

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

Registered Housing Association No. HCB167

Financial Services Authority No. 1911RS

Registered Charity No SC030908

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

PARKHEAD HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

YEAR ENDED 31 MARCH 2010

MANAGEMENT COMMITTEE

John Ferguson	Chairperson	Agnes Wood	Secretary
Susan McKeown (nee Currie)	Vice-Chair	George Redmond	Corporate Representative
John Brien	Treasurer	Ina Rennie	
Elizabeth Kennedy		David Bradley	
Winifred Duthie		David Anderson	Co-opted
Sarah Fitzpatrick		Ikmere Prince	
James Mackenzie		Margaret Graham	
Carol Connelly			

EXECUTIVE OFFICERS

James Strang	Chief Executive
Margaret Barr	Depute Chief Executive
Aileen McGuire	Head of Corporate Services
Graeme Aitken	Head of Housing Services

REGISTERED OFFICE

40 Helenvale Street
Glasgow
G31 4TF

AUDITORS

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

Royal Bank of Scotland
100 West George Street
Glasgow
G2 1PP

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

FINANCIAL ADVISORS

FMD Financial Services Ltd
KCEDG Commercial Centre
Unit 29
Ladyloan Place
Glasgow
G15 8LB

Registration Particulars:

Financial Services Authority

Industrial and Provident Societies Act 1965
Registered Number 1911 R (S)

Scottish Housing Regulator

Housing Scotland Act 2001
Registered Number HCB 167

Scottish Charities

Charity and Trustee Investment Act (Scotland) 2005
Scottish Charity Number SC 030908

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

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PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2010

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

Principal activities

The principal activity of Parkhead Housing Association is the development, management and maintenance of housing for people in housing need.

Parkhead Housing Association is registered with the Financial Services Authority as an Industrial and Provident Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and Communities Scotland as a Registered Social Landlord

The table below shows the property we own and manage

	2010	2009
Managed Property Numbers (7 Special needs)		
Tenanted Property (Inc 2 wardens)	1,392	1,310
Managed on behalf of Glasgow Housing Assoc.	-	68
Shared Ownership Properties	60	61
Factored properties	342	338
Total	<u>1,794</u>	<u>1,777</u>
Developing Property Numbers		
Tenanted Property on site over 2010	<u>25</u>	<u>43</u>

Our strategic aims

Parkhead Housing Association Mission Statement outlines overall commitment to the local community and underlines its strategic aims. This statement is as follows:

“We aim to be an excellent Landlord and Factor providing good quality affordable homes within the Parkhead area and its wider community. We promote the involvement of our tenants in our decision making so that we can be sure that our services meet their needs. We work with the community and other partners to help improve Parkhead as a place to live and we seek to play a significant role in the regeneration and physical economic and social life of Parkhead.”

The Association has 10 clear and unambiguous aims. These are:

1. Manage build and maintain our housing stock to a high standard – we strive for both quality and value for money on all our services so that rents should be affordable to people on low wages.
2. Continually improve tenant involvement in how we work and perform – we try to ensure tenants' views and priorities are taken into account in our policy reviews and service delivery.
3. Meet the specific housing needs of individuals where we can – as far as our existing stock allows and ensuring unmet needs are addressed, where possible within our new build programme.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2010

(Continued)

4. Ensure we work in partnership with Governments, Community, the City Council, other agencies and voluntary groups to make Parkhead a more attractive place to live and work and to bring up families.
5. Encourage membership of the organisation among residents.
6. Support and develop the Management Committee to ensure the objectives of the organisation are met.
7. Ensure the work of all sections of the organisation is co-ordinated to maximise production of the core business.
8. Support and develop Staff to achieve their maximum potential within their jobs.
9. Comply with legislation and best practice in all that we do.
10. Identify, lead and participate in the development of new projects and initiatives to enhance and promote the physical and economical life of the people of Parkhead and its surrounding area.

Review of business and future developments

In financial terms the Association generated a surplus of £807,702 which was against a budgeted surplus of £240,306. This improved performance was due to a combination of improved loan rates following the tendering of the loan portfolio, continued low interest rates, reduction in major repairs expenditure and improved operational performance in all key areas of the business.

The Association successfully completed the Second Stage Transfer from Glasgow Housing Association at the start of the year and thus far the integration of the former GHA stock into the mainstream of the Association has been very successful.

The development program continues as planned with the 25 unit Duke Street site due for completion in the Spring 2011 and a site start late 2010 on the Helenvale refurbishment providing a further 16 units for rent. The Association has submitted two further major development plans a Whiterose phase two (56 units) and at the Quarrybrae School site (48 units). The association has in place the private funding elements of these projects and await the decision on the public sector support element of the projects. The current stress on the public purse may well have a significant impact on these future projects.

Over the last year, the 30 major investment plans has been reviewed as a part of a regular review of the future investment needs and the plans laid down will meet these challenges especially the Scottish Housing Quality Standard target date of 2015.

The Association's Key Performance Indicators (KPIs) are all within target including arrears, reactive repairs and void control.

Taking these ongoing influences into account, the overall trend indicate continued strong performance by the business over the last year and places the Association in a very competitive position within the sector as a whole and within its peer group.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2010

(Continued)

The Board

The members of the Board during the year to 31 March 2010 were:

John Ferguson	Chairperson	Agnes Wood	Secretary
Susan McKeown (nee Currie)	Vice-Chair	George Redmond	Corporate Representative
John Brien	Treasurer	Ina Rennie	
Elizabeth Kennedy		David Bradley	
Winifred Duthie		David Anderson	Co-opted
Sarah Fitzpatrick		Ikmere Prince	Co-opted
William Thomson	(resigned Nov 2009)	James Mackenzie	
Carol Connelly			
Margaret Graham		Patricia Martin	(resigned Sep 2009)

Each member of the Management Committee 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 Management Committee.

Executive Officers

James Strang, Chief Executive
Margaret Barr, Depute Chief Executive
Aileen McGuire, Head of Corporate Services
Graeme Aitkin, Head of Housing Services

Operational Review

1. Corporate Governance

This financial year the restructuring of the Board and the consolidation of policy reviews were successfully completed. This has enabled improved scrutiny of the business and has been supported by continued staff and Board training plans to maximise efficiency. These improvements have underpinned the continued operational and financial performance of the Association.

The business was decanted to Broad Street in January 2010 to allow for the registered office to be extended and upgraded and the move back is scheduled to take place in September 2010. This will provide an improved customer focused environment for the Association's customer base as well as providing an improved office environment to meet new DDA and Health and Safety at work regulations. This move was a seamless operation with a public reception area being retained locally on the Gallowgate.

The Association has continued its work with the Townscape Heritage Trust (THI) and the significant progress made in the financial year 2009/2010 will result in £1.2m of investment in a grade A and a grade B listed buildings on the Parkhead Cross.

The Annual Strategic Development Funding plan was submitted last December and as noted previously, the Association awaits the decision on the next two major projects. The SDFP contains a range of other projects the Association is keen to develop.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2010

(Continued)

1. Corporate Governance (continued)

The year also saw two acquisitions to the asset base of the Association. The Bank Building at Parkhead Cross was purchased to assist with the aim of the Association to provide a much needed community facilities in the area and to ensure the THI investment mentioned above would happen. The Association also purchased the Pippin Bar on Duke Street a former public house adjacent to the Duke Street new build site. These acquisitions will have the dual aim of reducing the number of public house in the area and enabling significant future developments of the Association's plans both to increase its letting stock and in the development of projects to extend the role of the Association within its community.

2. Services to tenants

We compare our performance with others and set demanding targets. We delivered to the performance targets set in all areas but relet management, where issues of house condition and difficult to let stock meant a longer turn around than we would have hoped. We perform in the first or second quartile when we are compared with other Housing Associations in our Peer group using Communities Scotland Annual Performance Statistics, with the exception of void turn round where we are in the third quartile.

3. Wider role

The Association has continued its support of a number of locally based organisations both in the provision of direct grant funding and the provision of services in kind to assist the management of some of these organisations. The Association has reviewed its donations policy and now has a more directed policy on assisting local organisations.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2010

(Continued)

4. Other Areas

Risk Management Policy

The Committee have, with advice from their auditors, a formal risk management process in place to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks concerned materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedded the control system in the Association's operations so that it becomes part of the culture of the Association.
- developed systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment.
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

Related Party Transactions

Ten members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

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.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2010

(Continued)

Maintenance policies

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

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

Treasury and Financial Management

As indicated previously the Association has reviewed its loan portfolio and entered into a new combined relationship with RBS. This particular advantageous scheme to the Association is unique in the history of the Association. It also included a development fund to enable the Association to finance its Development Programme.

The Association has taken steps to improve its internal auditing facility and the Association has introduced a new audit regime to better reflect the risks which or could affect the Association in the future.

As is norm the Management Board on a regular basis consider financial progress of the Association and take the necessary action to deal with adverse variances should they arise.

People policies and Health & Safety

Parkhead Housing Association recognises that apart from its physical assets the next major asset is its people. The people who develop policies, implement policies and actually design build and deliver our community regeneration. The Internal Management Plan referred to previously includes people focused initiatives specifically designed to ensure work life balance and improved supervision and support policies and the development, for the first time of individual Staff training plans. These opportunities are designed to enable Staff who already provide a very high level of professional support they provide to the running of the business and to the high level of professional advice given to the volunteer Management Committee.

The Association currently and will always comply with all relevant employment legislation.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF MANAGEMENT COMMITTEE

AS AT 31 MARCH 2010

(Continued)

Budgetary and Planning Process

Each year the Board approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information progress against the business plan.

Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Future developments

The Association is committed to an ongoing development programme.

Auditors

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

On behalf of the Board

Secretary:

H. Wood.....

Date:

25-8-2010.....

PARKHEAD HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD RESPONSIBILITIES

Statute requires the Board to prepare financial statements for each financial year, which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board are required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board confirm that the financial statements comply with the requirements.

The Board are 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 Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Requirements (Scotland) Order 2007. 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.

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

By order of the Board

Secretary

Margaret Wood

Date: 25-8-2010

PARKHEAD HOUSING ASSOCIATION LIMITED

BOARD'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2010

The Board 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 Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material 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.
- Forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives and progress towards the 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 variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Committee review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

PARKHEAD HOUSING ASSOCIATION LIMITED

THE BOARD'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2010

(Continued)

The Board have reviewed the system of internal financial control in the Association during the year ended 31 March 2010. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board

Secretary

James Wood.....

Date: *25-8-2010*.....

PARKHEAD HOUSING ASSOCIATION LIMITED

AUDITORS' REPORT ON CORPORATE GOVERNANCE MATTERS

Corporate Governance

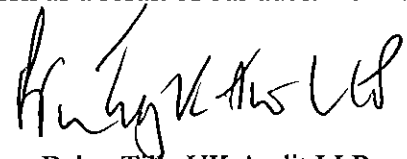
In addition to our audit of the financial statements, we have reviewed the Board's statement on pages 9 and 10 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 9 and 10 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date: 21.8.2010.....

PARKHEAD HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PARKHEAD HOUSING ASSOCIATION LIMITED

We have audited the financial statements on pages 14 to 36, which have been prepared under the accounting policies set out on pages 18 to 21.

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of Board and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Management Committee's Report is not consistent with the financial statements, if the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions with the Association is not disclosed.

We read the Management Committee's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

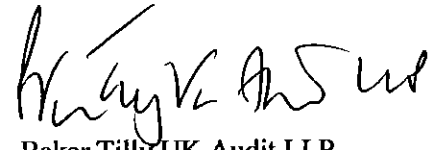
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

PARKHEAD HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PARKHEAD HOUSING ASSOCIATION LIMITED (continued)

Opinion

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



Baker Tilly UK Audit LLP
Registered Auditors
Chartered Accountants
Glasgow

Date:*21.8.2010*.....

PARKHEAD HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
Turnover	2	4,659,413	4,342,174
Operating costs	2	<u>(3,760,288)</u>	<u>(4,306,288)</u>
Operating surplus	2	899,125	35,886
Gains On Sale of Housing Accommodation	6	51,009	11,854
Interest receivable		38,144	36,454
Interest payable	7	(154,576)	(668,915)
Other finance income	21	<u>(26,000)</u>	<u>13,000</u>
Surplus/(Deficit) on ordinary activities before tax	8	807,702	(571,721)
Taxation on deficit on ordinary activities	9	<u>-</u>	<u>-</u>
Surplus/(Deficit) for year		<u>807,702</u>	<u>(571,721)</u>

All amounts relate to continuing activities.

PARKHEAD HOUSING ASSOCIATION LIMITED
STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
Surplus/(Deficit) for the year		807,702	(571,721)
Actuarial (loss) on pension scheme	21	<u>(1,275,000)</u>	<u>(342,000)</u>
Total (deficit) recognised since the last annual report		<u>(467,298)</u>	<u>(913,721)</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	£	2010 £	2009 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	10a		68,947,059	<u>67,678,006</u>
Less: Social Housing Grant	10a	(51,472,347)		(50,615,286)
Other Public Grants	10a	<u>(3,416,939)</u>		<u>(3,416,939)</u>
			(54,889,286)	<u>54,032,225</u>
			<u>14,057,773</u>	<u>13,645,781</u>
Other Fixed Assets	10b		724,801	378,255
Investments	11		100	100
			<u>14,782,674</u>	<u>14,024,136</u>
Current Assets				
Debtors	12	653,116		653,020
Cash at bank in hand		<u>3,917,591</u>		<u>3,507,946</u>
		4,570,707		4,160,966
Current Liabilities				
Creditors - Amounts falling due within one year	13	<u>(2,258,620)</u>		<u>(5,086,632)</u>
Net current assets			<u>2,312,087</u>	<u>(925,666)</u>
Total Assets Less Current Liabilities			17,094,761	13,098,470
Creditors – amount falling due after more than one year				
Pension Liability	21		<u>(1,507,000)</u>	<u>(225,000)</u>
Net assets			<u>1,728,239</u>	<u>2,195,535</u>
Capital and reserves				
Share capital	15		148	146
Designated reserves	16		2,368,099	1,762,322
Revenue reserves	17		<u>(640,008)</u>	<u>433,067</u>
			<u>1,728,239</u>	<u>2,195,535</u>

These financial statements were approved and authorised for issue by the Board on 27/8/2010
and signed on their behalf by:

Committee Member: *J. Ferguson*

Committee Member: *S. Fitzpatrick*

Secretary: *M. Wood*

PARKHEAD HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2010

	Notes	2010 £	2009 £
Net cash inflow from operating activities	19	1,551,189	<u>(111,894)</u>
Returns on investments and servicing of finance			
Interest received		38,144	36,454
Interest paid		<u>(154,576)</u>	<u>(668,915)</u>
Net Cash Outflow from Returns on Investments And Servicing of Finance		(116,432)	<u>(632,461)</u>
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(1,704,922)	(1,986,270)
Purchase of Other Fixed Assets		(419,167)	(10,211)
Social Housing Grant Received		1,041,439	634,676
Proceeds on Disposal of Properties		122,224	173,791
Housing Association Grant Repaid		<u>(197,776)</u>	<u>(132,249)</u>
Net Cash (Outflow) from Capital Expenditure		<u>(1,158,202)</u>	<u>(1,320,263)</u>
Net Cash Inflow before use of Liquid Resources and Financing		276,555	<u>(2,064,618)</u>
Financing			
Other Advances Received		261,591	1,372,425
Loan Advances Received		3,500,000	-
Loan Principal Repayments		(418,004)	(120,459)
Share Capital Issued		<u>7</u>	<u>32</u>
Net Cash Inflow from Financing		3,343,594	1,251,998
Increase/(Decrease) in Cash	19	<u>3,620,149</u>	<u>(812,620)</u>

Further details are given in note 19.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

1. Principal Accounting Policies

(a) Basis of Accounting

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. The Financial Statements have prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – Accounting by Registered Social Landlords, and on the historical costs basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

(b) Turnover

Turnover represents rental and services charge income receivable, fees receivable and revenue grants receivable from grant awarding bodies and first tranche sales of shared ownership properties.

(c) Pension Costs

The Association participates in the Strathclyde Pension Fund 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 organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method as recognised in the Association's balance sheet as a pension scheme liability as appropriate.

(d) Valuation of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2% (excluding land).

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(e) **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 annual rates:

Office Premises (excluding land)	- 1.5% - 3.33%
Furniture and Fittings	- 33.33%
Computer Equipment	- 20%
Office Equipment	- 33.33%
Central Heating in Housing Stock	- 6.66%
Major repairs	- 2.00%

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.

(f) **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 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.

(g) **Sales of Housing Properties**

First tranche Shared Ownership disposals are credited against the cost of Shared Ownership property in accordance with the Statement of Recommended Practice.

Surpluses and deficits on the sale of housing properties, including second and subsequent tranches of shared ownership properties are accounted for in the Income and Expenditure account in the year of disposal. First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs.

The surplus or deficit is shown on the face of the Income and Expenditure Account.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(h) Major Repairs – Scottish Housing Regulator Properties

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

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(i) Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the least term.

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

(j) Capitalisation of Development Overheads

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

(k) Development Interest

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

(l) Designated Reserves

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

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations, which are cyclical in nature. These are carried out in accordance with a planned programme of works.

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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

(m) Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Services Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group. The subsidiary was dormant throughout the year.

(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) Value added tax

The Association is not registered for VAT as its taxable supplies are below the registration threshold. As the vast majority of the Association's income is exempt, expenditure is shown inclusive of VAT.

(p) Deferred Income

Deferred Income relates to monies advanced by Glasgow Housing Association in relation to SST properties received and the major repairs these properties will require over the coming years. This income will be released in line with the major repair costs incurred on these properties.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

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

	Turnover	Operating Costs £	Operating Surplus £	Operating Surplus 2009 £
Social lettings	4,442,193	3,505,050	937,143	122,723
Other Activities	217,220	255,238	(38,018)	(86,837)
Total	<u>4,659,413</u>	<u>3,760,288</u>	<u>899,125</u>	<u>35,886</u>
2009	<u>4,342,174</u>	<u>4,306,288</u>	<u>35,886</u>	

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

3. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Hostel Supported Housing £	Shared Ownership £	2010 £	2009 £
Income from lettings					
Rent receivable net of identifiable service charges	4,040,766	171,733	112,057	4,324,556	3,978,709
Service charges receivable	153,329	-	-	153,329	137,272
Gross Rents Receivable	4,194,095	171,733	112,057	4,477,885	4,115,981
Less: Rent Losses from Voids	(35,692)	-	-	(35,692)	(57,954)
Net Rents Receivable	4,158,403	171,733	112,057	4,442,193	4,058,027
Revenue grants from the Scottish Ministers				-	-
Total income from Social Letting Activities	4,158,403	171,733	112,057	4,442,193	4,058,027
Expenditure on Social Letting Activities					
Service costs	166,587	-	-	166,587	145,310
Management and maintenance administration costs	819,174	9,330	52,461	880,965	762,958
Planned and cyclical maintenance including major repair costs	1,456,394	-	-	1,456,394	2,059,908
Reactive maintenance costs	539,891	62,149	-	602,040	557,313
Bad debts – rents and service charges	25,393	-		25,393	38,011
Depreciation of social housing	358,111	-	15,560	373,671	371,804
Operating costs for Social Letting Activities	3,365,550	71,479	68,021	3,505,050	3,935,304
Operating Surplus on Letting Activities	792,854	100,254	44,036	937,143	122,723

The rent loss from voids of £35,692 (2009: £57,954) includes £nil (2009: £nil) in respect of development voids.

The total amount of major repairs expenditure incurred in the year was £632,684 (2009 - £1,306,686). No major repairs were capitalised (2009 - £nil). Of the £632,684 (2009 - £1,306,686) the actual amount of repairs was £517,930 (2009 - £1,242,948) with the balance of £114,754 (2009 - £63,738) being salaries and overheads.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010
(Continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	49,104	49,104	-	(50,367)	(1,263)	10,232
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	63,404	-	63,404	-	(82,768)	(19,364)	(6,262)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	(20,012)
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	104,712	104,712	-	(122,103)	(17,391)	(70,795)
Total from other activities	-	-	63,404	153,816	217,220	-	(255,238)	(38,018)	(86,837)
2009	-	-	63,404	220,743	284,147	-	(370,984)	(86,837)	

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

4. Directors' Emoluments

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Management Committee during the year.

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 were as follows:

	No	No
£60,001 to £70,000	1	1
	2010	2009
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>65,271</u>	<u>63,448</u>

The Director is not an ordinary member of the Association's pension scheme described in Note 21. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes.

5. Employee Information

	2010	2009
	Number	Number
The average full time equivalent number of persons employed during the year was;	<u>31</u>	<u>36</u>
Staff Costs were:		£
Wages and Salaries	981,123	959,706
Social Security Costs	78,125	78,378
Pension Costs	<u>118,261</u>	<u>144,159</u>
	<u>1,177,509</u>	<u>1,182,243</u>

Included in the pension costs total is an adjustment of £19,000 (2009- £23,000) arising from the implementation of FRS17 in the financial statements.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010
(Continued)

6. Gain on Sale of Housing Accommodation

	2010 £	2009 £
Net Proceeds from the Disposal of Housing Accommodation	122,224	96,834
Cost of Housing Accommodation sold	(71,215)	(84,980)
	<hr/>	<hr/>
Gain on Sale of Housing Accommodation	<u>51,009</u>	<u>11,854</u>

7. Interest Payable

On Bank Loans and Overdrafts	154,576	668,915
Less: Interest Capitalised	(814)	(56,289)
	<hr/>	<hr/>
	<u>153,762</u>	<u>616,626</u>

8. Surplus on Ordinary Activities Before Tax

Surplus on Ordinary Activities before Taxation
is stated after charging:

Depreciation – Tangible Owned Fixed Assets	437,326	426,484
Auditors' Remuneration- External Audit Services	7,762	7,072
	<hr/>	<hr/>

9. Taxation

The Association obtained charitable status in December 2000. As such, it has no liability for Corporation Tax in respect of its exempt activities.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

10 a. Tangible Fixed Assets

Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Major Repairs £	Total £
Cost					
At 1 st April 2009	62,311,948	3,126,861	3,132,827	1,241,400	69,813,036
Additions during year	249,624	1,455,298	-	-	1,704,922
Disposals in year	(14,332)	-	(59,154)	-	(73,486)
Transfers					
At 31st March 2010	62,547,240	4,582,159	3,073,673	1,241,400	71,444,472
Housing Association Grant					
At 1 st April 2009	46,280,878	2,430,215	1,904,193	-	50,615,286
Additions during year	91,897	962,940	-	-	1,054,837
Repayments	(147,107)	-	(50,669)	-	(197,776)
Transfers					
At 31st March 2010	46,225,668	3,393,155	1,853,524	-	51,472,347
Other Grants					
At 1 st April 2009	3,416,939	-	-	-	3,416,939
Additions during year	-	-	-	-	-
At 31st March 2010	3,416,939	-	-	-	3,416,939
Depreciation					
At 1 st April 2009	1,884,251	-	120,276	130,503	2,135,030
Provided during year	324,266	-	15,560	24,828	364,654
Disposals	-	-	(2,271)	-	(2,271)
At 31st March 2010	2,208,517	-	133,565	155,331	2,497,413
Net Book Value					
As at 31st March 2010	10,696,116	1,189,004	1,086,584	1,086,069	14,057,773
As at 31st March 2009	10,729,880	696,646	1,108,358	1,110,897	13,645,781

Additions to housing properties during the year include capitalised administration costs of £102,625(2009 - £84,520) for which Housing Association Grants amounting to £17,265 (2009 - £19,223) were received in the year.

All Housing Properties are freehold.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

10 b. Tangible Fixed Assets

Other fixed assets	Land Bank £	Central Heating £	Commercial And Office Premises £	Computer Office Furniture & Equipment £	Total £
Cost					
At 1 st April 2009	22,885	514,111	543,180	440,909	1,521,085
Additions	-	-	349,100	70,067	419,167
At 31st March 2010	<u>22,885</u>	<u>514,111</u>	<u>892,280</u>	<u>510,976</u>	<u>1,940,252</u>
Housing Association Grant					
At 1 st April 2009	-	197,349	-	-	197,349
Additions	-	-	-	-	-
At 31st March 2010	<u>-</u>	<u>197,349</u>	<u>-</u>	<u>-</u>	<u>197,349</u>
Depreciation					
At 1 st April 2009	-	294,547	272,832	378,101	945,480
Charge for year	-	8,657	16,655	47,310	72,622
At 31st March 2010	<u>-</u>	<u>303,204</u>	<u>289,487</u>	<u>425,411</u>	<u>1,018,102</u>
Net Book Value					
As at 31st March 2010	<u>22,885</u>	<u>13,558</u>	<u>602,793</u>	<u>85,565</u>	<u>724,801</u>
As at 31st March 2009	<u>22,885</u>	<u>22,215</u>	<u>270,348</u>	<u>62,807</u>	<u>378,255</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

11. Investments

	2010	2009
	£	£
Cost		
At 1 st April 2009	100	100
	<hr/>	<hr/>
At 31 st March 2010	<u>100</u>	<u>100</u>

This consists of 100 Ordinary A Shares of £1 each in Parkhead Development Limited, in which the Association controls 100% of the voting shares. The subsidiary is registered in Scotland and was dormant during the financial year. The capital and reserves total at 31 March 2010 is £100 (2009 - £100).

12. Debtors

Arrears of Rent and Service Charges	189,625	150,301
Less: Provision for Doubtful Debts	<u>(48,113)</u>	<u>(39,302)</u>
	141,512	110,999
Social Housing Grant Receivable	272,600	259,202
Other Debtors	<u>239,004</u>	<u>282,819</u>
	<u>653,116</u>	<u>653,020</u>

Included in the figure for rent and service charge arrears is £26,703 (2009: £18,216) due in respect of housing benefits payments.

13. Creditors – Amounts falling due within one year

Bank Overdraft and Loans	333,365	3,543,869
Housing Loans	391,879	229,828
Trade Creditors	537,731	187,065
Other Creditors	605,185	527,618
Accrued Charges	226,152	444,601
Rent in Advance	<u>164,308</u>	<u>153,651</u>
	<u>2,258,620</u>	<u>5,086,632</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

14. Creditors – Amounts falling due after more than one year

	2010	2009
	£	£
Housing Loans	12,225,504	9,305,508
Deferred income	1,634,018	1,372,427
	13,859,522	10,677,935

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at a variable rate from 0.783% to 0.811% (2009 2.30% to 6.07%) in instalments, due as follows:

Within one year	391,879	229,828
Between one and two years	395,189	235,127
Between two and five years	800,420	486,646
In five years or more	11,029,895	8,583,735
	12,617,383	9,535,336
Less: Amount shown in current liabilities	(391,879)	(229,828)
	12,225,504	9,305,508

15. Share Capital

Shares of £1 each issued and fully paid

At 1 st April 2009	146	137
Issued in year	7	32
Cancelled in year	(5)	(23)
At 31 March 2010	148	146

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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

16. Designated Reserves

	Cyclical Maintenance Reserves £	Major Repairs Reserve £	Total £
At 1 st April 2009	317,866	1,444,456	1,762,322
Transfer to Income and Expenditure Account	109,263	496,514	605,777
At 31 March 2010	<u>427,129</u>	<u>1,940,970</u>	<u>2,368,099</u>

17. Revenue Reserves

	2010 £	2009 £
At 1 st April 2009	433,067	890,997
Surplus/(Deficit) for year	807,702	(571,721)
Transfer (to)/from designated reserves	(605,777)	455,791
Actuarial (loss) recognised	<u>(1,275,000)</u>	<u>(342,000)</u>
At 31 st March 2010	<u>(640,008)</u>	<u>433,067</u>

18. Housing Stock

	2010	2009
	Number	Number
The number of units of accommodation in management at the year end was:		
General needs - New build	529	529
- Rehabilitation	856	774
Shared Ownership	60	61
Supported Housing	<u>7</u>	<u>7</u>
	<u>1,452</u>	<u>1,371</u>
Accommodation managed on behalf of Glasgow Housing Association	<u>-</u>	<u>68</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

19. Cash Flow Statement

	2010	2009
	£	£
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities		
Operating surplus	899,125	35,886
Pension – Employee costs difference	(19,000)	(23,000)
Depreciation	437,326	426,484
Decrease in Debtors	13,302	(50,052)
Increase in Creditors	220,441	(501,189)
Share Capital written off	(5)	(23)
	<u>1,551,189</u>	<u>(111,894)</u>
Net Cash Inflow(Outflow) from Operating Activities		

Reconciliation of Net Cash Flow to Movement In Net Debt

Increase/(Decrease) in Cash in the year	3,620,149	(812,620)
Cash outflow from decrease in debt finance	(3,082,047)	(120,459)
	<u>538,102</u>	<u>(933,079)</u>
Decrease/(Increase) in Net Debt		
Net Debt at 1 April 2009	(9,571,259)	(8,638,180)
	<u>(9,033,157)</u>	<u>(9,571,259)</u>
Net Debt at 31 March 2010		

Analysis of Changes in Net Debt

	At 31 March 2009	Cash Flows	At 31 March 2010
	£	£	£
Overdraft	(3,543,869)	3,210,504	(333,365)
Cash at Bank and in Hand	3,507,946	409,645	3,917,591
Debt due within one year	(229,828)	(162,051)	(391,879)
Debt due after one year	(9,305,508)	(2,919,996)	(12,225,504)
	<u>(9,571,259)</u>	<u>538,102</u>	<u>(9,033,157)</u>
Total			

20. Capital Commitments

Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	1,944,484	4,000,000
Capital commitments will be fund as follows:		
Housing Association Grant	1,718,548	2,700,000
Private finance funding	1,225,936	1,300,000
	<u>1,944,484</u>	<u>4,000,000</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

21 Pensions Obligations

Pension Fund

The Partnership is a member of the Local Government Pension Scheme (LGPS). The disclosure for the LGPS is as follows:

Local Pension Disclosure

The last full Actuarial valuation was carried out as at 31 March 2008. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2010 using the following assumptions.

Actuarial assumptions	2010	2009
Rate of increase in salaries	5.30%	4.60%
Expected return on assets	7.20%	6.50%
Discount rate	5.50%	6.90%
Inflation assumption	3.80%	3.10%
Post retirement mortality	Weighted average life expectancy for mortality tables used to determine benefit obligations	Weighted average life expectancy for mortality tables used to determine benefit obligations

The amounts recognised in the balance sheet are as follows:

	2010	2009
	£	£
Present value of funded obligations	5,467,000	2,995,000
Fair value of plan assets	3,960,000	2,770,000
Net Liability	(1,507,000)	(225,000)

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

Changes in the present value of the defined benefit obligation are as follows:

Defined Benefit Plans	2010	2009
	£	£
Opening defined benefit obligation	2,995,000	3,108,000
Service cost	92,000	99,000
Member Contributions	54,000	44,000
Interest cost	210,000	218,000
Actuarial losses/(gains)	2,155,000	(431,000)
Past service costs	26,000	-
Benefits paid	(65,000)	(43,000)
Closing defined benefit obligation	5,467,000	2,995,000

Changes in the fair value of plan assets are as follows:

Defined Benefit Plans	2010	2009
	£	£
Opening plan assets	2,770,000	3,189,000
Expected return on assets	184,000	231,000
Actuarial gains/(losses)	880,000	(773,000)
Contributions by employer	137,000	122,000
Contributions by members	54,000	44,000
Benefits paid	(65,000)	(43,000)
Closing plan assets	3,960,000	2,770,000

The amounts recognised in profit and loss account are as follows:

	2010	2009
	£	£
Current service cost	92,000	99,000
Interest on obligation	210,000	218,000
Expected return on plan assets	(184,000)	(231,000)
Total	118,000	86,000

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

	2010	2009
	£	£
Opening cumulative STRGL	435,000	777,000
Actuarial gains/(losses)	(1,275,000)	(342,000)
	(840,000)	435,000

The major categories of plan assets as a percentage of total as a percentage of total plan assets are as follows:

	2010	2009
Equities	7.80%	7.00%
Properties	5.80%	4.90%
Bonds	5.00%	5.40%
Other	4.80%	4.00%

The history of experience gains and losses is as follows:

	2010	2009	2008	2007	2006
Difference between expected and actual return on scheme assets					
Amount £	880,000	(773,000)	(325,000)	2,000	431,000
Percentage of scheme assets	22.20%	(27.90%)	(10.20%)	0.10%	15.50%
Experience (loss)/gain arising on scheme liability					
Amount £	-	154,000	1,000	(1,000)	1,000
Percentage of scheme liabilities	0.00%	5.10%	0.00%	0.00%	0.00%
Total amount of actuarial (loss)/gain					
Amount £	1,275,000	342,000	524,000	329,000	(76,000)
Percentage of scheme liability	23.30%	(11.40%)	16.90%	9.20%	(2.10%)

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2010

(Continued)

22. Average Tenancy Rents

	2010	2009
	£	£
Average tenancy rent for housing accommodation	<u>2,978</u>	<u>2,906</u>
Percentage increase from previous year	<u>2.48%</u>	<u>1.47%</u>

23. Related Parties

Tenants, sharing owners and owners who are members of the Management Committee are not treated differently to any other tenants or owners. City Councillors who are members of the Management Committee declare their interests relating to relevant decisions taken by the Association or the City Council.