

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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 2012

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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 2012

The Committee of Management present their report and audited financial statements for the year ended 31 March 2012.

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. Following the sale and letting of all the properties in the Moore Street development the Association has seen a consequent increase its rental income and strengthening of its balance sheet.

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. The 2011 comparative figures have been restated. This is further explained below and in Note 19 to the financial statements.

Result for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 10.

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 2012 were as follows:

A Scott (Chair)	A Blair
L McElroy (Secretary)	K Dolan (resigned 21 June 2011)
A Hendry	M O'Donnell
B Johnston	A Gillespie (appointed 21 June 2011)
C McDonnell (appointed 20 September 2011)	Professor A McMillan (Honorary)
R Lennie (appointed 20 September 2011)	S Moore (resigned 20 March 2011)
J Connelly (appointed 17 April 2012)	

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.

Component Accounting

Molendinar has adopted Component Accounting into its financial statements this year in compliance with the SORP 2010. Major Components (Note 1) of our buildings are identified and depreciated over specific economic life spans. Their replacement is then capitalised in the accounts as they occur. There is a resulting prior period adjustment shown to the relevant notes to the accounts and detailed in Note 19.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

(Continued)

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. In line with the SORP 2010, replacements to building components (as identified in Note 1) are capitalised in the financial statements as they occur. All other major repairs are charged to the Income and Expenditure account.

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.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are outlined on pages 4 and 5.

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

The Association is tendering for external audit services as contractual arrangements have come to an end. Baker Tilly UK Audit LLP has indicated its willingness to continue in office. A resolution for the appointment of external auditors will be proposed at the Annual General Meeting.

On behalf of the Committee of Management



A Scott

Date: 19 June 2012

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

31 MARCH 2012

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 surplus or deficit of the Association for that period. In preparing those financial statements we are required to:

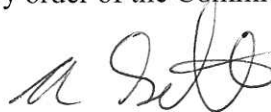
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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



A Scott

Date: 19 June 2012

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

31 MARCH 2012

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 misstatement 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 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.

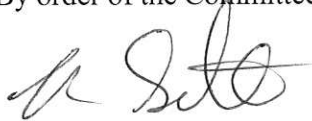
MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT OF INTERNAL FINANCIAL CONTROLS

31 MARCH 2012
(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 2012 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



A Scott

Date: ...19 June 2012...

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 6 and 7 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 6 and 7 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

Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: *28/6/12...*

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Molendinar Park Housing Association Limited for the year ended 31 March 2012 on pages 10 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial 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 the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 5, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditor
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

Date: 28/6/12.....

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	2011 As restated £
Turnover	2	1,726,302	1,811,772
Less: Operating costs	2	1,384,155	1,493,917
Operating surplus	2	<u>342,147</u>	<u>317,855</u>
Interest receivable and other income		-	7
Interest payable and other charges	5	<u>(66,521)</u>	<u>(75,062)</u>
Surplus on ordinary activities before tax		275,626	242,800
Taxation on surplus on ordinary activities	4	<u>(109,784)</u>	<u>(44,249)</u>
Surplus for year after taxation	6	<u><u>165,842</u></u>	<u><u>198,551</u></u>

The results for the year relate wholly to continuing activities.

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR
ENDING 31 MARCH 2012**

	Notes	2012 £	2011 As restated £
Surplus for the year		<u>165,842</u>	<u>198,551</u>
Prior period adjustment	19	244,243	-
Total surpluses and deficits recognised since last reporting period		<u><u>410,085</u></u>	<u><u>198,551</u></u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

			2012		2011
	Notes	£	£		As restated £
Tangible Fixed Assets					
Housing properties	7		15,903,094		15,853,355
- gross cost less depreciation					
Less : HAG	7		(11,215,572)		(11,215,572)
			4,687,522		4,637,783
Other Assets	7		42,810		43,923
			4,730,332		4,681,706
Current Assets					
Debtors	8	123,271			113,209
Cash at bank and in hand		475,693			489,472
			598,964		602,681
Current Liabilities					
Creditors due within one year	9	(441,878)			(395,195)
Net current assets			157,086		207,486
			4,887,418		4,889,192
Creditors due after more than one year	10		(3,625,888)		(3,819,769)
Provisions for liabilities and charges					
Deferred taxation	4		(26,266)		-
Net Assets			1,235,264		1,069,423
Capital and Reserves					
Share capital	14		14		15
Designated reserves	6		455,610		405,768
Revenue Reserves	6		779,640		663,640
			1,235,264		1,069,423

These financial statements were approved by the Committee of Management and authorised for issue on *19 June 2012* and signed on their behalf by:

Committee member:

[Signature]

Committee member:

[Signature]

Secretary:

[Signature]

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2012

			2012	2011
	Notes	£	£	As restated £
Net cash inflow/(outflow) from operating activities	15		414,011	(121,503)
Returns on investments and servicing of finance				
Interest received		-		6
Interest paid		(66,521)		(75,062)
			<u>(66,521)</u>	<u>(75,056)</u>
Taxation				
Corporation tax paid		(44,174)		(8,853)
Less: Grants received		-		-
			<u>(44,174)</u>	<u>(8,853)</u>
Net cash outflow on taxation			<u>(44,174)</u>	<u>(8,853)</u>
Investing activities				
Cash paid for construction and purchases		(154,497)		-
Housing association grant repaid		-		(132,836)
			<u>(154,497)</u>	<u>(2,828)</u>
Net cash (outflow) from investing activities			<u>(154,497)</u>	<u>(2,828)</u>
Net cash inflow before financing			<u>148,819</u>	<u>34,766</u>
Financing				
Loan principal repayments		(162,597)		(161,291)
Decrease in share capital		(1)		(1)
			<u>(162,598)</u>	<u>(161,292)</u>
Net cash outflow from financing			<u>(162,598)</u>	<u>(161,292)</u>
Decrease in cash	15		<u>(13,779)</u>	<u>(126,526)</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

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 financial statements 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 Housing Providers, Update 2010".

(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 2012

(Continued)

(f) **Fixed assets - Housing land and buildings (note 7)**

Housing properties are stated at cost less housing association grant less accumulated depreciation. 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.

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

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

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

The adoption of Component Accounting during the year represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Structure, Windows, Kitchens, Bathrooms and Central Heating. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(g)(i). The new accounting policy is compliant with the SORP 2010.

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.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

(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 each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Windows	Over 40 years
Bathrooms	Over 30 years
Kitchens	Over 20 years
Central Heating	Over 20 years

(ii) **Other fixed assets**

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

Office 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 6)

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 6)

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.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

(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 financial statements.

(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.

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. 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.

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 de-registered for VAT in the year ended 31 March 2011. A large proportion of the income, namely rents, was exempt for VAT purposes and therefore gave rise to a partial exemption calculation. Expenditure is shown inclusive of VAT.

(m) **Pensions**

The Association participates in the centralised Scottish Housing Association Pension Scheme (SHAPS) 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.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

(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.

(o) **Liquid Resources**

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

(p) **Taxation**

The charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

2. Particulars of turnover, operating costs and operating surplus

	Notes	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus/ As restated 2011 £
Social lettings	3a	1,649,252	(1,279,087)	370,165	263,485
Other Activities	3b	77,050	(105,068)	(28,018)	54,370
Total		<u>1,726,302</u>	<u>(1,384,155)</u>	<u>342,147</u>	<u>317,855</u>
As restated - 2011		<u>1,811,772</u>	<u>(1,493,917)</u>	<u>317,855</u>	

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

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

	General Needs Housing	Shared Ownership	Supported Housing	2012 Total	2011 Total As restated
	£	£	£	£	£
Income from social lettings					
Rent receivable net of service charges	1,299,776	74,379	119,100	1,493,255	1,441,822
Service charges	-	109,924	52,515	162,439	121,855
Gross income from rents net of service charges	1,299,776	184,303	171,615	1,655,694	1,563,677
Less: Rent Losses from Voids	(5,282)	-	(1,160)	(6,442)	(10,662)
Grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total Income from social letting	1,294,494	184,303	170,455	1,649,252	1,553,015
Expenditure on Social Letting Activities					
Service costs	-	77,126	54,297	131,423	131,210
Management and maintenance administration costs	486,387	42,467	36,822	565,676	544,301
Reactive Maintenance	162,518	-	16,262	178,780	192,742
Planned and Cyclical Maintenance including major repairs	245,668	-	46,668	292,336	315,194
Bad Debts – rents and service charges	-	-	-	-	-
Depreciation of social housing	95,672	11,250	3,950	110,872	106,083
Operating costs for social letting	(990,245)	(130,843)	(157,999)	(1,279,087)	(1,289,530)
Operating Surplus for social lettings	304,249	53,460	12,456	370,165	263,485
As restated - 2011	177,787	76,996	8,702	263,485	

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2011 - £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.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(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)	2011
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and Repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	20,328	20,328	-	(49,597)	(29,269)	(5,866)
Development activities	-	-	-	-	-	-	-	-	-
Support Activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	35,699
Other agency/management service	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (inc first tranche shared ownership sales to non registered social landlords)	-	-	-	50,000	50,000	-	(50,000)	-	-
Other activities	2,990	-	-	3,732	6,722	-	(5,471)	1,251	24,537
Total from other activities	2,990	-	-	74,060	77,050	-	(105,068)	(28,018)	54,370
2011	-	-	-	258,757	258,757	-	(204,387)	54,370	-

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

4. Taxation

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

	2012 £	2011 £
UK Corporation tax based on the results for the year at 26% (2011 – 21%)	83,587	44,274
Under provision in prior year	(69)	(25)
Total current tax charge	83,518	44,249
Deferred tax at 26% (2011 – 21%)		
Origination and reversal of timing differences	(3,418)	-
Adjustments in respect of previous periods	25,974	-
Effect of tax rate change on opening balance	3,710	-
Total deferred tax charge	26,266	-
Tax on profit on ordinary activities	109,784	44,249
Factors affecting current tax charge		
	2012 £	2011 £
Surplus on ordinary activities before taxation	275,626	125,357
Surplus on ordinary activities by rate of tax	71,663	26,324
Expenses not deductible for tax purposes – fixed assets	24,787	-
Expenses deductible for tax purposes	148	19,052
Marginal relief	(16,713)	-
Adjustments in respect of prior periods	(69)	(25)
Capital Allowances in excess of timings differences	2,326	(343)
Other Short term timing differences	1,376	(759)
Total current tax	83,518	44,249

5. Interest payable

	2012 £	2011 £
On Bank Loans and Overdrafts	66,521	75,062
Less: Capitalised Interest	-	-
	66,521	75,062

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

6. Reserves

(a) Designated reserves	At 31 March 2011	Transfer from revenue reserve	At 31 March 2012
	£	£	£
Cyclical repairs reserve	23,894	3,998	27,892
Major repairs reserve	381,874	45,844	427,718
	405,768	49,842	455,610

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

(b) Revenue Reserve

	2012 £	2011 as restated £
At 1 April 2011 as originally reported	419,397	509,187
Prior Period Adjustment (Note 19)	<u>244,243</u>	<u>-</u>
At 1 April 2011 as restated	663,640	509,187
Surplus for year	165,842	198,551
Transfer to designated reserves	<u>(49,842)</u>	<u>(44,098)</u>
At 31 March 2012	779,640	663,640

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2012
(Continued)

7. Tangible Fixed Assets

	Housing properties held for letting	Completed shared ownership housing properties	Housing properties under construction	Total Housing Properties	Office Equipment	Office property	Total
Cost							
At 1 April 2011	11,886,467	4,353,977	-	16,240,444	136,037	55,629	16,432,110
Prior Period Adjustment (Note 19)	328,208	-	-	328,208	-	-	328,208
As re-stated	12,214,675	4,353,977	-	16,568,652	136,037	55,629	16,760,318
Additions during year	159,498	-	-	159,498	-	-	159,498
Transfer	-	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March 2012	12,374,173	4,353,977	-	16,728,150	136,037	55,629	16,919,816
Housing Association Grant							
At 1 April 2011	7,523,334	3,692,238	-	11,215,572	-	-	11,215,572
Additions during year	-	-	-	-	-	-	-
Transfer from current assets	-	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-
At 31 March 2012	7,523,334	3,692,238	-	11,215,572	-	-	11,215,572
Depreciation							
At 1 April 2011	554,312	77,020	-	631,332	136,037	11,706	779,075
Prior Period Adjustment (Note 19)	83,965	-	-	83,965	-	-	83,965
As re-stated	638,277	77,020	-	715,297	136,037	11,706	863,040
Provided during year	98,509	11,250	-	109,759	-	1,113	110,872
Disposals in year	-	-	-	-	-	-	-
At 31 March 2012	736,786	88,270	-	825,056	136,037	12,819	973,912
Net book value							
As at 31 March 2012	4,114,053	573,469	-	4,687,522	-	42,810	4,730,332
As at 31 March 2011 as restated	4,053,064	584,719	-	4,637,783	-	43,923	4,681,706

Development administration costs capitalised amounted to £nil (2011: £nil) for which development allowances amounted to £nil (2011: £nil). Interest capitalised amounted to £nil (2011: £nil). None of the Association's land or buildings were held under a lease.

Total major repair costs during the year were £226,197 (2011: £150,126) of which £159,498 (2011: £56,351) was capitalised. Of the amount capitalised £159,498 (2011: £56,351) related to replacement of components and £nil (2011: £nil) related to improvements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

8. Debtors	2012 £	2011 £
Gross rents in arrears	89,678	89,194
Less: bad debt provision	<u>(17,001)</u>	<u>(12,001)</u>
	72,677	77,193
Other debtors	16,545	9,428
Prepayments and accrued income	34,049	26,588
	<u>123,271</u>	<u>113,209</u>
9. Creditors due within one year		
Trade creditors	4,735	91,455
Loans (note 10)	181,744	150,460
Corporation tax	83,588	44,342
Tax and Social Security	-	8,631
Accruals and deferred income	20,968	4,672
Prepaid rent	92,832	94,560
Other creditors	58,011	1,075
	<u>441,878</u>	<u>395,195</u>
10. Creditors due after more than one year		
Loans	<u>3,625,888</u>	<u>3,819,769</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 1.093% to 2.265% (2011: 1.033% to 2.265%).

In one year or less (note 9)	181,744	150,460
Between one and two years	182,022	152,550
Between two and five years	547,769	470,514
In five years or more	2,896,097	3,196,705
	<u>3,807,632</u>	<u>3,970,229</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

11. Employees	2012 £	2011 £
Staff costs during year		
Wages and salaries	368,420	352,204
Pension costs	58,239	46,822
Social security costs	30,668	26,899
Temporary or agency staff	8,000	8,000
	465,327	433,925

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

	No	No
Management and maintenance	10	10

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 2012 under this definition.

	£	£
Emoluments payable to Chief Executive (2011: highest paid director) excluding pension contributions	33,705	32,102

The Association's pension contributions for the Director in the year amounted to £3,809 (2011 - £5,937).

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 2012

(Continued)

12. Scottish Housing Association Pension Scheme (SHAPS)

Molendinar Park Housing Association Limited participates in the SHAPS 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 2009 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 £295 million. The valuation showed 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 £162 million, equivalent to a past service funding level of 67.4%

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 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 2010. As of this date the estimated employer debt for Molendinar Park Housing Association Limited was £958,335.

The Association has been notified by The Pensions Trust that the amount to be paid in additional contributions towards the past service deficit 2012/13 is £34,350. It is likely that additional contributions will be required in future years, and the Association will be notified of these amounts annually.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

12. Pension Fund – General (cont.)

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.

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 one time. An open benefit structure is one which new entrants are able to join.

Molendinar Park Housing Association has elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 1 April 2010 and the same benefit structure for new entrants.

During the accounting period Molendinar Park Housing Association 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. The annual pensionable payroll in respect of these members was £302,304.

Molendinar Park Housing Association continues to offer membership of the Scheme to its employees.

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

2009 Valuation Assumptions	% p.a.
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 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

12. Pension Fund – General (cont.)

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

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions	10.4

Pension Fund - Growth

Molendinar Park Housing Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

12. Pension Fund – Growth (cont.)

Molendinar Park Housing Association paid contributions at the rate of 0% during the accounting period. Members paid contributions at the rate of 8% during the accounting period.

As at the balance sheet date there was 1 active member of the Plan employed by Molendinar Park Housing Association. Molendinar Park Housing Association continues to offer membership of the Plan to its employees. It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% p.a.
Rate of return pre retirement	7.6
Rate of return post retirement:	
Active/Deferred	5.1
Pensioners	5.6
Bonuses on accrued benefits	0.0
Rate of price inflation	3.2

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The preliminary triennial valuation results as at 30 September 2011 were received in March 2012 but, as the valuation will not be finalised until later this year, this disclosure note must still refer to the 2008 valuation results as the last completed valuation.

The Scheme Actuary's preliminary results for 30 September 2011 show that the Plan's assets at that date were £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

12. Pension Fund – Growth (cont.)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2008 valuation was forwarded to The Pensions Regulator on 18 December 2009, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. (Our recent correspondence to all employers refers.) The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Molendinar Park Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2011. As of this date the estimated employer debt for Molendinar Park Housing Association was £19,750.

The Association has been notified by The Pensions Trust that the amount to be paid in additional contributions towards the past service deficit in the Growth plan in 2013/14 is £1,036. It is likely that additional contributions will be required in future years, and the Association will be notified of these amounts annually.

13. Auditors' remuneration

	2012	2011
	£	£
The remuneration of the external auditors (including expenses and VAT for the year)	8,736	9,547
Remuneration of the auditors in respect of services other than those of external auditors from entities related to Baker Tilly UK Audit LLP	2,484	1,230
	<u>11,220</u>	<u>10,777</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012
(Continued)

14. Share Capital

Shares of £1 fully paid and issued at beginning of year	15	16
Shares (disposed) / issued during year	(1)	(1)
Shares issued at end of year	14	15

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.

15. Notes to the Cash Flow Statement

	2012 £	2011 As restated £
a. Reconciliation of surplus to net cash inflow from operating activities		
Surplus for the year before tax	275,626	242,800
Net interest payable	66,521	75,056
	342,147	317,856
Depreciation	110,872	106,083
Gain on sale of fixed assets	-	-
Shares cancelled	(1)	(1)
(Increase)/decrease in debtors	(15,062)	55,821
(Decrease) in creditors	(23,945)	(403,979)
Decrease in stock	-	45,723
	414,011	121,503
b. Reconciliation of net cash flow to movement in net debt		
Decrease in cash for the year	(13,779)	(126,526)
Loan repayments	162,597	161,291
	148,818	34,765
Change in net debt	148,818	34,765
Net debt as at 1 April 2011	3,480,757	3,515,522
Net debt as at 31 March 2012	3,331,939	3,480,757

c. Analysis of Changes in net debt

	As at 31 March 2011 £	Cash Flow £	Other changes £	As at 31 March 2012 £
Cash at bank and in hand	489,472	(13,779)	-	475,693
Debt due within one year	(150,460)	162,597	(193,881)	(181,744)
Debt due after one year	(3,819,769)	-	193,881	(3,625,888)
	(3,480,757)	148,818	-	(3,331,939)

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

16. Capital Commitments	2012 £	2011 £
Expenditure authorised by the Committee of Management contracted less certified	-	-
17. Housing Stock	No	No
The number of units in Management at 31st March was as follows:		
General Needs Housing	459	459
Shared Ownership Housing	88	88
Supported Housing Accommodation	44	44
	<u>591</u>	<u>591</u>

18. **Related Parties**

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

19. **Prior Period Adjustment- Component Accounting**

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their useful economic life. This has resulted in major works expenditure written off in prior years being capitalised, and an additional depreciation charge being recognised. The effect of this change in accounting policy on the 31 March 2011 financial statements is shown below. 31 March 2011 opening reserves have increased by £126,799 of which £67,115 relates to increased depreciation, £193,914 relates to major repairs previously written off to the Income and Expenditure Account now capitalised as components.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2012

(Continued)

19. Prior Period Adjustment- Component Accounting (cont)

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(16,850)
Decrease major works charged against income	<u>134,294</u>
Increase in the surplus for the year	<u>117,444</u>
In addition the effect upon the balance sheet has been to:	
Increase fixed asset cost	328,208
Decrease fixed asset HAG	-
Increase fixed asset depreciation	<u>(83,965)</u>
Net movement in the balance sheet - increase	<u>244,243</u>

20. Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (g) (i)) that have subsequently been replaced by the Association is recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account which may become repayable when the entire property is disposed of at 31 March 2012 was £nil (2011: £nil).