	44,044	293,659
Development creditor	84,048	89,674
Rent prepaid	71,190	61,470
	<u>4,963,015</u>	<u>2,057,990</u>

Notes to the Financial Statements
For the year ended 31 March 2011

14. Creditors: amounts falling due out with one year	2011	2010
	£	£
Loans	9,858,088	10,300,032
	<u> </u>	<u> </u>

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

	2011	2010
	£	£
Due between one and two years	337,900	260,100
Due between two and five years	979,800	767,100
Due in five years or more	8,540,388	9,272,832
	<u> </u>	<u> </u>
	<u>9,858,088</u>	<u>10,300,032</u>

15. Share Capital	2011	2010
	£	£
At beginning of year	508	492
Shares of £1 each fully paid and issued during the year	29	24
Shares forfeited in year	(44)	(8)
	<u> </u>	<u> </u>
At end of year	<u>493</u>	<u>508</u>

16. Directors' Emoluments

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. Only the Director's total emoluments exceeded £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

	2011	2010
	£	£
Emoluments (excluding pension Contributions) of Director	67,184	65,423
	<u> </u>	<u> </u>

Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-

£65,001 - £70,000	1	1
	<u> </u>	<u> </u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	1,458	1,193
	<u> </u>	<u> </u>

The Director is not a member of the Association's pension scheme described in note 20. An annual payment is made by the Association directly to the Director who has his own private pension. The Association's contribution in 2011 was £9,128 (2010: £8,860).

Notes to the Financial Statements
For the year ended 31 March 2011

17. Employee Information	2011 No.	2010 No.
The full time equivalent number of employees employed during the year was:		
Administration & Finance	9	8
Housing services management	4	4
Property services (including maintenance)	16	16
Housing with Support	5	6
Wardens & Cleaners	2	2
	<u>36</u>	<u>36</u>
	2011	2010
	£	£
Staff costs (including Directors' Emoluments):		
Wages and salaries	885,801	881,898
Social security costs	75,135	69,140
Pension costs	60,259	61,227
	<u>1,021,195</u>	<u>1,012,265</u>
	2011	2010
	£	£
18. Operating Surplus		
Operating surplus is stated after charging:		
Depreciation	278,060	248,888
Auditors' remuneration (excl VAT)		
- In their capacity as auditors	9,000	10,000
- In respect of other services	3,000	4,000
	<u>3,000</u>	<u>4,000</u>
19. Capital Commitments		
	2011	2010
	£	£
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	-	1,833,436
	<u>-</u>	<u>1,833,436</u>
This will be funded by:		
Housing Grants from the Scottish Government	-	205,000
Private Finance	-	1,628,436
	<u>-</u>	<u>1,833,436</u>
	<u>-</u>	<u>1,833,436</u>

Notes to the Financial Statements
For the year ended 31 March 2011

20. Pension

Milnbank Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme previously operated with a single benefit structure, final salary with a 1/60th accrual rate. From April 2008 three benefit structures are available, namely;

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An open benefit structure is one which new entrants are able to join.

Milnbank Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2009 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2009.

The Trustee commissions an actuarial valuation of the Scheme every 3 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.

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

During the accounting period, Milnbank Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 17 active members of the Scheme employed by Milnbank Housing Association Limited. Milnbank Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £335 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £162million, equivalent to a past service funding level of 67.4%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Notes to the Financial Statements
For the year ended 31 March 2011

20. Pension (continued)

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2009.

Financial Assumptions

The financial assumptions underlying the valuation were as follows:-

	% pa
- Investment return pre retirement	7.4
- Investment return post retirement – non-pensioners	4.6
- Investment return post retirement – pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.9
Pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	3.0

Valuation results

Valuation results

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions.

Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80 ^{ths}	13.2
Career average 120ths	9.4
Additional rate for deficit contributions	10.4

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 would be due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout 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.

Notes to the Financial Statements
For the year ended 31 March 2011

20. Pension (continued)

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 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 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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2010. As of this date the estimated employer debt for the Association was £3,619,972.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

21. Housing Stock

The number of units of accommodation in management was as follows:-

	Units in management			
	2011		2010	
	Improved	Unimproved	Improved	Unimproved
General needs	820	-	774	-
Supported – Walpole (self contained units)	7	-	7	-
Shared ownership	13	-	13	-
	<u>840</u>	<u>-</u>	<u>794</u>	<u>-</u>

22. Revenue Commitments

At the year end the Association was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Office Equipment & Motor Vehicles	
	2011 £	2010 £
Within one year	7,613	-
Between one and five years	37,144	37,979
More than five years	40,598	40,598
	<u>85,355</u>	<u>78,577</u>

**Notes to the Financial Statements
For the year ended 31 March 2011**

23. Related Party Transactions

Milnbank Community Enterprises Limited

As part of a service level agreement, £1,000 was recharged in the year to 31 March 2010 to Milnbank Community Enterprises Limited by Milnbank Housing Association Limited. This was in relation to salary costs that were incurred by the Association in respect of employees who worked on Milnbank Community Enterprises Limited's affairs. In the year ended 31 March 2011, the salary costs incurred by Milnbank Housing Association Limited in respect of the administration and finance services provided to Milnbank Community Enterprises Limited were recharged. The total recharged cost was £8,161 and this is included within amounts owed by subsidiaries in debtors at the year end. As a result of this recharge, no management charge has been incurred this year.

Employees of Milnbank Community Enterprises Limited are paid via the payroll run of Milnbank Housing Association Limited. These costs are then recharged to Milnbank Community Enterprises Limited. The total cost recharged in the year was £15,831 of which £11,055 was paid over to Milnbank Housing Association Limited in the year, with the balance of £4,776 included within amounts owed by subsidiaries.

During the year, Milnbank Housing Association Limited paid audit fees relating to the year ended 31 March 2010 of £1,450 (2010: £nil) on behalf of Milnbank Community Enterprises Limited. This has been recharged to Milnbank Community Enterprises Limited and is included within amounts owed by subsidiaries.

A gift aid payment of £7,417 (2010 -£5,903) is to be made by Milnbank Community Enterprises Limited to Milnbank Housing Association Limited in respect of the year 31 March 2011. This is included within amounts owed by subsidiaries in debtors.

During the year, Milnbank Community Enterprises Limited paid amounts of £5,903 in respect of the 2010 gift aid payment and £7,635 in respect of the remainder of the intercompany balance that was outstanding at 31 March 2010.

The balance owed to Milnbank Housing Association Limited by Milnbank Community Enterprises Limited at 31 March 2011 was £21,804 (2010: £13,538). This is included within amounts owed by subsidiaries in debtors.

Milnbank Property Services Limited

As part of a service level agreement, £75,352 was recharged in the year to 31 March 2010 to Milnbank Property Services Limited by Milnbank Housing Association Limited. This was in relation to salary costs that were incurred by the Association in respect of employees who worked on Milnbank Property Services Limited's affairs. For the year ended 31 March 2011, no management charge was made; instead a proportion of salary costs, based on the estimated time spent by Association staff on activities of Milnbank Property Services Limited was recharged. The total salary costs recharged was £77,061.

During the year, expenditure of £17,573 (2010: £44,689) was incurred by Milnbank Housing Association Limited on behalf of Milnbank Property Services Limited in respect of VAT charged on works performed to factored properties. These costs were recharged to Milnbank Property Services Limited during the year and are included in the year end balance owed by the subsidiary.

During the year, expenditure of £10,220 (2010: £11,658) was incurred by Milnbank Property Services Limited on behalf of Milnbank Housing Association Limited in respect of work performed to properties which are shared by factored owners and Housing Association tenants. These costs were recharged by Milnbank Property Services Limited during the year to the Association.

Notes to the Financial Statements
For the year ended 31 March 2011

23. Related Party Transactions (continued)

Milnbank Property Services Limited (continued)

During the year, £11,957 (2010: £nil) was received by Milnbank Housing Association Limited from factored owners on behalf of Milnbank Property Services Limited. These amounts are included within amounts owed by subsidiaries at the year end.

During the year, Milnbank Housing Association Limited paid audit fees relating to the year ended 31 March 2010 of £3,000 on behalf of Milnbank Property Services Limited. This has been recharged to Milnbank Property Services Limited and is included in the amounts owed by subsidiaries at the year end.

A gift aid payment of £37,944 (2010: £450) is to be made by Milnbank Property Services Limited to Milnbank Housing Association Limited in respect of the year 31 March 2011. This is included within amounts owed by subsidiaries in debtors.

The balance owed to Milnbank Housing Association Limited by Milnbank Property Services Limited at 31 March 2011 was £113,401 (2010: £108,033). This is included within amounts owed by subsidiaries in debtors. The prior year balance of £108,033 was paid in full during the year to Milnbank Housing Association Limited.

24. Legislative Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965.

25. Glasgow Housing Association Ltd – grant re-provisioning

During the year, Milnbank Housing Association Limited received £4,792,003 from the Scottish Government in respect of Glasgow Housing Association Limited's developments at Springboig Road and Myreside Street. Milnbank Housing Association Limited is acting in an agent role and uses the funds to pay development costs on behalf of Glasgow Housing Association Limited. The funding received has thus not been included as income and expenditure within the financial statements of Milnbank Housing Association Limited. Of the £4,792,003 receivable in relation to 2010/11, £3,006,000 was receivable post year end and thus is included within Social Housing Grant receivable within debtors with a corresponding amount included in other creditors. £41,633 of development allowances were received by the Association in respect of this.

26. Post balance sheet event

857 properties were transferred over from Glasgow Housing Association Limited to Milnbank Housing Association Limited through the second stage stock transfer programme on 2 June 2011 for a transfer value of £3,294,664.