

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Registered Housing Association No. HCB167

Financial Conduct 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 2015

THE BOARD

Susan McKeown (nee Currie)	Chairperson	Jenny Pearson	Co-opted
John Ferguson	Honorary President	Carol Connelly	
Elizabeth Kennedy	Vice-Chair	Norman Meiklejohn	
Sarah Fitzpatrick		Robert Donnelly	
Thomas Brock	Co-opted	James Reilly	
Margaret Graham		John Buchanan	
Maureen Eden		Vikki McCall	Co-opted
Matthew Reid	Secretary		

EXECUTIVE OFFICERS

James Strang	Chief Executive
Aileen McGuire	Director of Corporate Services
Graeme Aitken	Director of Operations

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 Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registered Number 1911 R (S)

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number HCB 167

Scottish Charities

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

PARKHEAD HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

The Board present their report and audited financial statements for the year ended 31 March 2015.

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 Conduct Authority as a Co-operative and Community Benefit 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:

	2015	2014
Managed Property Numbers (7 Special needs)		
Tenanted Property (Inc 2 wardens)	1,484	1,448
Shared Ownership Properties	49	53
Factored properties	354	339
Total	<u>1,887</u>	<u>1,840</u>
Developing Property Numbers		
Tenanted Property on site over 2015	<u>85</u>	<u>26</u>

Our strategic aims

Parkhead Housing association's mission statement outlines its commitment to the local community and undertakes 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 stakeholders 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 improve Parkhead as a place in which to live and we seek to play a significant role in the regeneration of the physical, economic and social life of Parkhead"

PHA's core values are;

- 1 Community Centred - we will ensure that the focus of our work meets the needs and aspirations of the Parkhead Community.
- 2 Partnership - we will work with others to improve services and improve the daily lives our residents and other stakeholders.
- 3 Service Excellence - we will provide the best possible level of services to all customers at all times.
- 4 Integrity - we will be open and accountable, respect others and behave in a professional and ethical manner at all times.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

Review of business and future developments

Overall the business financially and operationally performed better than projected. This was achieved despite what most observers would agree was a difficult trading year for Registered Social Landlords (RSLs) with continued pressure being put on its income streams as a result of the growing impact of welfare reform and significant pressure on Tenant's disposable incomes due to the overall nature of the economy.

Over the last year the Association has agreed a development programme that continues to flourish. This saw the site start of the 85 unit Whiterose phase two project, a final agreement to purchase the Quarrybrae School site, and the finalisation of plans to demolish and build 48 units on the Black Cat studio site with an associated gap site project providing 9 one bedroom flats and a ground floor commercial unit on Duke Street at the Parkhead Cross.

In addition a total of 25 additional units were purchase with assistance from the City Council in relation to a city wide project to improve standards in the traditional multi-tenure tenement stock. This included assistance with the purchase and improvement of this stock type. This was a particularly beneficial project for the area and the Association. Future sites have been identified should this scheme be repeated.

These onsite works and planning developments during the year have established a stock growth pattern for the business that can only be described as very positive for future expansion.

The continued work with the Townscape Heritage Initiative has resulted in the grade A listed Eastern Necropolis Cemetery lodge benefiting from significant investment to restore and convert the property into a two bedroom social rented house. This restoration project will have a significant effect on the location and will enable the Association to add to its stock profile. In addition approval was given during the year for the nearly £5m restoration of the old School on Westmiur Street. This Grade B listed building will provide much needed operational space for local organisations once completed and will be added to the Association's commercial portfolio upon completion.

The continued implementation of the asset management plan and the 30 year investment plan saw the installation of new windows, central heating systems and new kitchens following previously agreed timescales of such works. Energy efficiency programmes involving IWI (internal wall insulation) continued, although the poor performance of a window installation contractor resulted in issues being raised and resolutely dealt with by the Association. The control of all reactive, cyclical and void repairs added to good customer satisfaction rates, KPIs being met and financial prudence.

The Association completed and implemented an organisational review aimed at ensuring the business was equipped for the future, value for money was being achieved and that the major re-structure undertaken 4 years previously was evaluated against its set objectives. The outcome was additional resources were applied to the Housing Management and Technical section to enhance service delivery and to enable significant tenant lead support initiatives to be developed.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

The support and supervision programme was reviewed, as were the healthy working lives and significant progress has been made in relation to the awarding of the IIP gold award.

The procurement, development and installation of the Kypera Management software was completed within the year and the benefits to the business are plain to see. This integrated housing and financial system will streamline reporting and monitoring and will allow the development of new customer care services.

The Association's wider role has gathered momentum, with significant progress being made with regard to Whiterose Community Hall. The gala day, the talent show and the George Ryan Bursary are all very popular within the community. The Association continues to provide service support for the local Foodbank, the Parkhead Youth Project, and has begun providing such services for Playbusters. This year the Association held the inaugural John Wheatley Lecture. This is an event designed to highlight housing as a major political and social policy area. Each year a national or international speaker will be invited to deliver a lecture on the role housing has in society and what needs to be done to improve the provision of socially rented housing in the County. The inaugural lecture was delivered by the Rt Hon Gordon Brown to a very large audience made up of members of Civic Scotland.

The Board

The members of the Board during the year to 31 March 2015 were:

Susan McKeown (nee Currie)	Chairperson	Matthew Reid	Secretary
John Ferguson	Honorary President	Carol Connelly	
Elizabeth Kennedy	Vice Chair	Norman Meiklejohn	
Sarah Fitzpatrick		Robert Donnelly	
Thomas Brock	Co-opted	James Reilly	
Margaret Graham		John Buchanan	
Maureen Eden		Vikki McCall	
Jenny Pearson	Co-opted		

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
Aileen McGuire, Director of Corporate Services
Graeme Aitken, Director of Operations

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

Operational Review

1. Corporate Governance

The Board has maintained a strong commitment to good Governance. It has completed a series of internal evaluations in line with Scottish Housing Regulators recommendations and developed an on-going training plan based on individual and corporate training requirements. Senior staff have been identified to undertake specific Governance qualifications with the Director of Operations currently undertaking a course of study. This will be expanded to others on the Management Team. Steps have been taken to widen shareholder involvement including this year's postal voting arrangements being available for the first time following rule changes made at the last AGM.

2. Services to tenants

We compare our performance with other similar sized RSLs and we set demanding internal targets. This year involved the Association completing the ARC as part of the new SHR regulatory system. We will publish our first tenants ARC report in due course. Part of this process includes a survey of our tenants on a range of activities and we consistently record very high levels of satisfaction. These figures are in line with the monthly exit surveys we carry out as part of customer engagement policy.

3. Wider role

The Association has a long and very positive track record in its wider role initiatives. In the past year we granted two educational Bursaries, held a very successful gala day, variety show, art competition and donated to a number of local charitable events. We continue to support the Parkhead Youth Project through accountancy service support and have developed a strong working and support relationship with the newly established North East Food bank operated under the Trussell Trust franchise.

The Board will, over the next year, attempt to reach an operating agreement with the Whiterose Hall Committee to future joint working, although thus far this has proven difficult. The Board will continue to investigate social enterprise options to enable the creation of sustainable employment opportunities within our community.

4. Other Areas

The Audit and Risk Committee have settled in well and are operating within the structure of the organisation with good effect. The Risk register is regularly reviewed and updated as a when any particular risks have been identified. The policies on internal controls outlined in last years report have the focus of the sub committee.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

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.

Related Party Transactions

Nine 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 (2014: 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. In line with the SORP 2010, replacements to building components (as identified in note 1) are capitalised in the accounts as they occur. All other repairs are charged to the Income and Expenditure account.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

Treasury and Financial Management

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 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

The Association fully recognises that its people are its most important asset. It is they who manage the business. PHA is fully committed to staff development, training and to the maintenance of a good working environment. The attainment of the Gold award Health at Work award and the Bronze award under Investors in People underline this commitment. So too was the attainment of a number of staff with additional qualifications to enable them to enhance their role in the business.

The Association currently complies 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.

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.

Designated Reserves

The Association has designated reserves that are for a specific purpose. The Association currently has the following designated reserves:

- Second Stage Transfer (SST) Reserve
- Cyclical Maintenance Reserve
- Winning Row Life Cycle Reserve (Hostel)
- Void Reserve
- Inventory Reserve

These are explained more fully in accounting policies.

PARKHEAD HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

AS AT 31 MARCH 2015

(Continued)

Auditors

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

On behalf of the Board



.....
Matthew Reid
Secretary

Date: 13/8/15.....

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:

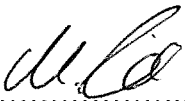
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



.....
Matthew Reid
Secretary

Date: 13/8/15

PARKHEAD HOUSING ASSOCIATION LIMITED

THE BOARD'S STATEMENT ON INTERNAL

FINANCIAL CONTROL

31 MARCH 2015

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 misstatement 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.

The Board have reviewed the system of internal financial control in the Association during the year ended 31 March 2015. 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



.....

Matthew Reid
Secretary

Date: 13/8/15

PARKHEAD HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
PARKHEAD HOUSING ASSOCIATION LIMITED
ON INTERNAL FINANCIAL CONTROLS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls 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 Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date 13/8/15

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 Limited for the year ended 31 March 2015 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 Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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 Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 8, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 .

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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

Baker Tilly UK Auditor

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 13/8/15

PARKHEAD HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	5,855,216	5,579,667
Operating costs	2	<u>(4,094,619)</u>	<u>(3,998,364)</u>
Operating surplus	2	1,760,597	1,581,303
Gain on Disposal of Housing Accommodation	6	47,003	3,119
Interest receivable		21,301	35,076
Interest payable	7	(112,582)	(102,546)
Other finance income/(costs)	22	<u>36,000</u>	<u>(24,000)</u>
Surplus on ordinary activities before tax		1,752,319	1,492,952
Taxation on deficit on ordinary activities	9	<u>-</u>	<u>-</u>
Surplus for year	10	<u>1,752,319</u>	<u>1,492,952</u>

All amounts relate to continuing activities.

PARKHEAD HOUSING ASSOCIATION LIMITED
STATEMENT OF RECOGNISED SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Surplus for the year		1,752,319	1,492,952
Actuarial loss on pension scheme	22	<u>(1,113,000)</u>	<u>(243,000)</u>
Total surplus recognised since the last annual report		<u>639,319</u>	<u>1,249,952</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	£	2015 £	2014 £
Tangible Fixed Assets				
Housing properties				
- gross cost less depreciation	11a		82,482,709	<u>77,499,636</u>
Less: Social Housing Grant	11a	57,516,877		52,702,591
Other Public Grants	11a	<u>3,416,939</u>		<u>3,416,939</u>
		60,933,816	<u>21,548,893</u>	<u>56,119,530</u>
				21,380,106
Other Fixed Assets	11b		1,321,157	1,281,336
Investments	12		<u>100</u>	<u>100</u>
			22,870,150	<u>22,661,542</u>
Current Assets				
Debtors	13	387,774		332,330
Cash at bank in hand		<u>6,447,030</u>		<u>5,784,797</u>
		6,834,804		6,117,127
Current Liabilities				
Creditors - Amounts falling due within one year	14	<u>1,410,854</u>		<u>1,703,587</u>
Net current assets			<u>5,423,950</u>	<u>4,413,540</u>
Total Assets Less Current Liabilities			28,294,100	27,075,082
Creditors – amount falling due after more than one year				
than one year	15		(12,897,076)	(13,467,369)
Pension Liability	22		<u>(2,944,000)</u>	<u>(1,794,000)</u>
Net assets			<u>12,453,024</u>	<u>11,813,713</u>
Capital and reserves				
Share capital	16		127	135
Designated reserves	17		4,258,845	4,163,900
Revenue reserves	10		<u>8,194,052</u>	<u>7,649,678</u>
			<u>12,453,024</u>	<u>11,813,713</u>

These financial statements were approved and authorised for issue by the Board on 12/8/15 and signed on their behalf by:

Board Member: E. Kennedy

Board Member: J. Ferguson

Secretary: U. P.

PARKHEAD HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2015

	Notes	£	2015 £	2014 £
Net cash inflow from operating activities	20		<u>2,387,328</u>	<u>2,581,375</u>
Returns on investments and servicing of finance				
Interest received		21,301		35,075
Interest paid		<u>(112,582)</u>		<u>(102,546)</u>
Net Cash Outflow from Returns on Investments And Servicing of Finance			<u>(91,281)</u>	<u>(67,470)</u>
Capital Expenditure and Financial Investment				
Acquisition and Construction of Properties		(6,291,441)		(3,016,762)
Purchase of Other Fixed Assets		(167,875)		(24,475)
Social Housing Grant Received		5,162,436		1,410,043
Proceeds on Disposal of Properties		583,580		294,711
Housing Association Grant Repaid		<u>(348,150)</u>		<u>(288,459)</u>
Net Cash Outflow from Capital Expenditure			<u>(1,061,450)</u>	<u>(1,624,942)</u>
Net Cash Inflow before use of Financing			<u>1,234,597</u>	<u>888,963</u>
Financing				
Loan Advances Received				-
Loan Principal Repayments		(572,370)		(572,728)
Share Capital Issued		<u>6</u>		<u>4</u>
Net Cash Outflow from Financing			573,364	(572,724)
Increase in Cash	20		<u><u>662,233</u></u>	<u><u>316,239</u></u>

Further details are given in note 20.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Principal Accounting Policies

(a) Basis of Accounting

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice (SORP) – Accounting by Registered Social Housing Providers update 2010, and on the historical costs basis. They also comply with the Determination of Accounting Requirements – April 2012. 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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

(d) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation.

Works to existing properties will generally be capitalised under the following circumstances:

- Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored, or
- Where a subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance 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.

Shared ownership properties are included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Roof	Over 40 years
Kitchen	Over 18 years
Bathroom	Over 50 years
Heating system - Boiler	Over 13 years
Heating system – ex boiler	Over 26 years
Windows and external doors	Over 30 years
Internal doors	Over 50 years
Lift	Over 50 years

(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.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015
(Continued)

(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%

(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 grant 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.

(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.

(i) **Capitalisation of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice 2010.

(j) **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 2015

(Continued)

(k) **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 Second Stage Transfer (SST) Reserve has been designated to meet the future repair and maintenance costs of the properties acquired under the SST agreement.

The Winning Row is a hostel that provides accommodation and support for women who have suffered from domestic abuse. Any surplus generated by the centre is designated as a repairs and maintenance fund for major repairs to the building.

The Voids Reserve relates to surpluses made on special needs projects that are re-invested into those projects in future years.

The Inventory Fund represents funds set aside to cover replacement of furniture and other goods and repairs in special needs projects.

(l) **Consolidation**

The Association and its subsidiary undertaking comprise a group. The Financial Conduct 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.

(m) **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.

(n) **Negative Goodwill**

For non-exchange transactions, relating to the acquisition of other entities, the fair value of the gifted assets and liabilities are recognised as a gain or loss in the Income and Expenditure account in the year of the transaction.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

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

		Turnover	Operating Costs £	Operating Surplus/ (deficit) £	Operating Surplus/ (deficit) 2014 £
Social lettings	3a	5,665,302	3,804,179	1,861,348	1,660,390
Other Activities	3b	189,914	290,666	(100,752)	(79,087)
Total		<u>5,855,216</u>	<u>4,094,845</u>	<u>1,760,596</u>	<u>1,581,303</u>
2014		<u>5,579,667</u>	<u>3,998,364</u>	<u>1,581,303</u>	

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

3. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Hostel Supported Housing £	Shared Ownership £	2015 £	2014 Total £
Income from lettings					
Rent receivable net of identifiable service charges	5,169,359	212,718	111,121	5,493,198	5,215,504
Service charges receivable	225,886	-	-	225,886	216,819
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Rents Receivable	5,395,245	212,718	111,121	5,719,084	5,432,323
Less: Rent Losses from Voids	(53,782)	-	-	(53,782)	(60,513)
Net Rents Receivable	5,341,463	212,718	111,121	5,665,302	5,371,812
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenue grants from the Scottish Ministers	-	-	-	-	-
Total income from Social Letting Activities	5,341,463	212,718	111,121	5,665,302	5,371,812
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on Social Letting Activities					
Service costs	182,547	-	-	182,547	178,546
Management and maintenance administration costs	877,276	7,635	67,075	951,986	860,962
Planned and cyclical maintenance including major repair costs	1,261,071	331	-	1,261,402	1,155,065
Reactive maintenance costs	554,965	7,162	-	562,127	706,735
Bad debts – rents and service charges	39,599	-	-	39,599	13,442
Depreciation of social housing	790,733	-	15,560	806,293	796,670
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating costs for Social Letting Activities	3,706,416	15,128	82,635	3,803,954	3,711,420
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus on Letting Activities	1,635,047	197,590	28,486	1,861,348	1,660,390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2014	1,437,065	181,256	42,069	1,660,390	
	<hr/>	<hr/>	<hr/>	<hr/>	

The rent loss from voids of £53,782 (2014: £60,513) includes £nil (2014: £nil) in respect of development voids.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

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

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or deficit</i>	<i>Operating surplus or deficit for previous period of account</i>
	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	57,197	57,197	-	57,197	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	63,404	-	63,404	-	74,295	(10,891)	(11,756)
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	-	-	-	69,313	69,313	-	162,864	(93,551)	(68,860)
Other activities - Trust Heritage Initiative	-	-	-	-	-	-	(3,690)	3,690	1,529
Total from other activities	-	-	63,404	126,510	189,914	-	290,666	(100,752)	(79,087)
2014	-	-	63,404	144,453	207,857	-	286,944	(79,087)	

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(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:

	2015 No.	2014 No.
£70,001 to £80,000	1	1
	2015 £	2014 £
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>73,308</u>	<u>71,665</u>

The Chief Executive is not an ordinary member of the Association's pension scheme described in Note 22. He has no other pension arrangements to which the Association contributes.

5. Employee Information

	2015 No.	2014 No.
The average full time equivalent number of persons employed during the year was:	<u>29</u>	<u>30</u>
Staff Costs were:	£	£
Wages and Salaries	985,560	942,179
Social Security Costs	80,585	80,751
Pension Costs	<u>233,458</u>	<u>208,578</u>
	<u>1,299,603</u>	<u>1,231,508</u>

Included in the pension costs total is an expense of £73,000 (2014: expense of £51,000) arising from the implementation of FRS17 in the financial statements.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015
(Continued)

6. Gain on Disposal of Fixed Assets

	2015	2014
	£	£
Net Proceeds from the Disposal of Housing Accommodation	163,561	47,202
Cost of Housing Accommodation sold	(116,558)	(44,083)
	<u>47,003</u>	<u>3,119</u>

7. Interest Payable

	2015	2014
	£	£
On Bank Loans and Overdrafts	112,582	102,546
Less: Interest Capitalised	-	-
	<u>112,582</u>	<u>102,546</u>

8. Surplus on Ordinary Activities Before Tax

Surplus on Ordinary Activities before Taxation is stated after charging:

Depreciation – Tangible Owned Fixed Assets	899,844	882,831
Auditors' Remuneration - External Audit Services	8,772	8,770
Non Audit Services	-	-
	<u>908,616</u>	<u>891,601</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.

10. Revenue Reserves

	2015	2014
	£	£
At 1 April	7,649,678	6,482,011
Surplus for the year	1,752,319	1,492,952
Transfer (to) designated reserves (Note 17)	(94,945)	(82,285)
Actuarial (loss) recognised	(1,113,000)	(243,000)
At 31 March	<u>8,194,052</u>	<u>7,649,678</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

11a. Tangible Fixed Assets

Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
Cost				
At 1 st April 2014	79,855,509	2,384,909	2,845,015	85,085,433
Additions during year	2,196,750	4,094,691	-	6,291,441
Disposals in year	(478,794)	-	(265,679)	(744,473)
Transfer	2,276,180	(2,254,477)	-	21,703
At 31st March 2015	<u>83,849,645</u>	<u>4,225,123</u>	<u>2,579,336</u>	<u>90,654,104</u>
Housing Association Grants				
At 1 st April 2014	49,682,303	1,319,057	1,701,231	52,702,591
Additions during year	1,118,791	4,043,645	-	5,162,436
Repayments	(258,456)	-	(89,694)	(348,150)
Transfer	1,115,557	(1,115,557)	-	-
At 31st March 2015	<u>51,658,195</u>	<u>4,247,145</u>	<u>1,611,537</u>	<u>57,516,877</u>
Other Grants				
At 1st April 2014 and At 31st March 2015	<u>3,416,939</u>	<u>-</u>	<u>-</u>	<u>3,416,939</u>
Depreciation				
At 1 st April 2014	7,400,594	-	185,203	7,585,797
Provided during year	790,733	-	15,560	806,293
Disposals	(213,172)	-	(7,523)	(220,695)
At 31st March 2015	<u>7,978,155</u>	<u>-</u>	<u>193,240</u>	<u>8,171,395</u>
Net Book Value				
As at 31st March 2015	<u>20,796,356</u>	<u>(22,022)</u>	<u>774,559</u>	<u>21,548,893</u>
As at 31 st March 2014	<u>18,036,616</u>	<u>2,384,909</u>	<u>958,581</u>	<u>21,380,106</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

11a. Tangible Fixed Assets (contd)

Additions to housing properties during the year include capitalised administration costs of £9,200 (2014: £9,099) for which Housing Association Grants amounting to £9,200 (2014: £9,099) were received in the year.

During the year £1,390,286 (2014: £736,621) out of a planned, cyclical and major repairs spend of £2,210,330 (2014: £1,891,686) was capitalised. Out of the amount capitalised £1,323,361 (2014: £581,968) related to replacement components and £66,925 (2014: £154,653) related to improvements.

All Housing Properties are freehold.

11 b. Tangible Fixed Assets

Other fixed assets	Land Bank £	Commercial And Office Premises £	Computer Office Furniture & Equipment £	Total £
Cost				
At 1 st April 2014	44,588	1,649,001	348,296	2,041,885
Additions	-	22,705	145,170	167,875
Disposal	-	(7,670)	(107,881)	(115,551)
Transfer	(21,703)	-	-	(21,703)
At 31st March 2015	<u>22,885</u>	<u>1,664,036</u>	<u>385,585</u>	<u>2,072,506</u>
Depreciation				
At 1 st April 2014	-	459,851	300,698	760,549
Charge for year	-	47,545	46,006	93,551
On disposals	-	(2,265)	(100,484)	(102,749)
At 31st March 2015	<u>-</u>	<u>505,131</u>	<u>246,220</u>	<u>751,351</u>
Net Book Value				
As at 31st March 2015	<u>22,885</u>	<u>1,158,905</u>	<u>139,365</u>	<u>1,321,155</u>
As at 31 st March 2014	<u>44,588</u>	<u>1,189,150</u>	<u>47,598</u>	<u>1,281,336</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

12. Investments

	2015 £	2014 £
Cost		
At 1 st April and 31 March	<u>100</u>	<u>100</u>

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 2015 is £100 (2014: £100).

13. Debtors

	2015 £	2014 £
Arrears of Rent and Service Charges	249,409	219,558
Less: Provision for Doubtful Debts	<u>(62,352)</u>	<u>(54,890)</u>
	187,057	164,668
Other Debtors	86,490	55,343
Prepayments	<u>114,227</u>	<u>112,319</u>
	<u>387,774</u>	<u>332,330</u>

Included in the figure for rent and service charge arrears is £25,516 (2014: £19,158) due in respect of housing benefits payments.

14. Creditors – Amounts falling due within one year

	2015 £	2014 £
Housing Loans (Note 15)	554,912	556,989
Trade Creditors	296,250	484,723
Other Creditors	51,149	54,145
Accrued Charges	327,666	432,623
Rent in Advance	<u>180,879</u>	<u>175,107</u>
	<u>1,410,854</u>	<u>1,703,587</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

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

	2015 £	2014 £
Housing Loans	<u>12,897,076</u>	<u>13,467,369</u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at a variable rate from 0.730% to 0.795% (2014: 0.715% to 0.722%) in instalments, due as follows:

Within one year (Note 14)	554,912	556,989
Between one and two years	559,201	560,989
Between two and five years	1,703,602	1,707,264
In five years or more	<u>10,634,213</u>	<u>11,199,116</u>
	13,451,988	1,402,358
Less amount shown in current liabilities	(554,912)	(556,989)
	<u><u>12,897,076</u></u>	<u><u>13,467,736</u></u>

16. Share Capital

	2015 £	2014 £
Shares of £1 each issued and fully paid		
At 1 st April	135	149
Issued in year	6	4
Cancelled in year	<u>(14)</u>	<u>(18)</u>
At 31 March	<u><u>127</u></u>	<u><u>135</u></u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

17. Designated Reserves

	SST Reserves £	Cyclical Main- tenance Reserves £	Winning Row Reserve £	Void Reserve £	Inventory Reserve £	Total £
At 1 st April 2014	1,624,820	1,786,522	559,770	92,560	100,228	4,163,900
Transfer (to)/from revenue reserves (Note 10)	(2,057)	-	68,816	14,444	13,742	94,945
At 31 March 2015	<u>1,622,763</u>	<u>1,780,522</u>	<u>628,586</u>	<u>107,004</u>	<u>113,970</u>	<u>4,258,845</u>

18. Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (d)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £2,789,913 (2014: £2,441,763).

19. Housing Stock

	2015 No.	2014 No.
The number of units of accommodation in management at the year end was:		
General needs - New build	617	586
- Rehabilitation	858	853
Shared Ownership	49	53
Supported Housing	9	9
	<u>1,533</u>	<u>1,501</u>

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

20. Cash Flow Statement

	2015	2014	
	£	£	
Reconciliation of Operating Surplus to Net Cash Flow from Operating Activities			
Operating surplus	1,760,597	1,581,303	
Pension – Employee costs difference	73,000	51,000	
Depreciation	899,844	882,831	
Decrease in Debtors	(55,443)	40,275	
Increase/(decrease) in Creditors	(290,656)	25,984	
Share Capital cancelled	(14)	(18)	
	<u>2,387,328</u>	<u>2,581,375</u>	
Reconciliation of Net Cash Flow to Movement In Net Debt			
Increase in Cash in the year	662,007	316,239	
Cash inflow from increase in debt finance	572,370	572,728	
	<u>1,234,377</u>	<u>888,967</u>	
Increase in Net Debt	1,234,377	888,967	
Net Debt at 1 April 2014	(8,239,561)	(9,128,528)	
	<u>(7,005,184)</u>	<u>(8,239,561)</u>	
Analysis of Changes in Net Debt			
	At	Cash	At
	31 March	Flows	31 March
	2014	2015	2015
	£	£	£
Cash at Bank and in Hand	5,784,797	662,232	6,447,029
Debt due within one year	(556,989)	2,077	(554,912)
Debt due after one year	(13,467,369)	570,293	(12,897,076)
	<u>(8,239,561)</u>	<u>1,234,602</u>	<u>(7,004,959)</u>

21. Capital Commitments

	2015	2014
	£	£
Capital expenditure that has been authorised by the Board but has not been contracted for	440,000	9,801,408
Capital expenditure that has been contracted for but not provided in the financial statements	3,995,493	102,210
Capital commitments are expected to be funded as follows:		
Housing Association Grant	3,995,493	4,805,928
Private finance funding	7,515,475	4,995,480

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

22. Pensions Obligations

Pension Fund

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

The last full Actuarial valuation was carried out as at 31 March 2011. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2014 using the following assumptions.

Actuarial assumptions	2015	2014
Rate of increase in salaries	4.3%	5.1%
Expected return on assets	3.2%	6.0%
Discount rate	3.2%	4.3%
Inflation assumption	2.8%	2.8%
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:

	2015	2014
	£	£
Present value of funded obligations	(10,263,000)	(8,537,000)
Fair value of plan assets	7,319,000	6,743,000
Net Liability	(2,944,000)	(1,794,000)

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

22. Pensions Obligations (continued)

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

Defined Benefit Plans	2015	2014
	£	£
Opening defined benefit obligation	8,537,000	7,752,000
Service cost	231,000	208,000
Member Contributions	58,000	57,000
Interest cost	369,000	351,000
Actuarial losses	1,247,000	340,000
Loss on curtailment	-	-
Past service costs	-	-
Benefits paid	(179,000)	(171,000)
Closing defined benefit obligation	10,263,000	8,537,000

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

Defined Benefit Plans	2015	2014
	£	£
Opening plan assets	6,743,000	6,276,000
Expected return on assets	405,000	327,000
Actuarial gains	134,000	97,000
Contributions by employer	158,000	157,000
Contributions by members	58,000	57,000
Benefits paid	(179,000)	(171,000)
Closing plan assets	7,319,000	6,743,000

The amounts recognised in income and expenditure account are as follows:

	2015	2014
	£	£
Current service cost	231,000	208,000
Interest on obligation	369,000	351,000
Expected return on plan assets	(405,000)	(327,000)
Loss on curtailments	-	-
Total	195,000	232,000

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

22. Pensions Obligations (continued)

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

	2015	2014
	£	£
Opening cumulative STRGL	(1,619,000)	(1,376,000)
Actuarial (losses)	(1,113,000)	(243,000)
	(2,732,000)	(1,619,000)

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

	2015	2014
Equities	3.2%	6.6%
Properties	3.2%	4.8%
Bonds	3.2%	3.7%
Other	3.2%	3.7%

The history of experience gains and losses is as follows:

	2015	2014	2013	2012	2011
Difference between expected and actual return on scheme assets					
Amount £	134,000	97,000	494,000	639,000	28,000
Percentage of scheme assets	1.83%	1.32%	7.87%	11.65%	0.64%
Experience (loss)/gain arising on scheme liability					
Amount £	122,000	4,000	10,000	(1,035,000)	-
Percentage of scheme liabilities	1.18%	-	0.00%	(16.0%)	0.00%
Total amount of actuarial (loss)/gain					
Amount £	1,113,000	243,000	400,000	696,000	560,000
Percentage of scheme liability	10.84%	2.85%	5.16%	10.62%	11.66%

The estimated Employer's contributions for the period to 31 March 2016 will be approximately £159,000.

PARKHEAD HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

23. 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.

24. Reconciliation of Funds

	2015	2014
	£	£
At 1 April	11,813,713	10,563,775
Surplus for year	1,752,093	1,492,952
Actuarial (loss)	(1,113,000)	(245,000)
New Shares Issued	6	4
Shares Cancelled	(14)	(18)
Net Change in Funds	<u>639,085</u>	<u>1,249,938</u>
At 31 March	<u>12,452,798</u>	<u>11,813,713</u>