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MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Registered Housing Association No. HAL 274

Financial Services Authority No. 2400(S)



BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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Registration Particulars:

Financial Services Authority

Industrial and Provident Societies Act 1965
Registered Number 2400 (S)

Scottish Housing Regulator

Housing (Scotland) Act 2001
Registered Number HAL 274

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

The Committee of Management present their report and audited financial statements for the year ended 31 March 2010.

Principal activity

The principal activity of the Association is the provision, construction, improvement and management of rented and shared ownership accommodation.

Molendinar Park Housing Association is registered with the Financial Services Authority as an Industrial and Provident Society and the Scottish Housing Regulator as a Registered Social Landlord.

Business review

The results for the year are shown in the attached income and expenditure account. Despite the difficult conditions in the property market all of the remaining Moore Street properties have now been sold (1 post year end) and over 95% of the rented properties are let. The Association is now looking forward to a period of consolidation with the benefit of the improved rental stream from the increase in stock.

Result for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 8.

Transfers to designated reserves from revenue reserve:

	£
Cyclical maintenance reserve	997
Major repairs reserve	<u>79,165</u>
Transfer from revenue reserve	<u>80,162</u>

Members of Committee of Management and Executive Officer

The Members of the Committee of the Association and Executive Officers during the year to 31 March 2010 were as follows:

A Scott (Chair)	A Blair
K Dolan (Secretary)	L McElroy
A Hendry	M O'Donnell
B Johnston	J Small
S John	Professor A McMillan (Honorary)
S Birrell (appointed 18 August 2009)	

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2010

(Continued)

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, included works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Future Developments

Subject to the availability of public funding the Association is committed to an ongoing development programme to provide new housing for our tenants.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management



Date: 16-6-10

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

31 MARCH 2010

Under the legislation relating to Industrial and Provident Societies we are required 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 profit or loss of the Association for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

By order of the Committee of Management



Date: 16-6-10

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association or for publication
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions, annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management.
- the Committee of Management review reports from management, from directors, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed, including a general review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL
CONTROLS**

**31 MARCH 2010
(Continued)**

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2010 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management


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Date: 16-6-10.....

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

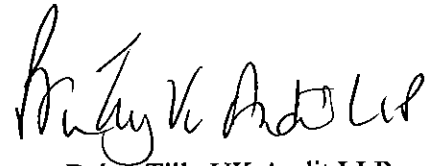
In addition to our audit of the financial statements, we have reviewed the Committee of Management's statement on pages 4 and 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

We carried out our review in accordance with Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non compliance.

Opinion

In our opinion the statement on internal financial control on pages 4 and 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 17.6.10

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

We have audited the financial statements on pages 8 to 28, which have been prepared under the accounting policies set out on pages 11 to 15.

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 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 opinion we have formed.

Respective responsibilities of Committee of Management and auditors

The Management Committee's responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Management Committee's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, a satisfactory system of internal control over transactions has not been maintained, if the Association has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Management Committee Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

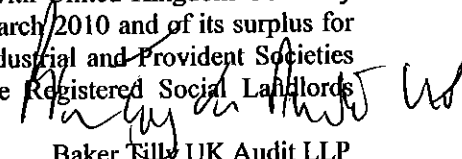
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its surplus for the year then ended and have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.


Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 10.10.10

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	5,215,502	2,913,569
Less: Operating costs	2	<u>5,032,850</u>	<u>(2,643,342)</u>
Operating surplus	2	182,652	270,227
Profit on sale of fixed assets	5	89,540	36,065
Interest receivable and other income		-	10,967
Interest payable and other charges	6	<u>(121,548)</u>	<u>(173,617)</u>
Surplus on ordinary activities before tax		150,644	143,642
Taxation on surplus on ordinary activities	4	<u>(8,920)</u>	<u>(41,962)</u>
Surplus for year after taxation		<u>141,724</u>	<u>101,680</u>

The results for the year relate wholly to continuing activities.

The Association has no recognised gains or losses in 2010 and 2009 other than the results for the years set out above.

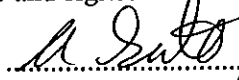
MOLENDINAR PARK HOUSING ASSOCIATION LIMITED


BALANCE SHEET


AS AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	8		15,698,344	15,811,172
Less : HAG	8		<u>(11,085,564)</u>	<u>(10,154,632)</u>
			4,612,780	5,656,540
Other Assets	8		<u>45,383</u>	<u>46,151</u>
			<u>4,658,163</u>	<u>5,702,691</u>
Current Assets				
Debtors	9	169,030		125,927
Stock	10	45,723		1,566,737
Cash at bank and in hand		<u>615,998</u>		<u>398,983</u>
		830,751		2,091,647
Current Liabilities				
Creditors due within one year	11	<u>(735,011)</u>		<u>(1,813,363)</u>
Net current assets			<u>95,740</u>	<u>278,284</u>
			4,753,903	5,980,975
Creditors due after more than one year	12		<u>(4,009,829)</u>	<u>(5,378,625)</u>
Net Assets			<u>744,074</u>	<u>602,350</u>
Capital and Reserves				
Share capital	16		16	16
Designated reserves	7		361,670	281,508
Revenue Reserves	7		382,388	320,826
			<u>744,074</u>	<u>602,350</u>

These financial statements were approved by the Committee of Management and authorised for issue on 16.6.10 and signed on their behalf by:

Committee member: 

Committee member: 

Secretary: 

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2010

	Notes	£	2010 £	2009 £
Net cash (outflow)/ inflow from operating activities	17		1,810,326	<u>(918,793)</u>
Returns on investments and servicing of finance				
Interest received		-		10,967
Interest paid		<u>(121,548)</u>	(121,548)	<u>(173,617)</u>
				<u>(162,650)</u>
Taxation				
Corporation tax paid		(39,093)		(5,220)
Less: Grants received		-		-
			(39,093)	<u>(5,220)</u>
Net cash outflow on taxation			(39,093)	<u>(5,220)</u>
Investing activities				
Cash paid for construction and purchases		(28,966)		(3,202,484)
Housing association grant received		930,933		238,394
Housing association grant repaid		-		-
Proceeds from sale of fixed assets		121,196		45,280
			1,023,163	<u>(2,918,810)</u>
Net cash outflow from investing activities			1,023,163	<u>(2,918,810)</u>
Net cash (outflow)/inflow before financing			2,672,848	<u>(4,005,473)</u>
Financing				
Loans received		-		5,783,160
Loan principal repayments		(2,455,833)		(1,874,402)
(Decrease)/Increase in share capital		-		(2)
Net cash (outflow)/ inflow from financing			(2,455,833)	<u>3,908,756</u>
Increase/(Decrease) in cash			<u>217,015</u>	<u>(96,717)</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (o) below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Landlords" and relevant accounting standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 8 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from local authorities and other agencies, first tranche sales of shared ownership properties and sales of shared equity properties.

(d) Housing Association Grants

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(f)) of the scheme in accordance with instructions issued from time to time. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(e) Housing Association Grant - Acquisition and Development Allowances receivable

Acquisition and Development Allowances are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development allowances become available in instalments according to the progress of work on the scheme. These allowances are credited to development costs in line with the progress of the contract to which they relate.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(f) Fixed assets - Housing land and buildings (note 8)

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they 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 financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

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

Interest on the loan financing the development is capitalised up to the relevant date of completion.

(g) Depreciation

(i) Housing Properties

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. No depreciation is charged on the cost of land.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

(ii) **Other fixed assets**

The Association's assets are written off evenly over their expected useful lives as follows:

Office and commercial property-	2%	per annum
Furniture, fittings & equipment-	20%	per annum
Computer equipment	33%	per annum

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

(h) **Designated Reserves**

Designated reserve -reserves for future cyclical repairs and maintenance (note 7)

Accrued cyclical maintenance, being the Association's commitment to maintain its properties in accordance with planned programme of works, is set aside in a designated reserve, to the extent that it will not be met from revenue in the year in which it is incurred.

Designated reserve - reserves for major repairs (note 7)

Accrued major repair expenditure, being the Association's commitment to undertake major repairs to its properties, is set aside in a designated reserve to the extent that it is not met from HAG.

(i) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

(j) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(k) **Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. 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 and the grants removed from the financial statements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(k) Sale of housing properties (cont'd)

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

Disposals under Shared Equity schemes are accounted for in the income and expenditure account. The remaining equity in properties sold before 1 April 2008 is treated as a fixed asset investment, which is matched with the grant received. For properties sold after 1 April 2008 the standard security over the remaining equity lies with the Scottish Government and is therefore not reflected in the Association's balance sheet.

(l) Value added tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(m) Pensions

The Association participates in the centralised SFHA Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(n) Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(o) Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- 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.

(p) Property development cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the income and expenditure account in accordance with the Statement of Recommended Practice.

(q) Liquid Resources

Liquid resources comprise of balances held in bank current and deposit accounts, and balances held on fixed term deposit.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

2. Particulars of turnover, operating costs and operating surplus

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ (Deficit) 2009 £
Social lettings	1,523,240	(1,324,874)	198,366	181,973
Other Activities	3,692,262	(3,707,976)	(15,714)	88,254
Total	5,215,502	(5,032,850)	182,652	270,227
2009	2,913,569	(2,643,342)	270,227	

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

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

	General Needs Housing £	Shared Ownership £	Supported Housing £	2010 Total £	2009 Total £
Income from social lettings					
Rent receivable net of service charges	1,105,543	111,773	208,518	1,425,834	1,295,750
Service charges	-	126,620	-	126,620	111,428
Gross income from rents net of service charges	1,105,543	238,393	208,518	1,552,454	1,407,178
Less: Rent Losses from Voids	(27,257)	-	(1,957)	(29,214)	(55,147)
	1,078,286	238,393	206,561	1,523,240	1,352,031
Grants from Scottish ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total Income from social letting	1,078,286	238,393	206,561	1,523,240	1,352,031
Expenditure on Social Letting Activities					
Service costs	-	74,815	59,748	134,563	111,045
Management and maintenance administration costs	498,098	16,826	22,435	537,359	501,950
Reactive Maintenance	170,269	-	24,474	194,743	180,815
Planned and Cyclical Maintenance including major repairs	304,980	-	43,307	348,287	295,306
Bad Debts – rents and service charges	-	-	-	-	7,475
Depreciation of social housing	92,436	13,710	3,776	109,922	73,467
Operating costs for social letting	1,065,783	105,351	153,740	1,324,874	1,170,058
Operating Surplus for social lettings	12,503	133,042	52,821	198,366	181,973
2009	(38,406)	151,252	69,127	181,973	

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2009 - £nil).

The total for voids includes development voids, where the Association has chosen to keep decant properties vacant to allow developments going on site to proceed as planned.

The total amount of major repairs expenditure incurred in the year was £148,418 (2009 - £106,085). No major repairs were capitalised (2009 - £nil).

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	2009
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and Repair	-	-	-	7,293	7,293	-	(17,803)	(10,510)	-
Factoring	-	-	-	-	-	-	(5,204)	(5,204)	(5,982)
Development activities	-	-	-	-	-	-	-	-	(2,515)
Support Activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management service	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (inc first tranche shared ownership sales to non registered social landlords)	-	-	-	3,684,969	3,684,969	-	(3,684,969)	-	96,751
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	-	-	3,692,262	3,692,262	-	(3,707,976)	(15,714)	88,254
2009	-	-	-	1,561,538	1,561,538	-	(1,473,284)	88,254	

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

4. Taxation

The charge in respect of corporation tax arose in respect of the Associations housing and other activities. The charge was made up as follows:

	2010 £	2009 £
UK Corporation tax based on the results for the year at 21% (2009 – 21%)	36,553	39,119
under provision in prior year	(27,633)	2,843
Total current tax	8,920	41,962

Factors affecting current tax charge

	2010 £	2009 £
Surplus on ordinary activities before taxation	150,644	143,642
Surplus on ordinary activities by rate of tax	31,635	30,165
Expenses deductible for tax purposes	4,735	8,092
Adjustments in respect of prior periods	(27,633)	2,843
Capital Allowances in excess of timings differences	(591)	862
Other Short term timing differences	774	-
Total current tax	8,920	41,962

5. Gain on sale of fixed assets

	2010 £	2009 £
Gross proceeds	119,414	46,100
Cost of sales	(29,874)	(10,035)
	89,540	36,065

All disposals occurred under the right to buy legislation or sale of shared ownership tranches.

6. Interest payable

	2010 £	2009 £
On Bank Loans and Overdrafts	121,548	305,206
Less: Capitalised Interest	-	(131,589)
	121,548	173,617

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

7. Reserves

(a) Designated reserves	At 31 March 2009	Transfer from revenue reserve	At 31 March 2010
	£	£	£
Cyclical repairs reserve	26,252	997	27,249
Major repairs reserve	255,256	79,165	334,421
	<u>281,508</u>	<u>80,162</u>	<u>361,670</u>

No restrictions are placed upon these reserves, but the Committee has designated their use for specific purposes.

(b) Revenue Reserves

	2010	2009
	£	£
Opening balance at 1 April 2009	320,826	228,167
Surplus for year	141,724	101,680
Transfer to designated reserves	<u>(80,162)</u>	<u>(9,021)</u>
Closing balance at 31 March 2010	<u>382,388</u>	<u>320,826</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

8. Tangible Fixed Assets	Completed shared ownership housing properties	Housing properties under construction	Total Housing Properties	Office Equipment	Office and commercial property	Total
Cost						
At 1 April 2009	4,353,977	-	16,249,123	135,692	55,629	16,440,444
Additions during year	-	-	26,968	345	-	27,313
Transfer	-	-	-	-	-	-
Disposals in year	-	-	(35,647)	-	-	(35,647)
At 31 March 2010	4,353,977	-	16,240,444	136,037	55,629	16,432,110
Housing Association Grant						
At 1 April 2009	3,692,238	-	10,154,632	-	-	10,154,632
Additions during year	-	-	4,334	-	-	4,334
Transfer from current assets	-	-	926,598	-	-	926,598
Disposals in year	-	-	-	-	-	-
At 31 March 2010	3,692,238	-	11,085,564	-	-	11,085,564
Depreciation						
At 1 April 2009	51,488	-	437,951	135,692	9,478	583,121
Provided during year	14,488	-	109,922	-	1,113	111,035
Disposals in year	-	-	(5,773)	-	-	(5,773)
At 31 March 2010	65,976	-	542,100	135,692	10,591	688,383
Net book value						
As at 31 March 2010	595,673	-	4,612,780	345	45,038	4,658,163
As at 31 March 2009	610,251	-	5,656,540	-	46,151	5,702,691

Development administration costs capitalised amounted to £nil (2009: £nil) for which development allowances amounted to £nil (2009: £nil). Interest capitalised amounted to £131,589 (2009: £131,589). None of the Association's land or buildings were held under a lease.

HAG transferred from current assets represents a reallocation of HAG initially allocated to shared equity properties on completion of the development programmes.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

	2010	2009
	£	£
9. Debtors		
Gross rents in arrears	81,681	110,464
Less: bad debt provision	<u>(6,135)</u>	<u>(12,487)</u>
	75,546	97,977
Other debtors	72,845	3,350
Prepayments and accrued income	20,639	24,600
	<u>169,030</u>	<u>125,927</u>
10. Stock – New supply shared equity		
Cost of developing properties	126,756	3,811,726
Grant received to develop properties	<u>(81,033)</u>	<u>(2,244,989)</u>
	45,723	1,566,737
11. Creditors due within one year		
Trade creditors	44,739	27,506
Loans	121,691	1,208,728
Corporation tax	8,946	39,119
Accruals and deferred income	-	-
Prepaid rent	154,655	137,965
Other creditors	404,980	400,045
	<u>735,011</u>	<u>1,813,363</u>
12. Creditors due after more than one year		
Loans	<u>4,009,829</u>	<u>5,378,625</u>
The loans are secured by both a fixed and specific charge on the Association's properties. Loans are repayable at rates of interest from 0.88% to 5.19% (2009: 3.05% to 7.29%).		
In one year or less	121,691	1,208,728
Between one and two years	123,479	1,344,501
Between two and five years	349,967	247,602
In five years or more	3,536,382	3,786,522
	<u>4,131,519</u>	<u>6,587,353</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

13. Employees	2010 £	2009 £
Staff costs during year		
Wages and salaries	339,268	288,412
Social security costs	25,259	21,522
Pension costs	44,694	41,530
	409,221	351,464

The average full time equivalent number of persons employed by the Association during the year were as follows

	No	No
Management and maintenance	9	9

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 whose total emoluments exceed £60,000 per year. The Association does not have any Directors in 2009 under this definition.

	£	£
Emoluments payable to Chief Executive (2008: highest paid director) excluding pension contributions	30,991	30,123

The Association's contributions for the Director in the year amounted to £5,574 (2009 - £5,418).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

14. Pension Fund – General

Pension Commitments

Molendinar Park Housing Association Limited participates in the SFHA Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

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 Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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.

The last formal valuation of the Scheme was performed at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £268 million. The valuation showed a shortfall of assets compared to liabilities of £54 million, equivalent to a past service funding level of 83.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £265 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%

The current triennial formal valuation of the Scheme, as at 30 September 2009, is being undertaken by a professionally qualified Actuary. The results of the valuation will be available in Autumn 2010.

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.

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.

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.

Molendinar Park Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2009. As of this date the estimated employer debt for Molendinar Park Housing Association Limited was £14,291.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

14. Pension Fund – General (cont'd)

Pension Commitments

The SFHA Scheme is a multi-employer defined benefit scheme. The Scheme offers three benefit structures to employers, namely:

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

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 employer can only operate one open benefit structure at any given time. An open benefit structure is one which new entrants are able to join.

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

During the accounting period Molendinar Park 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 9 active members of the Scheme employed by Molendinar Park Housing Association Limited. The annual pensionable payroll in respect of these members was £289,434.

The key valuation assumptions used to determine the assets and liabilities of the SFHA Pension Scheme are:

2006 Valuation Assumptions	% p.a.
Investment return pre retirement	7.2
Investment return post retirement	4.9
Rate of salary increases	4.6
Rate of pension increases	
- pension accrued pre 6 April 2005	2.6
-pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	2.6
Mortality Tables	
Non-pensioners	PA92C2025 short
Pensioners	PA92C2013 short
Contribution Rates for Future Service	%
Final Salary 1/60ths	17.8
Career average revalued earnings 1/60ths	14.6
Career average revalued earnings 1/70ths	12.6
Additional rate for deficit contributions	5.3

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

15. Auditors' remuneration	2010	2009
	£	£
The remuneration of the external auditors (including expenses and VAT for the year)	8,982	8,332
Remuneration of the auditors in respect of services other than those of external auditors	-	-
	<u>8,982</u>	<u>8,332</u>
16. Share Capital		
Shares of £1 fully paid and issued at beginning of year	16	18
Shares (disposed) / issued during year	-	(2)
Shares issued at end of year	<u>16</u>	<u>16</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

17. Notes to the Cash Flow Statement	2010 £	2009 £
a. Reconciliation of surplus to net cash inflow from operating activities		
Surplus for the year before tax	150,644	143,642
Net interest payable	121,548	162,650
	272,192	306,292
Depreciation	111,035	81,772
Gain on sale of fixed assets	(89,540)	(36,065)
Shares cancelled	-	(2)
(Increase)/decrease in debtors	(43,223)	(64,597)
Increase/ (decrease) in creditors	38,848	(373,540)
Decrease/ (Increase) in stock	1,521,014	(832,653)
	1,810,326	(918,793)
b. Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash for the year	217,015	(96,717)
Loans received	-	(5,783,160)
Loan repayments	2,455,833	1,874,402
	2,672,848	(4,005,475)
Change in net debt		
Net debt as at 1 April 2009	(6,188,370)	(2,182,895)
Net debt as at 31 March 2010	3,515,522	(6,188,370)
c. Analysis of Changes in net debt		

	As at 31 March 2009 £	Cash Flow £	Other changes £	As at 31 March 2010 £
Cash at bank and in hand	398,983	217,015	-	615,998
Debt due within one year	(1,208,728)	1,087,037	-	(121,691)
Debt due after one year	(5,378,625)	1,368,796	-	(4,009,829)
	(6,188,370)	2,672,848	-	(3,515,522)

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

18. Capital Commitments	2009	2008
	£	£
Expenditure authorised by the Committee of Management contracted less certified	-	-
	<u> </u>	<u> </u>
19. Housing Stock		
The number of units in Management at 31st March was as follows:		
	No	No
General Needs Housing	454	445
Shared Ownership Housing	88	88
Supported Housing Accommodation	49	62
	<u>591</u>	<u>595</u>

20. Related Parties

Various members of the Committee are tenants of the Association. The terms applicable to them are the same as applicable to all of the tenants.