

Signed originals



Scott-Moncrieff
business advisers and accountants

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Financial Statements
For the year ended 31 March 2014

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Report and Financial Statements
For the year ended 31 March 2014**

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Registration Particulars:

Financial Conduct 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 (resigned 18 June 2013)
- J Connelly (resigned 5 October 2013)
- A Blair
- A Gillespie (resigned 18 March 2014)
- C McKinlay
- Mr J Foy (Co-optee 18 March 2014)
- C McNealy (Co-optee 18 March 2014)
- J Webster (Co-optee 18 March 2014)
- A Howard (Co-optee 15 April 2014)

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 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 2014

The Committee of Management present their report and audited financial statements for the year ended 31 March 2014.

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 Conduct 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. With no new developments this year has been one of consolidating the financial strength of the Association. To this end, despite rents being kept low, investment in our properties has continued at a high level and overall debt has been reduced by more than £270,000. The Association continues to identify & pursue opportunities to continue its high quality development strategy and, with improvements in the broader economy, is hopeful of realising some of these opportunities in the coming years.

Result for the year and transfers

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

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 2014

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: 17 June 2014

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Statement of Committee Responsibilities For the year ended 31 March 2014

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 auditor is 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 auditor is aware of any such information.

On behalf of the committee of Management



L McElroy

Dated: 17 June 2014

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Committee of Management's Statement on Internal Financial Controls For the year ended 31 March 2014

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 2014 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: 17 June 2014

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: 17 June 2014

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 2014 which comprise the income and expenditure account, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site 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 2014 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.

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 and 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: 17 June 2014

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Income and Expenditure Account For the year ended 31 March 2014

	Notes	2014 £	2013 £
Turnover	2	1,927,480	1,748,831
Less: Operating costs	2	(1,634,564)	(1,340,349)
Operating surplus	2	292,916	408,482
Gain on sale of assets		66,115	45,633
Interest payable and other charges	5	(52,492)	(71,100)
Surplus on ordinary activities before tax		306,539	383,015
Taxation	4	1,325	(48,050)
Surplus for year after taxation	6	307,864	334,965

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


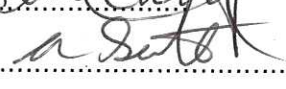
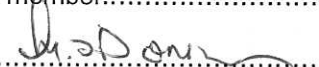
The notes on pages 13 to 27 form part of the financial statements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Balance Sheet
As at 31 March 2014**

	Notes	2014		2013	
		£	£	£	£
Tangible Fixed Assets					
Housing properties	7				
- gross cost less depreciation			16,090,933		15,960,565
Less : HAG	7		(11,198,348)		(11,241,117)
			<u>4,892,585</u>		<u>4,719,448</u>
Other Assets	7		40,584		41,697
			<u>4,933,169</u>		<u>4,761,145</u>
Current Assets					
Debtors	8	104,896		105,385	
Cash at bank and in hand		481,736		618,494	
		<u>586,632</u>		<u>723,879</u>	
Current Liabilities					
Creditors due within one year	9	(447,041)		(403,092)	
Net current assets			<u>139,591</u>		<u>320,787</u>
			5,072,760		5,081,932
Creditors due after more than one year	10		(3,194,666)		(3,511,703)
Provisions for liabilities and Charges					
Deferred taxation	4		-		-
Net Assets			<u>1,878,094</u>		<u>1,570,229</u>
Capital and Reserves					
Share capital	14		15		14
Designated reserves	6		593,157		604,188
Revenue Reserves	6		1,284,922		966,027
			<u>1,878,094</u>		<u>1,570,229</u>

These financial statements were approved by the Committee of Management and authorised for issue on 17 June 2014 and signed on their behalf by:

L McElroy - Chairperson..... 
 Andrew Scott - Committee member..... 
 M O'Donnell - Secretary: 

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 2014**

	Notes	2014		2013	
		£	£	£	£
Net cash inflow from operating activities	15		527,053		588,013
Returns on investments and servicing of finance					
Interest received		-		-	
Interest paid		(52,492)		(71,100)	
			(52,492)		(71,100)
Taxation					
Corporation tax paid		(72,991)		(83,588)	
Net cash outflow on taxation			(72,991)		(83,588)
Investing activities					
Sale of fixed assets		111,804		63,823	
Cash paid for construction and purchases		(314,611)		(204,270)	
Housing association grant (paid)/received		(42,769)		25,545	
Net cash (outflow) from investing activities			(245,576)		(114,903)
Net cash inflow before financing			155,994		318,423
Financing					
Loan principal repayments		(292,753)		(175,622)	
Increase in share capital		1		-	
Net cash (outflow) from financing			(292,752)		(175,622)
(Decrease)/increase in cash	15		<u>(136,758)</u>		<u>142,801</u>

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 2014

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 Conduct 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 2015. 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 2014

(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 2014

(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 2014

(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 £	2014 Operating Surplus/ (Deficit) £	2013 Operating Surplus/ (Deficit) £
Social lettings	3a	1,768,104	(1,462,752)	305,352	438,010
Other Activities	3b	159,376	(171,812)	(12,436)	(29,528)
Total		<u>1,927,480</u>	<u>(1,634,564)</u>	<u>292,916</u>	<u>408,482</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2014

3a. Particulars of turnover, operating costs and operating surplus/(deficit) from social letting activities

	General Needs Housing £	Shared Ownership £	Sheltered Housing £	2014 Total £	2013 Total £
Income from social lettings					
Rent receivable net of service charges	1,394,263	111,675	124,469	1,630,407	1,550,522
Service charges	-	-	128,921	128,921	164,615
Gross income from rents net of service charges	1,394,263	111,675	253,390	1,759,328	1,715,137
Less: Rent Losses from Voids	(13,397)	-	(669)	(14,066)	(6,185)
Grants from Scottish Ministers	1,380,865	111,675	252,721	1,745,262	1,708,952
Other revenue grants	22,842	-	-	22,842	25,549
Total Income from social letting	1,403,708	111,675	252,721	1,768,104	1,734,501
Expenditure on Social Letting Activities					
Service costs	-	107,952	41,573	149,525	139,397
Management and maintenance administration costs	550,242	53,579	47,484	651,305	571,764
Reactive Maintenance	218,128	-	16,262	234,390	182,717
Planned and Cyclical Maintenance including major repairs	218,955	-	46,668	265,623	247,342
Bad Debts – rents and service charges	-	-	-	-	-
Depreciation of social housing	120,012	12,025	7,630	139,667	129,722
Recoverable repairs	22,242	-	-	22,242	25,549
Operating costs for social letting	1,129,579	173,556	159,617	1,462,752	(1,296,491)
Operating Surplus/(deficit) for social lettings 2014	274,129	(61,881)	93,104	305,352	438,010
Operating Surplus for social lettings 2013	331,035	87,538	19,437	-	438,010

The amount for service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2013 - £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 2014

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/ (deficit) £	2013 £
Wider action/wider role	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	14,155	14,155	-	(14,385)	(230)	(24,105)
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	-	-	-	145,221	145,221	-	(157,427)	(12,206)	(5,423)
Total from other activities 2014				<u>159,376</u>	<u>159,376</u>		<u>(171,812)</u>	<u>(12,436)</u>	
Total from other activities 2013				<u>14,330</u>	<u>14,330</u>		<u>(43,858)</u>	<u>-</u>	<u>(29,528)</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

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:

	2014 £	2013 £
UK Corporation tax based on the results for the year at nil% (2013 – 24%)	-	74,316
Over provision in prior year	(1,325)	-
	<u>(1,325)</u>	<u>-</u>
Total current tax charge	<u>(1,325)</u>	<u>74,316</u>
Deferred tax at nil% (2013 – 26%)		
Origination and reversal of timing differences	-	-
Adjustments in respect of previous periods	-	(26,666)
Effect of tax rate change on opening balance	-	-
	<u>-</u>	<u>(26,666)</u>
Total deferred tax charge	<u>-</u>	<u>(26,666)</u>
Tax on profit on ordinary activities	<u>(1,325)</u>	<u>47,650</u>
Factors affecting current tax charge		
Surplus on ordinary activities before taxation (2014 – 10 months only)	<u>-</u>	<u>310,609</u>
Surplus on ordinary activities by rate of tax	-	91,924
Expenses not deductible for tax purposes – fixed assets	-	47,363
Marginal relief	-	(11,112)
Capital Allowances in excess of timings differences	-	(28,597)
Other Short term timing differences	-	(7,884)
	<u>-</u>	<u>74,316</u>
Total current tax	<u>-</u>	<u>74,316</u>

The Association obtained charitable status in January 2013 therefore no corporation tax due.

5. Interest payable

On Bank Loans and Overdrafts	<u>52,492</u>	<u>71,100</u>
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MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

6. Reserves	At 31 March 2013 £	Transfer (to)/from revenue reserve £	At 31 March 2014 £
(a) Designated reserves			
Cyclical repairs reserve	24,499	9,771	34,270
Major repairs reserve	579,689	(20,802)	558,887
	<u>604,188</u>	<u>(11,031)</u>	<u>593,157</u>

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

(b) Revenue reserves	2014 £	2013 £
At 1 April 2013	966,027	779,640
Surplus for year	307,864	334,965
Transfer from/(to) designated reserves	11,031	(148,578)
At 31 March 2014	<u>1,284,922</u>	<u>966,027</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

7. Tangible Fixed Assets

Cost	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
At 1 April 2013	12,488,127	4,384,724	-	36,164	16,909,015	136,037	55,629	17,100,681
Additions during year	310,363	4,248	-	-	314,611	-	-	314,611
Disposals in year	(67,238)	-	-	-	(67,238)	-	-	(67,238)
At 31 March 2014	12,731,252	4,388,972	-	36,164	17,156,388	136,037	55,629	17,348,054
Housing Association Grant								
At 1 April 2013	7,523,334	3,692,238	-	25,545	11,241,117	-	-	11,241,117
Additions during year	-	-	-	-	-	-	-	-
Transfer from current assets	-	-	-	-	-	-	-	-
Disposals in year	(42,769)	-	-	-	(42,769)	-	-	(42,769)
At 31 March 2014	7,480,565	3,692,238	-	25,545	11,198,348	-	-	11,198,348
Depreciation								
At 1 April 2013	847,577	100,223	-	650	948,450	136,037	13,932	1,098,419
Provided during year	138,554	-	-	-	138,554	-	1,113	139,667
Disposals in year	(21,549)	-	-	-	(21,549)	-	-	(21,549)
At 31 March 2014	964,582	100,223	-	650	1,065,455	136,037	15,045	1,216,537
Net book value								
As at 31 March 2014	4,286,105	596,511	-	9,969	4,892,585	-	40,584	4,933,169
As at 31 March 2013	4,117,216	592,263	-	9,969	4,719,448	-	41,697	4,761,145

Development administration costs capitalised amounted to £nil (2013: £nil) for which development allowances amounted to £nil (2013: £nil). Interest capitalised amounted to £nil (2013: £nil). None of the Association's land or buildings were held under a lease.

Total major repair costs during the year were £339,528 (2013: £163,011) of which £314,611 (2013: £109,129) was capitalised. Of the amount capitalised £314,611 (2013: £109,129) related to replacement of components and £nil (2013: £nil) related to improvements.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

8. Debtors	2014	2013
	£	£
Gross rents in arrears	79,556	76,188
Less: bad debt provision	(17,001)	(17,001)
	<u>62,555</u>	<u>59,187</u>
Other debtors	16,540	17,141
Prepayments and accrued income	25,802	29,057
	<u>104,897</u>	<u>105,385</u>
	<u><u>104,897</u></u>	<u><u>105,385</u></u>
9. Creditors due within one year		
Trade creditors	46,314	1,694
Loans (note 10)	144,591	120,307
Corporation tax	-	74,316
Tax and Social Security	10,089	9,274
Accruals and deferred income	35,884	40,050
Prepaid rent	106,192	98,935
Other creditors	103,971	58,516
	<u>447,041</u>	<u>403,092</u>
	<u><u>447,041</u></u>	<u><u>403,092</u></u>
10. Creditors due after more than one year		
Loans	<u>3,194,666</u>	<u>3,511,703</u>
	<u><u>3,194,666</u></u>	<u><u>3,511,703</u></u>

The loans are secured by both a fixed and specific charge on the Association's properties.

In one year or less (note 9)	144,591	120,307
Between one and two years	146,446	121,919
Between two and five years	450,137	375,853
In five years or more	2,598,083	3,013,931
	<u>3,339,257</u>	<u>3,632,010</u>
	<u><u>3,339,257</u></u>	<u><u>3,632,010</u></u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

11. Employees	2014	2013
	£	£
Staff costs during year		
Wages and salaries	389,022	375,767
Pension costs	58,376	63,517
Social security costs	36,568	32,683
Temporary or agency staff	8,475	8,425
	<u>492,441</u>	<u>480,392</u>

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

	No	No
Management and maintenance	<u>9</u>	<u>9</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 2014 under this definition. No officers received emoluments (excluding pension contributions) over £60,000

	2014	2013
	£	£
Emoluments payable to Chief Executive (2013: highest paid director) excluding pension contributions	43,655	41,961
NIC	-	(2,729)
Pension	-	(5,451)
	<u>43,655</u>	<u>33,781</u>

The Association's pension contributions for the Director in the year amounted to £nil (2013 - £3,333).

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 2014

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 2012 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 2013. As of this date the estimated employer debt for Molendinar Park Housing Association Limited was £1,192,197.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2014

12. Scottish Housing Association Pension Scheme (SHAPS)

The Scheme offers six 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.
- Defined contribution (DC) option.

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. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. The Association has elected to operate the Final salary with 1/60th accrual rate benefit option for active members.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

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

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – non pensioners	3.4
Investment return post retirement – pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.0
Pension accrued post 5 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables

Non-pensioners	44% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of SP1MA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1.60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating additional contributions.

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

13. Auditor's remuneration	2014	2013
	£	£
The remuneration of the external auditor (including expenses and VAT for the year)	6,660	6,660
Other services provided by external auditor	-	-
	<u>6,660</u>	<u>6,660</u>

14. Share capital	2014	2013
	£	£
Shares of £1 fully paid and issued at beginning of year	14	14
Shares issued during year	1	-
	<u>15</u>	<u>14</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	2014	2013
	£	£

(a) Reconciliation of surplus to net cash inflow from operating activities

Surplus for the year before tax	306,539	383,015
Net interest payable	52,492	71,100
	<u>359,031</u>	<u>454,115</u>
Depreciation	139,667	129,722
Gain on sale of fixed assets	(66,115)	(45,633)
Decrease in debtors	488	17,886
Increase in creditors	93,982	31,923
	<u>527,053</u>	<u>588,013</u>

(b) Reconciliation of net cash flow to movement in net debt

Decrease/(increase) in cash for the year	(136,758)	142,801
Loan repayments	292,753	175,622
	<u>155,995</u>	<u>318,423</u>
Change in net debt		
Net debt as at 1 April 2013	(3,013,516)	(3,331,939)
	<u>(2,857,521)</u>	<u>(3,013,516)</u>

MOLENDINAR PARK HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2014**

15. Notes to the Cash Flow Statement (cont'd)	As at 31 March 2013 £	Cash flow £	Other changes £	As at 31 March 2014 £
(c) Analysis of Changes in net debt				
Cash at bank and in hand	618,494	(136,758)	-	481,736
Debt due within one year	(120,307)	(24,284)	-	(144,591)
Debt due after one year	(3,511,703)	317,037	-	(3,194,666)
	<u>(3,013,516)</u>	<u>155,995</u>	<u>-</u>	<u>(2,857,521)</u>

16. Capital commitments	2014 £	2013 £
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	464	462
Shared Ownership Housing	86	86
Supported Housing Accommodation	35	40
	<u>585</u>	<u>588</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