

Muirhouse Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

Registered Housing Association No. HAL261

FCA Reference No. 2414R(S)

Scottish Charity No. SC040979

MUIRHOUSE HOUSING ASSOCIATION LIMITED

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MUIRHOUSE HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT , EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2013**

COMMITTEE OF MANAGEMENT

Roy Douglas	Chairperson
Michael Woods	Vice Chairperson
Jacqueline Brash	Secretary
Blair Welsh	
Alice Wood	
Linda Gorman	Resigned 13 August 2012
Eileen Carr	Resigned 23 April 2012
Steve Mulligan	Resigned 12 September 2012
Katy McBride	Resigned 12 September 2012
Alison Blezard	
Thomas Diamond	Elected 12 September 2012
Ann McDonald	Elected 8 October 2012
Tracy Stewart	Elected 12 September 2012
Craig Stirrat	Elected 1 October 2012

EXECUTIVE OFFICERS

Brenda Tonner	Director
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REGISTERED OFFICE

11 Muirhouse Medway
Edinburgh
EH4 4RW

AUDITORS

Alexander Sloan
Chartered Accountants
1 Atholl Place
Edinburgh
EH3 8HP

BANKERS

The Bank of Scotland
38 Crammond Road South
Edinburgh
EH4 6AA

SOLICITORS

T C Young & Son
69 George Street
Edinburgh
EH2 2JG

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2013.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2414R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC040979.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

At 31st March 2013 the association owned and managed 448 units.

The Association aims to continue its role in assisting the community and the Council to complete the regeneration of the area. An opportunity to develop up to 202 units arose in 2012 and the decision was made to enter into a development contract for the first phase of 58 units in March 2013. The Association will consider entering into further contracts for Phases 2 and 3 during 2013.

The new development will also include 50% mid-market units. As the association is a charity, a subsidiary organisation will be required to manage these units. This subsidiary, to be known as Muirhouse Homes, will be established during 2013, with the intention of a clear and accountable relationship between the two organisations.

The Association is included in planning meetings to develop proposals for 800 mixed tenure units in the area. At present these units are to be provided by the Council, however they have intimated that they may consider limited joint development.

The Association continues to be a member of The Rowan Group, a group of 8 housing associations who aim to work together with the aim of achieving efficiencies. Dunedin Canmore has been engaged as specialist development agent to bring forward development plans.

The Association continued to develop opportunities for partnership work which would benefit Tenant and community participation. A number of events were jointly organised with the association, Community, Learning and Development staff and local agencies.

Staff training and development is a continued focus of the association. Training opportunities have included in-house for all staff and external specialist training. This included British Sign Language and Chartered Institute of Housing Certificated courses. Staff and Committee members are encouraged to attend events and conferences organised by SFHA, SHARE and EVH to ensure that our organisation is up to date and aware of general housing issues.

The small staff team are prioritising the review of housing management and maintenance policies and procedures. The association's priority for the coming year is to ensure that the organisation meets the requirements of the new Scottish Social Housing Charter. Another focus is preparation and training of staff to ensure that our Tenants are well informed about the impact of welfare reform and engage with the association to ensure rent is paid.

Priorities for the association in 2013 are to review agency services for the finance function, tender for an internal audit service and ensure compliance with the SHQS requirements.

The Committee is satisfied with the Association's performance during the year.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2013

Committee of Management and Executive Officers

The members of the Committee of Management and the Executive Officers are listed on Page 1.

Each member of the Committee of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Committee of Management.

The members of the Committee of Management are also Trustees of the Charity. Members of the Committee of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Committee of Management's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Committee of Management 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, the Committee of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2013

Statement on Internal Financial Control

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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;
- the safeguarding of assets against unauthorised use or disposition.

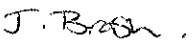
It is the Committee of Management's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Committee of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being 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 receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee of Management


JACQUELINE BRASH
Secretary
12 August 2013

MUIRHOUSE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE COMMITTEE OF MANAGEMENT OF
MUIRHOUSE HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 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 having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 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.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
12 August 2013

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUIRHOUSE HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Muirhouse Housing Association Limited for the year ended 31st March 2013 which comprise an income and expenditure account, balance sheet, cash flow statement 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Committee of Management and Auditors

As explained more fully in the Statement of Committee of Management 's Responsibilities the Association's Committee of Management , are responsible for the preparation of the Financial Statements that 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 on 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 the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2013 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MUIRHOUSE HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
12 August 2013

MUIRHOUSE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	2013 £	2012 £
TURNOVER	2.	1,754,745	1,738,033
Operating Costs	2.	(1,069,685)	(1,204,719)
OPERATING SURPLUS	8.	685,060	533,314
Interest Receivable and Other Income		13,518	22,142
Interest Payable and Similar Charges	7.	(135,573)	(188,612)
		(122,055)	(166,470)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		563,005	366,844
Tax on surplus on ordinary activities	9.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		563,005	366,844

All amounts relate to continuing activities.

Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Surplus for the financial year	563,005	366,844
Prior year adjustment	-	965,422
Total gains recognised since last annual report	563,005	1,332,266

MUIRHOUSE HOUSING ASSOCIATION LIMITED


BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		23,469,302		22,547,782
Less: Social Housing Grant	10.(a)		(17,829,063)		(17,237,411)
			<u>5,640,239</u>		<u>5,310,371</u>
Other fixed assets	10.(b)		105,970		105,419
			<u>5,746,209</u>		<u>5,415,790</u>
CURRENT ASSETS					
Debtors	12.	674,593		71,750	
Cash at bank and in hand		1,877,283		2,305,546	
		<u>2,551,876</u>		<u>2,377,296</u>	
CREDITORS: Amounts falling due within one year	13.	(681,366)		(441,790)	
NET CURRENT ASSETS			<u>1,870,510</u>		<u>1,935,506</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,616,719</u>		<u>7,351,296</u>
CREDITORS: Amounts falling due after more than one year	14.		(4,399,175)		(4,696,762)
NET ASSETS			<u>3,217,544</u>		<u>2,654,534</u>
CAPITAL AND RESERVES					
Share Capital	16.		40		35
Designated Reserves	17.(a)		1,799,938		1,802,757
Revenue Reserves	17.(b)		1,417,566		851,742
			<u>3,217,544</u>		<u>2,654,534</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 12 August 2013.


Chairperson


Vice-Chairperson


Secretary

MUIRHOUSE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2013

	Notes	2013 £	2012 £
Net Cash Inflow from Operating Activities	15.	901,244	888,475
Returns on Investment and Servicing of Finance			
Interest Received		13,518	30,917
Interest Paid		(135,573)	(189,110)
Net Cash Outflow from Investment and Servicing of Finance		(122,055)	(158,193)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(935,107)	(502,436)
Purchase of Other Fixed Assets		(7,981)	(611)
Social Housing Grant Received		-	162,183
Net Cash Outflow from Capital Expenditure and Financial Investment		(943,088)	(340,864)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(163,899)	389,418
Financing			
Loan Principal Repayments		(258,605)	(209,703)
Share Capital Issued		5	3
Net Cash Outflow from Financing		(258,600)	(209,700)
(Decrease) / Increase in Cash	15.	(422,499)	179,718

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the 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.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 10. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	N/A
Structure	50 years
Roof	50 years
Render	50 years
Windows	30 years
External Doors	25 years
Bathrooms	25 years
Electrics	25 years
Heating Systems	20 years
Kitchen	15 years
Boiler	15 years

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following years:-

Office Premises	- 50 years
Furniture and Fittings	- 5 years
Computer Equipment	- 5 years
Office Equipment	- 3 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,754,745	1,069,685	685,060	1,644,218	1,114,719	529,499
Other Activities	4.	-	-	-	93,815	90,000	3,815
Total		1,754,745	1,069,685	685,060	1,738,033	1,204,719	533,314

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General			2013 Total £	2012 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,675,283	-	-	1,675,283	1,592,864
Service Charges Receivable	55,884	-	-	55,884	50,484
Gross Rents Receivable	1,731,167	-	-	1,731,167	1,643,348
Less: Rent losses from voids	1,121	-	-	1,121	465
Net Rents Receivable	1,730,046	-	-	1,730,046	1,642,883
Revenue Grants from Scottish Ministers	24,699	-	-	24,699	1,335
Total Income From Social Letting	1,754,745	-	-	1,754,745	1,644,218
Expenditure on Social Letting Activities					
Management and maintenance administration costs	565,620	-	-	565,620	494,895
Reactive Maintenance	188,234	-	-	188,234	247,327
Bad Debts - Rents and Service Charges	(6,821)	-	-	(6,821)	8,214
Planned and Cyclical Maintenance, including Major Repairs	80,411	-	-	80,411	76,977
Depreciation of Social Housing	242,241	-	-	242,241	287,306
Operating Costs of Social Letting	1,069,685	-	-	1,069,685	1,114,719
Operating Surplus on Social Letting Activities	685,060	-	-	685,060	529,499
2012	529,499	-	-		

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2013	Operating Surplus / (Deficit) 2012
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	-
Other Activities	-	-	-	-	-	-	-	-	3,815
Total From Other Activities	-	-	-	-	-	-	-	-	3,815
2012	93,815	-	-	-	93,815	-	90,000	3,815	3,815

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

2013	2012
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>56,011</u>	<u>54,525</u>
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6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>7</u>	<u>7</u>

The average total number of Employees employed during the year was	<u>8</u>	<u>8</u>
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Staff Costs were:	£	£
Wages and Salaries	210,500	179,890
Social Security Costs	17,245	13,428
Other Pension Costs	36,134	32,732
Temporary, Agency and Seconded Staff	15,441	17,934
	<u>279,320</u>	<u>243,984</u>

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>135,573</u>	<u>188,612</u>

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	249,671	292,074
Auditors' Remuneration - Audit Services	7,100	6,750
- Other Services	3,000	-
Operating Lease Rentals - Other	<u>1,991</u>	<u>1,949</u>

9. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2012	25,610,941	-	25,610,941
Additions	208,766	1,006,698	1,215,464
Disposals	(63,076)	-	(63,076)
As at 31st March 2013	<u>25,756,631</u>	<u>1,006,698</u>	<u>26,763,329</u>
DEPRECIATION			
As at 1st April 2012	3,063,159	-	3,063,159
Charge for Year	242,241	-	242,241
Disposals	(11,373)	-	(11,373)
As at 31st March 2013	<u>3,294,027</u>	<u>-</u>	<u>3,294,027</u>
SOCIAL HOUSING GRANT			
As at 1st April 2012	17,237,411	-	17,237,411
Additions	-	643,355	643,355
Disposals	(51,703)	-	(51,703)
As at 31st March 2013	<u>17,185,708</u>	<u>643,355</u>	<u>17,829,063</u>
NET BOOK VALUE			
As at 31st March 2013	<u>5,276,896</u>	<u>363,343</u>	<u>5,640,239</u>
As at 31st March 2012	<u>5,310,371</u>	<u>-</u>	<u>5,310,371</u>

Additions to housing properties includes capitalised development administration costs of £nil (2012 - £nil) and capitalised major repair costs to existing properties of £208,766 (2012 £279,625)

All land and housing properties are freehold.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2012	44,375	130,761	18,819	193,955
Additions	7,981	-	-	7,981
Eliminated on Disposals	(4,023)	-	-	(4,023)
As at 31st March 2013	<u>48,333</u>	<u>130,761</u>	<u>18,819</u>	<u>197,913</u>
AGGREGATE DEPRECIATION				
As at 1st April 2012	41,809	28,031	18,696	88,536
Charge for year	5,021	2,348	61	7,430
Eliminated on disposal	(4,023)	-	-	(4,023)
As at 31st March 2013	<u>42,807</u>	<u>30,379</u>	<u>18,757</u>	<u>91,943</u>
NET BOOK VALUE				
As at 31st March 2013	<u>5,526</u>	<u>100,382</u>	<u>62</u>	<u>105,970</u>
As at 31st March 2012	<u>2,566</u>	<u>102,730</u>	<u>123</u>	<u>105,419</u>

11. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Other		
Expiring between two and five years	<u>1,991</u>	<u>1,949</u>

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. DEBTORS

	2013	2012
	£	£
Arrears of Rent & Service Charges	27,243	79,723
Less: Provision for Doubtful Debts	<u>(10,627)</u>	<u>(19,026)</u>
	16,616	60,697
Social Housing Grant Receivable	643,355	-
Other Debtors	<u>14,622</u>	<u>11,053</u>
	<u>674,593</u>	<u>71,750</u>

13. CREDITORS: Amounts falling due within one year

	2013	2012
	£	£
Bank Overdrafts	10,253	16,017
Housing Loans	256,896	217,914
Trade Creditors	31,374	143,860
Rent in Advance	47,637	29,761
Other Taxation and Social Security	5,568	6,703
Other Creditors	297,035	18,417
Accruals and Deferred Income	<u>32,603</u>	<u>9,118</u>
	<u>681,366</u>	<u>441,790</u>

At the balance sheet date there were pension contributions outstanding of £8,875 (2012 £3,985)

14. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Housing Loans	<u>4,399,175</u>	<u>4,696,762</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	256,896	217,914
Between one and two years	261,538	223,224
Between two and five years	813,840	784,893
In five years or more	<u>3,323,796</u>	<u>3,688,645</u>
	4,656,071	4,914,676
Less: Amount shown in Current Liabilities	<u>256,896</u>	<u>217,914</u>
	<u>4,399,175</u>	<u>4,696,762</u>

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	685,060	533,314
Depreciation	249,671	292,074
Change in Debtors	40,512	(13,901)
Change in Creditors	(73,999)	76,988
Net Cash Inflow from Operating Activities	<u>901,244</u>	<u>888,475</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	2012 £
(Decrease) / Increase in Cash	(422,499)	179,718
Cash flow from change in debt	<u>258,605</u>	<u>209,703</u>
Movement in net debt during year	(163,894)	389,421
Net debt at 1st April 2012	(2,625,147)	(3,014,568)
Net debt at 31st March 2013	<u>(2,789,041)</u>	<u>(2,625,147)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	2,305,546	(428,263)		1,877,283
Bank Overdrafts	(16,017)	5,764		(10,253)
Debt: Due within one year	2,289,529	(422,499)		1,867,030
Due after more than one year	(217,914)	258,605	(297,587)	(256,896)
	(4,696,762)	-	297,587	(4,399,175)
Net Debt	<u>(2,625,147)</u>	<u>(163,894)</u>	<u>-</u>	<u>(2,789,041)</u>

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	35
Issued in year	5
At 31st March 2013	<u>40</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.

17. RESERVES

(a) Designated Reserves

	HMO Service Charge Reserve £	Major Repairs £	Total £
At 1st April 2012	-	1,802,757	1,802,757
Transfer to / (from) Revenue Reserves	7,428	(10,247)	(2,819)
At 31st March 2013	<u>7,428</u>	<u>1,792,510</u>	<u>1,799,938</u>

(b) Revenue Reserves

	Total £
At 1st April 2012	851,742
Surplus for the year	563,005
Transfer (to) / from Designated Reserves	2,819
At 31st March 2013	<u>1,417,566</u>

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013 No.	2012 No.
General Needs - New Build	391	391
- Rehabilitation	57	57
	<u>448</u>	<u>448</u>

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

8 members are tenants of the Association

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

The Members of the Committee of Management receive a maximum of £15 per month each for internet access and received £189 for reimbursement of expenses.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS

General

Muirhouse Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme 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.

Muirhouse Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2012 and the final salary with a 1/80th accrual rate benefit structure for new entrants from 1st April 2012.

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

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

As at the balance sheet date there were 6 active members of the Scheme employed by Muirhouse Housing Association Limited. The annual pensionable payroll in respect of these members was £175,809. Muirhouse Housing Association Limited continues to offer membership of the Scheme to its employees.

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

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th 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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% 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:	4.1
- Rate of price inflation	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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

The trustees have recently supplied Muirhouse Housing Association with an updated contribution figure to the past service deficit. From 1 April 2014 Muirhouse Housing Association will be required to pay £37,652 per annum as a contribution to the past service deficit. This will represent an increase of 87% in Muirhouse Housing Association's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation 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 buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS

Growth Plan

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

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

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

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the financial position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

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

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

Muirhouse Housing Association Limited paid contributions of £nil during the accounting period. Members paid contributions of 240 during the accounting period.

As at the Balance Sheet date there was 1 active member of the Plan employed by Muirhouse Housing Association Limited. Muirhouse Housing Association Limited has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS

Growth Plan (Contd.)

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

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

Financial Assumptions

The financial assumptions underlying the valuation as at 30th September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement - Active/Deferred	4.2
Rate of return post retirement - Pensioners	4.2
Bonuses on accrued benefits	0.0
Rate of price inflation (RPI)	2.9
Rate of price inflation (RPI)	2.4

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

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) were £984 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

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

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

MUIRHOUSE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RETIREMENT BENEFIT OBLIGATIONS

Growth Plan (Continued)

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

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

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

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.