

Signed Original



Scott-Moncrieff
business advisers and accountants

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Financial Statements
For the year ended 31 March 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2013

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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 2010 Registered Number HAL 274
Scottish Charity Number	SC043725

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Members and Advisers

Committee of Management	L McElroy - Chairperson M O'Donnell - Secretary A Scott A Hendry B Johnston R Lennie J Connelly A Blair A Gillespie C McKinlay
Registered Office	3 Graham Square Glasgow G31 1AD
Auditor	Scott-Moncrieff Chartered Accountants Statutory Auditor 25 Bothwell Street Glasgow G2 6NL
Bankers	The Royal Bank of Scotland 139 St Vincent Street Glasgow G2 5JF
Solicitors	DWF Biggart Baillie LLP Dalmore House 310 St Vincent Street Glasgow G2 5QR

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Report of the Committee of Management For the year ended 31 March 2013

The Committee of Management present their report and audited financial statements for the year ended 31 March 2013.

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 with the Scottish Housing Regulator as a Registered Social Landlord.

The Association became a registered charity in January 2013.

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.

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 2013 were as follows:

L McElroy (Chair)	R Lennie
M O'Donnell (Secretary)	J Connelly
A Scott	A Blair
A Hendry	A Gillespie
B Johnston	C McKinlay (elected 15 May 2012)
C McDonnell (resigned 19 March 2013)	

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

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Report of the Committee of Management For the year ended 31 March 2013

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 page 6.

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.

Auditor

Scott-Moncrieff were appointed as auditor following a tendering exercise during the year ended 31 March 2013.

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, will be put to the members at the Annual General Meeting.

On behalf of the Committee of Management



L McElroy

Dated: 18 June 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Statement of Committee Responsibilities For the year ended 31 March 2013

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.

On behalf of the committee of Management



L McElroy

Dated: 18 June 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Committee of Management's Statement on Internal Financial Controls For the year ended 31 March 2013

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 external auditor 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.

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 2013 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 auditor's report on the financial statements.

On behalf of the Committee of Management



L McElroy

Dated: 18th June 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Auditor's 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 page 6 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 2009/4 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 page 6 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.



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

Dated: 18th June 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Report of the Independent Auditor

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 2013 which comprise the income and expenditure account, the statement of recognised gains and losses, the balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with 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 Management Committee and auditor

As explained more fully in the Management Committee Responsibilities statement set out on page 5, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

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 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting by Registered Social Housing Providers issued in 2010;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

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

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Report of the Independent Auditor
To the Members of Molendinar Park Housing Association Limited**

Matters on which we are required to report by exception

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

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



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

Dated: 18 June 2013

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Income and Expenditure Account
For the year ended 31 March 2013**

	Notes	2013 £	2012 £
Turnover	2	1,748,831	1,726,302
Less: Operating costs	2	(1,340,349)	(1,384,155)
Operating surplus	2	408,482	342,147
Gain on sale of assets		45,633	-
Interest payable and other charges	5	(71,100)	(66,521)
Surplus on ordinary activities before tax		383,015	275,626
Taxation	4	(48,050)	(109,784)
Surplus for year after taxation	6	334,965	165,842

The results for the year relate wholly to continuing activities.

There are no recognised gains or losses for the year other than the surplus for the year

**Statement of Total Recognised Surpluses and Deficits
For the year ended 31 March 2013**

	2013 £	2012 £
Surplus for the year	334,965	165,842
Prior period adjustment	-	244,243
Total surpluses and deficits recognised since last reporting period	334,965	410,085

The notes on pages 13 to 27 form part of the financial statements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Balance Sheet
As at 31 March 2013**

	Notes	2013		2012	
		£	£	£	£
Tangible Fixed Assets					
Housing properties	7		15,960,565		15,903,094
- gross cost less depreciation			(11,241,117)		(11,215,572)
Less : HAG	7				
			<u>4,719,448</u>		<u>4,687,522</u>
Other Assets	7		41,697		42,810
			<u>4,761,145</u>		<u>4,730,332</u>
Current Assets					
Debtors	8	105,385		123,271	
Cash at bank and in hand		618,494		475,693	
		<u>723,879</u>		<u>598,964</u>	
Current Liabilities					
Creditors due within one year	9	(403,092)		(441,878)	
Net current assets			<u>320,787</u>		<u>157,086</u>
			5,081,932		4,887,418
Creditors due after more than one year	10		(3,511,703)		(3,625,888)
Provisions for liabilities and Charges					
Deferred taxation	4		-		(26,266)
Net Assets			<u>1,570,229</u>		<u>1,235,264</u>
Capital and Reserves					
Share capital	14		14		14
Designated reserves	6		604,188		455,610
Revenue Reserves	6		966,027		779,640
			<u>1,570,229</u>		<u>1,235,264</u>

These financial statements were approved by the Committee of Management and authorised for issue on 18 June 2013 and signed on their behalf by:

L McElroy - Chairperson: *Lori B. Craig*
 Andrew Scott - Committee member: *A. Scott*
 M O'Donnell - Secretary: *M. O'Donnell*

The notes on pages 13 to 27 form part of the financial statements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Cash Flow Statement
For the year ended 31 March 2013**

	Notes	2013		2012	
		£	£	£	£
Net cash inflow from operating activities	15		588,013		414,011
Returns on investments and servicing of finance					
Interest received		-		-	
Interest paid		(71,100)		(66,521)	
			(71,100)		(66,521)
Taxation					
Corporation tax paid		(83,588)		(44,174)	
Less: Grants received		-		-	
Net cash outflow on taxation			(83,588)		(44,174)
Investing activities					
Sale of fixed assets		63,823			
Cash paid for construction and purchases		(204,270)		(154,497)	
Housing association grant received		25,545		-	
Net cash (outflow) from investing activities			(114,903)		(154,497)
Net cash inflow before financing			318,423		148,819
Financing					
Loan principal repayments		(175,622)		(162,597)	
Decrease in share capital		-		(1)	
Net cash (outflow) from financing			(175,622)		(162,598)
Increase(decrease) in cash	15		142,801		(13,779)

The notes on pages 13 to 27 form part of the financial statements

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2013

1. Accounting Policies

(a) Introduction, accounting basis and going concern

The principal accounting policies of the Association are set out in the paragraphs (b) to (p) 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 Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers, Update 2010".

The Committee of Management anticipate that a surplus will be generated in the year to 31 March 2014. The Association has a healthy cash and net current asset position and thus the Committee of Management are satisfied that there is sufficient resources in place to continue operating for the foreseeable future. Thus the Committee of Management continue to adopt the going concern basis of accounting in preparing the annual financial statement.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 7 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 For the year ended 31 March 2013

(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.

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 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

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2013

(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.

(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.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2013

(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.

(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.

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

	Notes	Turnover £	Operating Costs £	2013 Operating Surplus/ (Deficit) £	2012 Operating Surplus/ (Deficit) £
Social lettings	3a	1,734,501	(1,296,491)	438,010	370,165
Other Activities	3b	14,330	(43,858)	(29,528)	(28,018)
Total		<u>1,748,831</u>	<u>(1,340,349)</u>	<u>408,482</u>	<u>342,147</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2013

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

	General Needs Housing £	Shared Ownership £	Sheltered Housing £	2013 Total £	2012 Total £
Income from social lettings					
Rent receivable net of service charges	1,298,011	120,896	131,615	1,550,522	1,493,255
Service charges	-	111,180	53,435	164,615	162,439
Gross income from rents net of service charges	1,298,011	232,076	185,050	1,715,137	1,655,694
Less: Rent Losses from Voids	(5,073)	-	(1,112)	(6,185)	(6,442)
Grants from Scottish Ministers	1,292,938	232,076	183,938	1,708,952	1,649,252
Other revenue grants	25,549	-	-	25,549	-
Total Income from social letting	1,318,487	232,076	183,938	1,734,501	1,649,252
Expenditure on Social Letting Activities					
Service costs	-	84,777	54,620	139,397	131,423
Management and maintenance administration costs	481,675	47,808	42,281	571,764	565,676
Reactive Maintenance	166,455	-	16,262	182,717	178,780
Planned and Cyclical Maintenance including major repairs	200,674	-	46,668	247,342	292,336
Bad Debts – rents and service charges	-	-	-	-	-
Depreciation of social housing	113,099	11,953	4,670	129,722	110,872
Recoverable repairs	25,549	-	-	25,549	-
Operating costs for social letting	(987,452)	(144,538)	(164,501)	(1,296,491)	(1,279,087)
Operating Surplus for social lettings 2013	331,035	87,538	19,437	438,010	370,165
Operating Surplus for social lettings 2012	304,429	53,460	12,456	-	370,165

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2012 - £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
For the year ended 31 March 2013**

3b Particulars of turnover, operating costs and operating surplus/(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/ surplus/ (deficit) £	2012 £
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	14,330	14,330	-	(38,435)	(24,105)	(29,269)
Development activities	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	(5,423)	(5,423)	1,251
Total from other activities 2013	-	-	-	14,330	14,330	-	(43,858)	(29,528)	(28,018)
Total from other activities 2012	2,990	-	-	74,060	77,050	-	(105,068)	-	(28,018)

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

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:

	2013	2012
	£	£
UK Corporation tax based on the results for the year at 24% (2012 – 26%)	74,316	83,587
Under provision in prior year	-	(69)
Total current tax charge	<u>74,316</u>	<u>83,518</u>
Deferred tax at 26% (2012 – 26%)		
Origination and reversal of timing differences	-	(3,418)
Adjustments in respect of previous periods	(26,666)	25,974
Effect of tax rate change on opening balance	-	3,710
Total deferred tax charge	<u>(26,666)</u>	<u>26,266</u>
Tax on profit on ordinary activities	<u>47,650</u>	<u>109,784</u>
Factors affecting current tax charge		
Surplus on ordinary activities before taxation (2013 – 10 months only)	<u>310,609</u>	<u>275,626</u>
Surplus on ordinary activities by rate of tax	91,924	71,663
Expenses not deductible for tax purposes – fixed assets	47,363	24,787
Expenses deductible for tax purposes	-	148
Marginal relief	(11,112)	(16,713)
Adjustments in respect of prior periods	-	(69)
Capital Allowances in excess of timings differences	(28,597)	2,326
Other Short term timing differences	(7,884)	1,376
Total current tax	<u>74,316</u>	<u>83,518</u>

The Association obtained charitable status in January 2013 therefore the figures above represent taxation charge on 10 months of activity.

5. Interest payable

On Bank Loans and Overdrafts	<u>71,100</u>	<u>66,521</u>
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MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

6. Reserves	At 31 March 2012	Transfer (to)/from revenue reserve	At 31 March 2013
	£	£	£
(a) Designated reserves			
Cyclical repairs reserve	27,892	(3,393)	24,499
Major repairs reserve	427,718	151,971	579,689
	<u>455,610</u>	<u>148,578</u>	<u>604,188</u>

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

(b) Revenue reserves	2013 £	2012 £
At 1 April 2012	779,640	419,397
Prior Period Adjustment	-	244,243
	<u>779,640</u>	<u>663,640</u>
Surplus for year	334,965	165,842
Transfer to designated reserves	(148,578)	(49,842)
At 31 March 2013	<u>966,027</u>	<u>779,640</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

7. Tangible Fixed Assets

	Housing properties held for letting	Completed shared ownership housing properties	Housing properties under construction	Mortgage to rent	Total Housing Properties	Office Equipment	Office property	Total
Cost								
At 1 April 2012	12,374,173	4,353,977	-	-	16,728,150	136,037	55,629	16,919,816
Additions during year	137,359	30,747	-	36,164	204,270	-	-	204,270
Transfer	-	-	-	-	-	-	-	-
Disposals in year	(23,405)	-	-	-	(23,405)	-	-	(23,405)
At 31 March 2013	12,488,127	4,384,724	-	36,164	16,909,015	136,037	55,629	17,100,681
Housing Association Grant								
At 1 April 2012	7,523,334	3,692,238	-	-	11,215,572	-	-	11,215,572
Additions during year	-	-	-	25,545	25,545	-	-	25,545
Transfer from current assets	-	-	-	-	-	-	-	-
Disposals in year	-	-	-	-	-	-	-	-
At 31 March 2013	7,523,334	3,692,238	-	25,545	11,241,117	-	-	11,241,117
Depreciation								
At 1 April 2012	736,786	88,270	-	-	825,056	136,037	12,819	973,912
Provided during year	116,006	11,953	-	650	128,609	-	1,113	129,722
Disposals in year	(5,215)	-	-	-	(5,215)	-	-	(5,215)
At 31 March 2013	847,577	100,223	-	650	948,450	136,037	139,302	1,098,419
Net book value								
As at 31 March 2013	4,117,216	592,263	-	9,969	4,719,449	-	41,697	4,761,145
As at 31 March 2012	4,114,053	573,469	-	-	4,687,522	-	42,810	4,730,332

Development administration costs capitalised amounted to £nil (2012 £nil) for which development allowances amounted to £nil (2012 £nil). Interest capitalised amounted to £nil (2012 £nil). None of the Association's land or buildings were held under a lease.

Total major repair costs during the year were £163,011 (2012 : £226,197) of which £109,129 (2012 £159,498) was capitalised. Of the amount capitalised £109,129 (2012 £159,498) related to replacement of components and £nil (2012 : £nil) related to improvements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

8. Debtors	2013	2012
	£	£
Gross rents in arrears	76,188	89,678
Less: bad debt provision	(17,001)	(17,001)
	<u>59,187</u>	<u>72,677</u>
Other debtors	17,141	16,545
Prepayments and accrued income	29,057	34,049
	<u>105,385</u>	<u>123,271</u>
	<u><u>105,385</u></u>	<u><u>123,271</u></u>
9. Creditors due within one year		
Trade creditors	1,694	4,735
Loans (note 10)	120,307	181,744
Corporation tax	74,316	83,588
Tax and Social Security	9,274	-
Accruals and deferred income	40,050	20,968
Prepaid rent	98,935	92,832
Other creditors	58,516	58,011
	<u>403,092</u>	<u>441,878</u>
	<u><u>403,092</u></u>	<u><u>441,878</u></u>
10. Creditors due after more than one year		
Loans	<u>3,511,703</u>	<u>3,625,888</u>
	<u><u>3,511,703</u></u>	<u><u>3,625,888</u></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% (2012: 1.093% to 2.265%).

In one year or less (note 9)	120,307	181,744
Between one and two years	121,919	182,022
Between two and five years	375,853	547,769
In five years or more	3,013,931	2,896,097
	<u>3,632,010</u>	<u>3,807,632</u>
	<u><u>3,632,010</u></u>	<u><u>3,807,632</u></u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

11. Employees	2013	2012
	£	£
Staff costs during year		
Wages and salaries	375,767	368,420
Pension costs	63,517	58,239
Social security costs	32,683	30,668
Temporary or agency staff	8,425	8,000
	<u>480,392</u>	<u>465,327</u>

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

	No	No
Management and maintenance	<u>9</u>	<u>10</u>

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 2013 under this definition. No officers received emoluments (excluding pension contributions) over £60,000)

	2013	2012
	£	£
Emoluments payable to Chief Executive (2012: highest paid director) excluding pension contributions	<u>36,510</u>	<u>33,705</u>

The Association's pension contributions for the Director in the year amounted to £3,333 (2012 - £3,809).

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 For the year ended 31 March 2013

12. Scottish Housing Association Pension Scheme (SHAPS)

Molendinar Park Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State 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 FRS 17 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 as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of 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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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 employers 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-cut 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 Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for Molendinar Park Housing Association Limited was £1,247,421.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2013

12. Scottish Housing Association Pension Scheme (SHAPS)

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 Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 1 April 2012 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2012.

During the accounting period Molendinar Park Housing Association Limited paid contributions at the rate of 9.5% of pensionable salaries. Member contributions were 9.5%.

As at the balance sheet date, there were seven active members of the Scheme employed by Molendinar Park Housing Association Limited.

Molendinar Park Housing Association Limited 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 5 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables

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

Contribution Rates for Future Service (payable from 1 April 2011)	%
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

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

13. Auditor's remuneration	2013	2012
	£	£
The remuneration of the external auditor (including expenses and VAT for the year)	6,660	8,736
Other services provided by external auditor	-	2,484
	<u>6,660</u>	<u>11,220</u>
	<u><u>6,660</u></u>	<u><u>11,220</u></u>

14. Share capital	2013	2012
	£	£
Shares of £1 fully paid and issued at beginning of year	14	15
Shares (disposed) / issued during year	-	(1)
	<u>14</u>	<u>14</u>
	<u><u>14</u></u>	<u><u>14</u></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.

15. Notes to the Cash Flow Statement	2013	2012
	£	£
(a) Reconciliation of surplus to net cash inflow from operating activities		
Surplus for the year before tax	383,015	275,626
Net interest payable	71,100	66,521
	<u>454,115</u>	<u>342,147</u>
Depreciation	129,722	110,872
Gain on sale of fixed assets	(45,633)	-
Shares cancelled	-	(1)
Decrease/(increase) in debtors	17,886	(15,062)
Increase/(decrease) in creditors	31,923	(23,945)
Decrease in stock	-	-
	<u>588,013</u>	<u>414,011</u>
	<u><u>588,013</u></u>	<u><u>414,011</u></u>
(b) Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash for the year	142,801	(13,779)
Loan repayments	175,622	162,597
	<u>318,423</u>	<u>148,818</u>
Change in net debt	318,423	148,818
Net debt as at 1 April 2012	3,331,939	3,480,757
	<u>3,013,516</u>	<u>3,331,939</u>
Net debt as at 31 March 2013	<u><u>3,013,516</u></u>	<u><u>3,331,939</u></u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2013**

15. Notes to the Cash Flow Statement (cont'd)	As at 31 March 2012 £	Cash flow £	Other changes £	As at 31 March 2013 £
(c) Analysis of Changes in net debt				
Cash at bank and in hand	475,693	143,801	-	618,494
Debt due within one year	(181,744)	61,437	-	(120,307)
Debt due after one year	(3,625,888)	114,185	-	(3,511,703)
	<u>(3,331,939)</u>	<u>318,423</u>	<u>-</u>	<u>(3,013,516)</u>

16. Capital commitments	2013 £	2012 £
Expenditure authorised by the Committee of Management contracted less certified	-	-
	<u>-</u>	<u>-</u>

17. Housing stock	No	No
The number of units in Management at 31st March was as follows:		
General Needs Housing	462	459
Shared Ownership Housing	86	88
Supported Housing Accommodation	42	44
	<u>590</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