

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

THE BOARD, EXECUTIVES AND ADVISERS

YEAR ENDED 31 MARCH 2011

THE BOARD

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		Margaret Graham	
Sarah Fitzpatrick			
James Mackenzie			
Carol Connelly			

EXECUTIVE OFFICERS

James Strang	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

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 2011

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PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2011

The Board present their report and audited financial statements for the year ended 31 March 2011.

Principal activities

The principal activity of Parkhead Housing Association (PHA) 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 The Scottish Housing Regulator as a Registered Social Landlord

The table below shows the property we own and manage

	2011	2010
Managed Property Numbers (7 Special needs)		
Tenanted Property (Inc 2 wardens)	1,391	1,392
Shared Ownership Properties	60	61
Factored properties	342	342
Total	<u>1,793</u>	<u>1,795</u>
Developing Property Numbers		
Tenanted Property on site over 2011	<u>41</u>	<u>25</u>

Our strategic aims

Parkhead Housing Association's 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 2011

(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 Board 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 £1,529,534 (2010: £807,702). This improved performance was due to a combination of improved spend on reactive and cyclical repairs, higher net rental income due to lower void costs, lower bank interest payable and higher interest received on investments. In addition to this there was a large decrease in the pension liability in the year mainly in relation to the change from RPI to CPI used in the actuarial valuation which resulted in a large credit in past service costs (£587k). Due to its size and nature this has been shown as an exceptional item in Note 2 to the financial statements.

The development programme is progressing well and this has seen an additional 25 new units for rent at Duke Street completed in May 2011. Also a further 16 refurbished rented flats at Helenvale Street will be off site in August 2011. The Association continues to be committed and is hopeful for the opportunity to develop its site at Whiterose Phase 2 in the near future. The Association has in place the private funding elements of these projects and is awaiting 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 year major investment plans have been reviewed as 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 indicates 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 2011

(Continued)

The Board

The members of the Board during the year to 31 March 2011 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 (No longer Co-opted)
Sarah Fitzpatrick		Ikmere Prince	(resigned Dec 2010)
Margaret Graham		James MacKenzie	

Each member of the Board 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 Board.

Executive Officers

James Strang, Chief Executive
Margaret Barr, Depute Chief Executive (left 31 March 2011)
Aileen McGuire, Head of Corporate Services
Graeme Aitken, Head of Housing Services

Operational Review

1. Corporate Governance

This financial year saw the Association consolidate its Board re-structuring and policy review processes with the beneficial impact on how the business is monitored. This year also saw a major re-structuring of the staffing structure which resulted in a reduction from 35.5 full time equivalents posts to 26.5, coupled with a refocusing of frontline operations to improve further customer care services and to secure more efficiency in service delivery and overhead costs. These changes will have significant medium to long term benefits to the business.

As reported last year the temporary decant of the operations was reversed in August and the intended improvement in the customer service experience was achieved and the office now satisfies the DDA regulations.

The development programme providing a further 41 new units is well advanced and on schedule and within budget. The THI developments are ongoing and the annual strategic development plan was once again submitted to the Council on time. The Association remains committed to doing all it can to ensure its development programme continues in spite of the reduction in Housing Association Grant (HAG) levels.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2011

(Continued)

2. Services to tenants

We compare our performance with others and set demanding targets. We delivered to the performance targets set in all areas except re-let 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 The Scottish Housing Regulator's 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.

4. Other Areas

Risk Management Policy

The Board 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 Board 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 Board'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; and
- included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

The Association has added to its risk register the likely impact of the coalition government's welfare reform with particular reference to housing benefits and will develop an amended coping strategy when the changes and their accessed impact are identified to the sector as a whole and on PHA in particular.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

31 MARCH 2011

(Continued)

Related Party Transactions

Ten members of the Board 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 (2010: thirty days).

Maintenance policies

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

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, 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.

The Board on a regular basis consider the 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 Board.

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

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

AS AT 31 MARCH 2011

(Continued)

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.

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.

Auditors

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

On behalf of the Board

Agnes Wood
Secretary



Date.....17/8/11.....

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 Board members are aware there is no relevant audit information of which the auditors are unaware and the Board 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



Agnes Wood
Secretary

Date.....17/6/11.....

PARKHEAD HOUSING ASSOCIATION LIMITED

THE BOARD'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2011

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 Board 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 Board 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 2011

(Continued)

The Board have reviewed the system of internal financial control in the Association during the year ended 31 March 2011. 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

Agnes Wood.....

Agnes Wood

Secretary

Date.....17/3/11

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 8 and 9 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 8 and 9 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Baker Tilly UK Audit LLP

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

Date: *1st September 2011*

PARKHEAD HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PARKHEAD HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Parkhead Housing Association for the year ended 31 March 2011 on pages 12 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 7, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 of the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Breckenridge House

274 Sauchiehall Street

Glasgow

G2 3EH

Date: *1st September 2011*

PARKHEAD HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Turnover	2	5,015,083	4,659,413
Operating costs	2	<u>(3,368,625)</u>	<u>(3,760,288)</u>
Operating surplus	2	1,646,458	899,125
Gains On Sale of Housing Accommodation	6	4	51,009
Interest receivable		68,686	38,144
Interest payable	7	(110,614)	(154,576)
Other finance cost	21	<u>(75,000)</u>	<u>(26,000)</u>
Surplus on ordinary activities before tax		1,529,534	807,702
Taxation on deficit on ordinary activities	9	<u>-</u>	<u>-</u>
Surplus for year	17	<u>1,529,534</u>	<u>807,702</u>

All amounts relate to continuing activities.

PARKHEAD HOUSING ASSOCIATION LIMITED
STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
Surplus for the year		1,529,534	807,702
Actuarial gain/(loss) on pension scheme	21	<u>560,000</u>	<u>(1,275,000)</u>
Total surplus/(deficit) recognised since the last annual report		<u>2,089,534</u>	<u>(467,298)</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	£	2011 £	2010 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	10a		71,778,684	<u>68,947,059</u>
Less: Social Housing Grant	10a	(53,468,726)		(51,472,347)
Other Public Grants	10a	<u>(3,416,939)</u>		<u>(3,416,939)</u>
			<u>(56,885,665)</u>	<u>(54,889,286)</u>
			14,893,019	14,057,773
Other Fixed Assets	10b		1,114,127	724,801
Investments	11		100	100
			<u>16,007,246</u>	<u>14,782,674</u>
Current Assets				
Debtors	12	764,200		653,116
Cash at bank in hand		<u>3,996,912</u>		<u>3,917,591</u>
		4,761,112		4,570,707
Current Liabilities				
Creditors - Amounts falling due within one year	13	<u>(3,130,873)</u>		<u>(2,258,620)</u>
Net current assets			<u>1,630,239</u>	<u>2,312,087</u>
Total Assets Less Current Liabilities			17,637,485	17,094,761
Creditors – amount falling due after more than one year	14		(13,414,710)	(13,859,522)
Pension Liability	21		<u>(405,000)</u>	<u>(1,507,000)</u>
Net assets			<u>3,817,775</u>	<u>1,728,239</u>
Capital and reserves				
Share capital	15		150	148
Designated reserves	16		3,515,249	2,368,099
Revenue reserves	17		<u>302,376</u>	<u>(640,008)</u>
			<u>3,817,775</u>	<u>1,728,239</u>

These financial statements were approved and authorised for issue by the Board on 17.8.2011 and signed on their behalf by:

Board Member:

J. Ferguson

Board Member:

S. Fitzpatrick

Secretary:

M. G. MacLeod

PARKHEAD HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2011

	Notes	£	2011 £	2010 £
Net cash inflow from operating activities	19		1,342,438	<u>1,551,189</u>
Returns on investments and servicing of finance				
Interest received		68,686		38,144
Interest paid		<u>(110,614)</u>		<u>(154,576)</u>
Net Cash Outflow from Returns on Investments And Servicing of Finance			(41,928)	<u>(116,432)</u>
Capital Expenditure and Financial Investment				
Acquisition and Construction of Properties		(3,300,105)		(1,704,922)
Purchase of Other Fixed Assets		(481,121)		(419,167)
Social Housing Grant Received		2,095,207		1,041,439
Proceeds on Disposal of Properties		108,529		122,224
Housing Association Grant Repaid		<u>(98,828)</u>		<u>(197,776)</u>
Net Cash (Outflow) from Capital Expenditure			<u>(1,676,318)</u>	<u>(1,158,202)</u>
Net Cash (Outflow)/Inflow before use of Financing			(375,808)	<u>276,555</u>
Financing				
Other Advances Received		-		261,591
Loan Advances Received		-		3,500,000
Loan Principal Repayments		(436,766)		(418,004)
Share Capital Issued		<u>15</u>		<u>7</u>
Net Cash (Outflow)/Inflow from Financing			(436,751)	3,343,594
(Decrease)/Increase in Cash	19		<u>(812,559)</u>	<u>3,620,149</u>

Further details are given in note 19.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

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 2008, 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 2011

(Continued)

(e) **Impairment of fixed assets**

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

(f) **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%

(g) **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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(h) Sales of Housing Properties

Surpluses and deficits on the sale of housing properties are accounted for in the Income and Expenditure account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is included as work in progress until the point of sale when the costs are taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Income and Expenditure account, in accordance with the Statement of Recommended Practice 2008.

(i) 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.

(j) 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.

(k) Capitalisation of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice 2008.

(l) Development Interest

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

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

(m) 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.

(n) 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.

(o) Value added tax

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure is charged to the Income and Expenditure Account inclusive of VAT. Recoverable VAT arising from partial exempt activities is credited to the Income and Expenditure Account.

(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 2011

(Continued)

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

		Operating Costs £	Operating Surplus/ (deficit) £	Operating Surplus/ (deficit) 2010 £
	Turnover			
Social lettings	4,567,778	3,422,498	1,145,280	937,143
Exceptional items:				
Past service credit	21 -	(587,000)	587,000	-
	3a 4,567,778	2,835,498	1,732,280	937,143
Other Activities	3b 447,305	533,127	(85,822)	(38,018)
Total	<u>5,015,083</u>	<u>3,368,625</u>	<u>1,646,458</u>	<u>899,125</u>
2010	<u>4,659,413</u>	<u>3,760,288</u>	<u>899,125</u>	

Exceptional items

The past service credit arises as a result in the increase in pension benefits changing from being linked to RPI to being linked to CPI.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

3. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Hostel Supported Housing £	Shared Ownership £	2011 £	2010 £
Income from lettings					
Rent receivable net of identifiable service charges	4,148,528	175,854	114,312	4,438,694	4,324,556
Service charges receivable	160,532	-	-	160,532	153,329
Gross Rents Receivable	4,309,060	175,854	114,312	4,599,226	4,477,885
Less: Rent Losses from Voids	(31,448)	-	-	(31,448)	(35,692)
Net Rents Receivable	<u>4,277,612</u>	<u>175,854</u>	<u>114,312</u>	<u>4,567,778</u>	<u>4,442,193</u>
Revenue grants from the Scottish Ministers	-	-	-	-	-
Total income from Social Letting Activities	<u>4,277,612</u>	<u>175,854</u>	<u>114,312</u>	<u>4,567,778</u>	<u>4,442,193</u>
Expenditure on Social Letting Activities					
Service costs	166,675	-	-	166,675	166,587
Management and maintenance administration costs	490,086	9,124	12,944	512,154	880,965
Planned and cyclical maintenance including major repair costs	1,178,446	4,270	-	1,182,716	1,456,394
Reactive maintenance costs	508,710	60,794	-	569,504	602,040
Bad debts – rents and service charges	36,696	-	-	36,696	25,393
Depreciation of social housing	352,193	-	15,560	367,753	373,671
Operating costs for Social Letting Activities	<u>2,732,806</u>	<u>74,188</u>	<u>28,504</u>	<u>2,835,498</u>	<u>3,505,050</u>
Operating Surplus on Letting Activities	<u>1,544,806</u>	<u>101,666</u>	<u>85,808</u>	<u>1,732,280</u>	<u>937,143</u>

The rent loss from voids of £31,448 (2010: £35,692) includes £nil (2010: £nil) in respect of development voids.

The total amount of major repairs expenditure incurred in the year was £515,519 (2010 - £632,684). No major repairs were capitalised (2010 - £nil). Of the £515,519 (2010 - £632,684) the actual amount of repairs was £452,078 (2010 - £517,930) with the balance of £63,441 (2010 - £114,754) being salaries and overheads.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011
(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	-	-	-	50,491	50,491	-	(50,491)	-	(1,263)
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	63,404	-	63,404	-	(74,734)	(11,330)	(19,364)
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	47,584	47,584	-	(106,202)	(58,618)	(17,391)
Other activities - Trust Heritage Initiative	-	-	-	285,826	285,826	-	(301,700)	(15,874)	-
Total from other activities	-	-	63,404	383,901	447,305	-	(533,127)	(85,822)	(38,018)
2010	-	-	63,404	153,816	217,220	-	(255,238)	(38,018)	

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

4. Directors' Emoluments

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

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 fell within the following bands:

	No	No
£60,001 to £70,000	1	1
	2011	2010
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>67,052</u>	<u>65,271</u>

The Chief Executive is not an ordinary member of the Association's pension scheme described in Note 21. He has no other pension arrangements to which the Association contributes.

During the year £55,859 (2010: £nil) was paid to directors in respect of compensation for loss of office.

5. Employee Information

	2011	2010
	Number	Number
The average full time equivalent number of persons employed during the year was;	<u>31</u>	<u>31</u>
Staff Costs were:	£	£
Wages and Salaries	1,053,629	981,123
Social Security Costs	79,261	78,125
Pension Costs	(405,057)	118,261
	<u>727,833</u>	<u>1,177,509</u>

Included in the pension costs total is an adjustment of (£617,000) (2010- £19,000) arising from the implementation of FRS17 in the financial statements.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

6. Gain on Sale of Housing Accommodation

	2011 £	2010 £
Net Proceeds from the Disposal of Housing Accommodation	69,377	122,224
Cost of Housing Accommodation sold	(69,373)	(71,215)
Gain on Sale of Housing Accommodation	<u>4</u>	<u>51,009</u>

7. Interest Payable

On Bank Loans and Overdrafts	115,405	154,576
Less: Interest Capitalised	(4,791)	(814)
	<u>110,614</u>	<u>153,762</u>

8. Surplus on Ordinary Activities Before Tax

Surplus on Ordinary Activities before Taxation is stated after charging:

Depreciation – Tangible Owned Fixed Assets	451,749	426,484
Auditors' Remuneration - External Audit Services	7,762	7,072
Non Audit Services	<u>-</u>	<u>-</u>

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 2011

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 2010	62,547,240	4,582,159	3,073,673	1,241,400	71,444,472
Additions during year	84,932	3,215,173	-	-	3,300,105
Disposals in year	(56,814)	-	(51,715)	-	(108,529)
At 31st March 2011	<u>62,575,358</u>	<u>7,797,332</u>	<u>3,021,958</u>	<u>1,241,400</u>	<u>74,636,048</u>
Housing Association Grant					
At 1 st April 2010	46,225,668	3,393,155	1,853,524	-	51,472,347
Additions during year	101,317	1,993,890	-	-	2,095,207
Repayments	(53,265)	-	(45,563)	-	(98,828)
At 31st March 2011	<u>4,6273,720</u>	<u>5,387,045</u>	<u>1,807,961</u>	<u>-</u>	<u>53,468,726</u>
Other Grants					
At 1 st April 2010	3,416,939	-	-	-	3,416,939
Additions during year	-	-	-	-	-
At 31st March 2011	<u>3,416,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,416,939</u>
Depreciation					
At 1 st April 2010	2,208,517	-	133,565	155,331	2,497,413
Provided during year	322,338	-	15,560	24,828	362,726
Disposals	(528)	-	(2,247)	-	(2,775)
At 31st March 2011	<u>2,530,327</u>	<u>-</u>	<u>146,878</u>	<u>180,159</u>	<u>2,857,364</u>
Net Book Value	10,354,372	2,410,287	1,067,119	1,061,241	14,893,019
As at 31st March 2011	<u>10,354,372</u>	<u>2,410,287</u>	<u>1,067,119</u>	<u>1,061,241</u>	<u>14,893,019</u>
As at 31 st March 2010	<u>10,696,116</u>	<u>1,189,004</u>	<u>1,086,584</u>	<u>1,086,069</u>	<u>14,057,773</u>

Additions to housing properties during the year include capitalised administration costs of £201,614 (2010 - £102,625) for which Housing Association Grants amounting to £35,614 (2010 - £17,265) were received in the year.

All Housing Properties are freehold.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

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 2010	22,885	514,111	892,280	510,976	1,940,252
Additions	-	-	393,100	88,021	481,121
Disposals	-	-	-	(282,329)	(282,329)
At 31st March 2011	<u>22,885</u>	<u>514,111</u>	<u>1,285,380</u>	<u>316,668</u>	<u>2,139,044</u>
Housing Association Grant					
At 1 st April 2010	-	197,349	-	-	197,349
Additions	-	-	-	-	-
At 31st March 2011	<u>-</u>	<u>197,349</u>	<u>-</u>	<u>-</u>	<u>197,349</u>
Depreciation					
At 1 st April 2010	-	303,204	289,487	425,411	1,018,102
Charge for year	-	5,027	34,110	49,886	89,023
Depreciation on disposals	-	-	-	(279,557)	(279,557)
At 31st March 2011	<u>-</u>	<u>308,231</u>	<u>323,597</u>	<u>195,740</u>	<u>827,568</u>
Net Book Value					
As at 31st March 2011	<u>22,885</u>	<u>8,531</u>	<u>961,783</u>	<u>120,928</u>	<u>1,114,127</u>
As at 31 st March 2010	<u>22,885</u>	<u>13,558</u>	<u>602,793</u>	<u>85,565</u>	<u>724,801</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

11. Investments

	2011 £	2010 £
Cost		
At 1 st April 2010	100	100
	100	100
At 31 st March 2011	100	100

The investment 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 2011 is £100 (2010 - £100).

12. Debtors

	2011 £	2010 £
Arrears of Rent and Service Charges	161,082	189,625
Less: Provision for Doubtful Debts	(40,271)	(48,113)
	120,811	141,512
Social Housing Grant Receivable	234,547	272,600
Other Debtors	408,842	239,004
	764,200	653,116

Included in the figure for rent and service charge arrears is £xx (2010: £26,703) due in respect of housing benefits payments.

13. Creditors – Amounts falling due within one year

	2011 £	2010 £
Bank Overdraft and Loans	1,225,245	333,365
Housing Loans (Note 14)	399,925	391,879
Trade Creditors	442,286	537,731
Other Creditors	728,958	605,185
Accrued Charges	167,173	226,152
Rent in Advance	167,286	164,308
	3,130,873	2,258,620

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

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

	2011	2010
	£	£
Housing Loans	11,780,692	12,225,504
Deferred income	1,634,018	1,634,018
	<u>13,414,710</u>	<u>13,859,522</u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at a variable rate from 0.97% to 1.0% (2010: 0.783% to 0.811%) in instalments, due as follows:

Within one year (Note 13)	399,925	391,879
Between one and two years	402,933	395,189
Between two and five years	814,978	800,420
In five years or more	10,562,781	11,029,895
	<u>12,180,617</u>	<u>12,617,383</u>
Less amount shown in current liabilities	(399,925)	(391,879)
	<u>11,780,692</u>	<u>12,225,504</u>

15. Share Capital

	2011	2010
	£	£
Shares of £1 each issued and fully paid		
At 1 st April 2010	148	146
Issued in year	15	7
Cancelled in year	<u>(13)</u>	<u>(5)</u>
At 31 March 2011	<u>150</u>	<u>148</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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

16. Designated Reserves

	Cyclical Maintenance Reserves £	Major Repairs Reserve £	Total £
At 1 st April 2010	427,129	1,940,970	2,368,099
Transfer to Income and Expenditure Account	206,909	940,241	1,147,150
At 31 March 2011	<u>634,038</u>	<u>2,881,211</u>	<u>3,515,249</u>

17. Revenue Reserves

	2011 £	2010 £
At 1 st April 2010	(640,008)	433,067
Surplus/(Deficit) for year	1,529,534	807,702
Transfer to designated reserves	(1,147,150)	(605,777)
Actuarial gain/(loss) recognised	560,000	(1,275,000)
At 31 st March 2011	<u>302,376</u>	<u>(640,008)</u>

18. Housing Stock

	2011 No.	2010 No.
The number of units of accommodation in management at the year end was:		
General needs - New build	529	529
- Rehabilitation	855	856
Shared Ownership	60	61
Supported Housing	7	7
	<u>1,451</u>	<u>1,453</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

19. Cash Flow Statement

	2011	2010
	£	£
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities		
Operating surplus	1,646,458	899,125
Pension – Employee costs difference	(617,000)	(19,000)
Depreciation	451,749	437,326
(Increase)/decrease in Debtors	(111,084)	13,302
(Decrease)/increase in Creditors	(27,672)	220,441
Share Capital cancelled	(13)	(5)
	<u>1,342,438</u>	<u>1,551,189</u>
Reconciliation of Net Cash Flow to Movement In Net Debt		
(Decrease)/Increase in Cash in the year	(812,559)	3,620,149
Cash outflow from decrease in debt finance	436,766	(3,082,047)
	<u>(375,793)</u>	<u>538,102</u>
(Decrease)/Increase in Net Debt	(375,793)	538,102
Net Debt at 1 April 2010	(9,033,157)	(9,571,259)
	<u>(9,408,950)</u>	<u>(9,033,157)</u>

Analysis of Changes in Net Debt

	At		At
	31 March	Cash	31 March
	2010	Flows	2011
	£	£	£
Overdraft	(333,365)	(891,880)	(1,225,245)
Cash at Bank and in Hand	3,917,591	79,321	3,996,912
Debt due within one year	(391,879)	(8,046)	(399,925)
Debt due after one year	(12,225,504)	444,812	(11,780,692)
	<u>(9,033,157)</u>	<u>(375,793)</u>	<u>(9,408,950)</u>

20. Capital Commitments

Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>583,442</u>	<u>1,944,484</u>
Capital commitments are expected to be funded as follows:		
Housing Association Grant	-	1,718,548
Private finance funding	<u>583,442</u>	<u>1,225,936</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(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 2011 using the following assumptions.

Actuarial assumptions	2011	2010
Rate of increase in salaries	5.10%	5.30%
Expected return on assets	6.90%	7.20%
Discount rate	5.50%	5.50%
Inflation assumption	2.80%	3.80%
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:

	2011	2010
	£	£
Present value of funded obligations	4,803,000	5,467,000
Fair value of plan assets	4,398,000	3,960,000
Net Liability	(405,000)	(1,507,000)

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

21 Pensions Obligations (continued)

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

Defined Benefit Plans	2011	2010
	£	£
Opening defined benefit obligation	5,467,000	2,995,000
Service cost	182,000	92,000
Member Contributions	56,000	54,000
Interest cost	284,000	210,000
Actuarial (gains)/losses	(532,000)	2,155,000
Loss on curtailment	80,000	-
Past service costs	(587,000)	26,000
Benefits paid	(147,000)	(65,000)
Closing defined benefit obligation	4,803,000	5,467,000

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

Defined Benefit Plans	2011	2010
	£	£
Opening plan assets	3,960,000	2,770,000
Expected return on assets	289,000	184,000
Actuarial gains	28,000	880,000
Contributions by employer	212,000	137,000
Contributions by members	56,000	54,000
Benefits paid	(147,000)	(65,000)
Closing plan assets	4,398,000	3,960,000

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

	2011	2010
	£	£
Current service cost	182,000	92,000
Interest on obligation	284,000	210,000
Expected return on plan assets	(289,000)	(184,000)
Past service costs	(587,000)	26,000
Loss on curtailments	80,000	-
Total	(330,000)	144,000

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

21 Pensions Obligations (continued)

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

	2011	2010
	£	£
Opening cumulative STRGL	(840,000)	435,000
Actuarial gains/(losses)	560,000	(1,275,000)
	(280,000)	(840,000)

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

	2011	2010
Equities	7.50%	7.80%
Properties	5.50%	5.80%
Bonds	4.90%	5.00%
Other	4.60%	4.80%

The history of experience gains and losses is as follows:

	2011	2010	2009	2008	2007
Difference between expected and actual return on scheme assets					
Amount £	28,000	880,000	(773,000)	(325,000)	2,000
Percentage of scheme assets	0.64%	22.20%	(27.90%)	(10.20%)	0.10%
Experience (loss)/gain arising on scheme liability					
Amount £	-	-	154,000	1,000	(1,000)
Percentage of scheme liabilities	0.00%	0.00%	5.10%	0.00%	0.00%
Total amount of actuarial (loss)/gain					
Amount £	560,000	1,275,000	342,000	524,000	329,000
Percentage of scheme liability	11.66%	23.30%	(11.40%)	16.90%	9.20%

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2011

(Continued)

22. Related Parties

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