

**MILNBANK HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 2013**

# MILNBANK HOUSING ASSOCIATION LIMITED

## Report and Financial Statements For the year ended 31 March 2013

<b>Contents</b>	<b>Page</b>
Members, Executives and Advisers	1
Report of the Management Committee	2-4
Report of the Auditor	5-6
Auditors' Report on Corporate Governance Matters	7
Income and Expenditure Account	8
Statement of Total Recognised Gains and Losses	9
Balance Sheet	10
Cash Flow Statement	11-13
Notes to the Financial Statements	14-32

### Registration information

Financial Conduct Authority	Industrial and Provident Societies Act 1965 Registered number 1818 R(S)
Scottish Charity Number	SC039891
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 161

**Members, Executives and Advisers**

**Management Committee**

Mr J O'Donnell	(Chairperson)
Mr A Scott	(Vice-Chairperson)
Mrs C McGuire	(Secretary)
Mrs R Tinney	(Treasurer)
Mrs A Petrucci	Resigned 27/09/2012
Mrs A Irving	
Ms J Donachy	
Ms C Tartaglia	
Cllr E McDougall	
Mrs M Hutchison	
Mr N Halls	
Mrs M Hannah	
Mrs T McGinlay	
Mr J Lavery	Resigned 22/01/2013
Mr A Young	
Mrs D Murphy	Appointed 27/09/2012
Cllr P Chalmers	Resigned 24/04/2012
Mrs I McDevitt	Resigned 28/08/2012
Mrs L Williams	Appointed 27/09/2012

**Executive Officers**

Mr A Benson	Director
Mrs L Sichi	Depute Director

**Registered Office**

53 Ballindalloch Drive  
Glasgow  
G31 3DQ

**Auditor**

Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

**Bankers**

Bank of Scotland  
1195 Duke Street  
Glasgow  
G31 5NJ

**Solicitors**

Low Beaton Richmond  
Sterling House  
20 Renfield Street  
Glasgow  
G2 5AP

**Report of the Management Committee  
For the year ended 31 March 2013**

The Management Committee present their report and the audited financial statements for the year ended 31 March 2013.

**Principal activities**

The principal activity of the Association is the provision of rented accommodation.

**Changes in fixed assets**

Details of fixed assets are set out in note 9.

**Review of Operations**

The last financial year has seen the Association focus on issues related to the management and maintenance of its housing stock. The impact of Welfare Reform and the associated benefit cuts are being assessed as these have the potential to impact severely on tenants and the Association's operations.

**Future Developments**

The Association has a partnership agreement with Glasgow City Council to develop cleared sites in Haghill and to purchase and convert the former Haghill Primary School in accordance with a Feasibility Study that Milnbank Housing Association Limited previously carried out. However, progress on future developments has not been possible due to funding constraints.

**Statement of Management Committee's Responsibilities**

Housing Association legislation requires the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Committee are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Committee is 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.

**The Management Committee and executive officers**

The Management Committee and executive officers of the Association are listed on page 1.

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

**Related Party Transactions**

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

**Report of the Management Committee  
For the year ended 31 March 2013**

**Internal Financial Controls**

The Management Committee 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 Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (a) 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.
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- (c) Forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate.
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members.
- (e) The Deputy Director performs internal audits and reports back to the Committee on the findings.
- (f) The Management Committee reviews reports from the external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditors and the Deputy Director.

The Management Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2013. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditor**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

**Report of the Management Committee  
For the year ended 31 March 2013**

**Disclosure of information to the auditor**

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware, and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

**By order of the Committee**

C McGuire  
**Secretary**

Dated: 10 September 2013

**Report of the Auditor to the Members of Milnbank Housing Association Limited**

We have audited the financial statements of Milnbank Housing Association Limited for the year ended 31 March 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of the Management Committee and auditor**

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 4, the Committee is responsible for the preparation of the financial statements which 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Management Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2013 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator.

**Report of the Auditor to the members of Milnbank Housing Association Limited (continued)**

**Matters on which we are required to report by exception**

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

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

Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 10 September 2013



**Report of the Auditor to the Management Committee of Milnbank Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement in the Report of the Management Committee concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

**Opinion**

In our opinion, your statement on internal financial control in the Report of the Management Committee has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 10 September 2013

**Income and Expenditure Account**  
**For the year ended 31 March 2013**

	Note	2013 £	Restated 2012 £
<b>Turnover</b>	2	6,048,102	5,126,974
Operating costs	2	(5,172,852)	(4,319,927)
<b>Operating surplus</b>	2	<u>875,250</u>	<u>807,047</u>
(Loss) / gain on disposal of fixed assets		(5,779)	335,978
Interest receivable and other income	5	17,549	10,647
Interest payable and similar charges	6	(483,482)	(356,047)
<b>Surplus on ordinary activities before taxation</b>		<u>403,538</u>	<u>797,625</u>
Gift aid from subsidiaries	23	45,518	59,726
<b>Surplus for the year</b>		<u><u>449,056</u></u>	<u><u>857,351</u></u>

The results for the year relate wholly to continuing activities.

There are no material differences between the operating surplus for the year and the retained surplus for the year stated above and their historical cost equivalents.

**Statement of Total Recognised Gains and Losses  
For the year ended 31 March 2013**

	<b>2013</b> £	<b>2012</b> £
Retained surplus for the year	449,056	857,351
Actuarial loss recognised in the retirement benefit scheme (Note 20)	(29,000)	(23,000)
Total recognised gains and losses relating to the year	<u>420,056</u>	<u>834,351</u>

The notes form part of these financial statements.

**Balance Sheet**  
**As at 31 March 2013**

	Note	2013 £	2012 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9	59,907,645	59,970,676
Less: SHG and other grants	9	(47,013,221)	(46,878,256)
		<u>12,894,424</u>	<u>13,092,420</u>
Other fixed assets	9	981,319	761,213
	9	<u>13,875,743</u>	<u>13,853,633</u>
<b>Investments</b>			
Investments in subsidiaries	10	2	2
<b>Current assets</b>			
Debtors	11	1,158,971	1,851,196
Stock	12	-	-
Cash at bank and in hand		3,626,271	3,184,068
		<u>4,785,242</u>	<u>5,035,264</u>
<b>Creditors:</b> amounts falling due within one year	13	(2,547,718)	(2,672,235)
<b>Net current assets</b>		<u>2,237,524</u>	<u>2,363,029</u>
<b>Total assets less current liabilities</b>		<u>16,113,269</u>	<u>16,216,664</u>
<b>Creditors:</b> amounts falling due after more than one year	14	(12,937,304)	(13,488,416)
Retirement benefit pension scheme deficit	20	(48,000)	(23,000)
<b>Net assets</b>		<u>3,127,965</u>	<u>2,705,248</u>
<b>Capital and reserves</b>			
Share capital	15	577	552
Designated reserves	7	785,326	840,341
Revenue reserve	8	2,390,062	1,887,355
Pension reserve	8	(48,000)	(23,000)
		<u>3,127,965</u>	<u>2,705,248</u>

The financial statements were authorised for issue by the Management Committee on 10 September 2013 and are signed on their behalf by:

J O'Donnell Chairperson

C McGuire Secretary

A Scott Vice-Chairperson

The notes form part of these financial statements.

**Cash Flow Statement**  
**For the year ended 31 March 2013**

	<b>Notes</b>	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
<b>Net cash inflow from operating activities</b>	1	1,829,845	814,104
<b>Returns on investments and servicing of finance</b>	2	(467,933)	(345,400)
<b>Capital expenditure</b>	2	(398,754)	(3,548,006)
		<u>963,158</u>	<u>(3,079,302)</u>
<b>Financing</b>	2	(520,955)	3,647,003
<b>Increase in cash</b>	4	<u>442,203</u>	<u>567,701</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2013

1) Reconciliation of Surplus for Year to  
Net Cash Inflow from Operating Activities

	2013 £	2012 £
Operating surplus	875,250	807,047
Depreciation	370,865	349,656
Decrease in debtors	692,225	1,894,573
Decrease in creditors	(154,617)	(2,307,380)
Shares forfeited	(32)	(16)
Gift aid from subsidiaries	45,518	59,726
Circus Drive transfer	2,636	10,498
FRS17 Pension	(2,000)	-
	<u>1,829,845</u>	<u>814,104</u>

2) Gross Cash Flows

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	15,549	10,647
Interest paid	(483,482)	(356,047)
	<u>(467,933)</u>	<u>(345,400)</u>
<b>Capital expenditure</b>		
Purchase and development of housing properties	(471,894)	(3,290,634)
HAG and other grants received net of transfers	326,516	112,937
HAG repaid on disposals	(92,739)	(17,245)
Sale of properties	115,028	483,939
Payments to acquire other tangible fixed assets	(275,665)	(837,003)
	<u>(398,754)</u>	<u>(3,548,006)</u>
<b>Financing</b>		
Issue of ordinary share capital	57	75
Loan finance received	-	4,000,000
Loans repaid	(521,012)	(353,072)
	<u>(520,955)</u>	<u>3,647,003</u>

Notes to the Cash Flow Statement  
For the year ended 31 March 2013

3) Analysis of changes in net debt	At 31 March 2012 £	Cash Flow £	Other Changes £	At 31 March 2013 £
Cash in hand, at bank	3,184,068	442,203	-	3,626,271
Debt due within 1 year	(354,500)	(30,100)	-	(384,600)
Debt due after 1 year	(13,488,416)	551,112	-	(12,937,304)
	<u>(10,658,848)</u>	<u>963,215</u>	<u>-</u>	<u>(9,695,633)</u>

4) Reconciliation of net cash flow to movement in net debt (Note 3)	2013 £	2012 £
Increase for the year	442,203	567,701
Cash used to repay loans	521,012	353,072
Loans received	-	(4,000,000)
	<u>963,215</u>	<u>(3,079,227)</u>
Change in net debt	(10,658,848)	(7,579,621)
<b>Net debt at 1 April 2012</b>	<u>(10,658,848)</u>	<u>(7,579,621)</u>
<b>Net debt at 31 March 2013</b>	<u>(9,695,633)</u>	<u>(10,658,848)</u>

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**1. Accounting policies**

**(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in paragraphs (c) to (m) below.

These financial statements are prepared in accordance with applicable accounting standards and comply with the requirements of the Industrial and Provident Societies Acts, 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers issued in 2010.

**(b) Going Concern**

The Management Committee anticipate that a surplus will be generated in the years to 31 March 2014 and 31 March 2015. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**(c) Turnover**

Turnover represents rental and service charge income and fees or revenue grants receivable from local authorities, from the Scottish Government, and from other sources. Also included is any income from first tranche shared ownership, NSSE and Homestake disposals.

**(d) Loans**

Mortgage loans are advanced by Private Lenders or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

**(e) Social housing grant (SHG)**

Social Housing Grant, at amounts approved by the Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following the sale of the property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of a housing development is deducted from the cost of the development. SHG received as a contribution towards revenue expenditure is included in turnover.



**Notes to the Financial Statements  
For the year ended 31 March 2013**

**1. Accounting policies (continued)**

**(f) Fixed assets - Housing properties**

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

**(g) Depreciation**

**1. Housing properties**

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Land - not depreciated  
 Structure – over 50 years  
 Kitchen – over 15 years  
 Bathrooms – over 30 years  
 Boiler – over 20 years  
 Central Heating / Fixtures – over 20 years  
 Windows – over 30 years  
 Rewiring / Electrics – over 20 years  
 Common Doors – over 30 years

**2. Other fixed assets**

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture, fittings, & equipment	- 20% reducing balance & 33% straight line
Office and storage units	- 2% to 5% straight line
Nursery	- 2% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**1. Accounting policies (continued)**

**(h) Designated Reserves (Note 7)**

**(i) Cyclical maintenance**

The reserve is based on the Association's requirement to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

**(ii) Major Repairs**

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs and will be transferred to General Reserves as appropriate.

**(iii) Walpole**

The reserve relates to the supported housing project at Walpole. These funds are designated for use in this project.

**(iv) Circus Drive**

The reserve relates to the supported housing project at Circus Drive. These funds are designated for use in this project.

**(i) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

**(j) Pensions (Note 20)**

**Scottish Housing Association Pension Scheme (SHAPS)**

The Association contributes to a defined benefit scheme, the cost of which is written off to the Income and Expenditure Account on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund. It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

**Strathclyde Pension Fund**

The Association also has staff who are members of the Strathclyde Pension Fund. In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Income and Expenditure Account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the Statement of Total Recognised Gains and Losses.

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**1. Accounting policies** (continued)

**(k) Financial Commitments**

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

**(l) Stock (Note 12)**

Properties held under the Homestake scheme have been included within stock rather than fixed assets as the cost and HAG held by the Association relates to Glasgow City Council's share of the Homestake property. This will be disposed of when the private owner buys the property outright.

**(m) Consolidation**

The Association and its subsidiary undertakings comprise a group. The accounts represent the results of the Association and not of the group. Consolidated group accounts have been prepared and are publicly available.

Notes to the Financial Statements  
For the year ended 31 March 2013

2. Particulars of Turnover, Operating Costs and Operating Surplus

	Turnover	2013 Operating Costs	Operating Surplus	Turnover	Restated 2012 Operating Costs	Operating Surplus
	£	£	£	£	£	£
<b>Income and Expenditure From lettings</b>						
Social Lettings (Note 3)	5,180,155	(4,193,397)	986,758	4,781,625	(3,958,435)	823,190
Other activities (Note 4)	867,947	(979,455)	(111,508)	345,349	(361,492)	(16,143)
	<u>6,048,102</u>	<u>(5,172,852)</u>	<u>875,250</u>	<u>5,126,974</u>	<u>(4,319,927)</u>	<u>807,047</u>

Notes to the Financial Statements  
For the year ended 31 March 2013

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing * £	Shared Ownership £	2013 Total £	2012 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	4,703,522	146,657	10,648	4,860,827	4,320,049
Service charges	-	-	-	-	-
<b>Gross income from rents and service charges</b>	4,703,522	146,657	10,648	4,860,827	4,320,049
<b>Less voids</b>	(97,462)	-	-	(97,462)	(57,956)
<b>Net income from rents and service charges</b>	4,606,060	146,657	10,648	4,763,365	4,262,093
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	39,992	354,391	-	394,383	512,615
Other income	-	22,407	-	22,407	6,917
<b>Total turnover from social letting activities</b>	4,646,052	523,455	10,648	5,180,155	4,781,625
<b>Expenditure</b>					
Management and maintenance administration costs	(2,133,386)	(581,106)	(6,301)	(2,720,793)	(2,390,472)
Service charges	-	-	-	-	-
Planned cyclical maintenance including major repairs	(419,964)	-	-	(419,964)	(482,872)
Reactive maintenance costs	(648,697)	-	-	(648,697)	(761,442)
Bad debts – rents and service charges	(88,637)	-	-	(88,637)	(25,562)
Depreciation of social housing**	(311,361)	-	(3,945)	(315,306)	(298,087)
<b>Operating costs for social letting activities</b>	(3,602,045)	(581,106)	(10,246)	(4,193,397)	(3,958,435)
<b>Operating Surplus / (Deficit) on letting activities, 2013</b>	1,044,007	(57,651)	402	986,758	
<b>Operating Surplus / (Deficit) on letting activities, 2012</b>	841,262	(29,225)	11,153		823,190

\*Relates to Walpole and Circus Drive.

\*\*Depreciation includes £305,723 of actual depreciation and the net book value of disposed components of £9,583 which has been included in depreciation in accordance with the SORP.

Notes to the Financial Statements  
For the year ended 31 March 2013

4. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover 2013	Operating costs 2013	Surplus/ (Deficit) 2013	Restated Total Turnover 2012	Restated Operating costs 2012	Surplus 2012
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	108,576	-	-	108,576	(130,082)	(21,506)	-	-	-
Carbon Footprint Nursery	-	50,000	-	27,221	77,221	(145,223)	(68,002)	-	-	-
Development & construction- allowances	3,636	-	-	-	3,636	(3,636)	-	44,990	(44,990)	-
Supporting people	16,827	-	67,867	-	84,694	(84,694)	-	61,159	(57,494)	3,665
Second stage transfer	-	-	-	-	-	-	-	-	(41,808)	(41,808)
East End Housing Project	-	-	-	-	-	(22,000)	(22,000)	22,000	-	22,000
NSSE property sales	36,820	-	-	533,400	570,220	(570,220)	-	217,200	(217,200)	-
Homestake property sales	-	-	-	23,600	23,600	(23,600)	-	-	-	-
Total from other activities- 2013	<u>57,283</u>	<u>158,576</u>	<u>67,867</u>	<u>584,221</u>	<u>867,947</u>	<u>(979,455)</u>	<u>(111,508)</u>			
Total from other activities- 2012	<u>44,990</u>	<u>-</u>	<u>61,159</u>	<u>239,200</u>				<u>345,349</u>	<u>(361,492)</u>	<u>(16,143)</u>

# Undertaken to support the community, other than the provision, construction, improvement and management of housing.

Notes to the Financial Statements  
For the year ended 31 March 2013

<b>5. Interest Receivable and Other Income</b>			<b>2013</b>	<b>2012</b>
			£	£
Interest receivable on deposits			15,549	10,647
FRS17 finance charge			2,000	-
			<u>17,549</u>	<u>10,647</u>
<b>6. Interest payable and similar charges</b>			<b>2013</b>	<b>2012</b>
			£	£
On private loans			483,482	356,047
			<u>483,482</u>	<u>356,047</u>
<b>7. Designated Reserves</b>	<b>Opening Balance</b>	<b>Addition</b>	<b>Transfer</b>	<b>Closing Balance</b>
	<b>1 April 2012</b>			<b>31 March 2013</b>
	£	£	£	£
Cyclical maintenance reserve	127,415	-	-	127,415
Circus Drive reserve	2,659	-	(1,639)	1,020
Walpole reserve	390,751	2,636	(56,012)	337,375
Major repair reserve	319,516	-	-	319,516
	<u>840,341</u>	<u>2,636</u>	<u>(57,651)</u>	<u>785,326</u>
<b>8. Revenue Reserves including Pension Reserve</b>			<b>2013</b>	<b>2012</b>
			£	£
At 1 April 2012			1,864,355	1,000,779
Statement of Total Recognised Gains and Losses			420,056	834,351
			<u>2,284,411</u>	<u>1,835,130</u>
Transfer from designated reserves			57,651	29,225
			<u>2,342,062</u>	<u>1,864,355</u>
At 31 March 2013			<u>2,342,062</u>	<u>1,864,355</u>
<b>Split as follows:</b>				
Revenue Reserve			2,390,062	1,887,355
Pension Reserve			(48,000)	(23,000)
			<u>2,342,062</u>	<u>1,864,355</u>
At 31 March 2013			<u>2,342,062</u>	<u>1,864,355</u>

Notes to the Financial Statements  
For the year ended 31 March 2013

9.	Tangible Fixed Assets	Housing Properties Held for Letting	Housing Properties under Development	Shared Ownership Properties	Office and Storage Units	Furniture Fittings & Equipment	Nursery	Total
	Cost	£	£	£	£	£	£	£
	At start of year	60,842,891	-	951,705	731,938	226,192	1,071,328	63,824,054
	Additions during year	471,894	-	-	77,598	22,031	176,036	747,559
	Disposals – units	(150,972)	-	(32,686)	-	-	-	(183,658)
	Disposals – components	(54,341)	-	-	-	-	-	(54,341)
	At end of year	61,109,472	-	919,019	809,536	248,223	1,247,364	64,333,614
	<b>Depreciation</b>							
	At start of year	1,803,046	-	20,874	355,203	136,710	-	2,315,833
	Charge for year	301,778	-	3,945	20,698	28,962	5,899	361,282
	On disposals – units	(3,689)	-	(981)	-	-	-	(4,670)
	On disposals – components	(4,127)	-	-	-	-	-	(4,127)
	At end of year	2,097,008	-	23,838	375,901	165,672	5,899	2,668,318
	<b>HAG and other grants</b>							
	At start of year	46,017,601	-	860,655	-	-	776,332	47,654,588
	Additions during year	326,516	-	-	-	-	-	326,516
	On disposals – units	(121,739)	-	(29,181)	-	-	-	(150,920)
	On disposals – components	(40,631)	-	-	-	-	-	(40,631)
	At end of year	46,181,747	-	831,474	-	-	776,332	47,789,553
	<b>Net Book Value</b>							
	At end of year	12,830,717	-	63,707	433,635	82,551	465,133	13,875,743
	At start of year	13,022,244	-	70,176	376,735	89,482	294,996	13,853,633

Note 1: Properties with a cost of £183,658, HAG of £150,920 and depreciation of £4,670 have been disposed of in the year with net proceeds totalling £115,028.

Note 2: The cost of components capitalised in the year was £471,894.



**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

<b>10. Investments</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Investment in subsidiary undertakings	2	2

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Community Enterprises Limited. This represents a 100% shareholding in Milnbank Community Enterprises Limited, a company registered in Scotland, whose principal activity is community development. The profit on ordinary activities after taxation of Milnbank Community Enterprises Ltd for the year ended 31 March 2013 was £nil (2012: £nil). The capital and reserves of Milnbank Community Enterprises Ltd as at 31 March 2013 was £64 (2012: £64).

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Property Services Limited. This represents a 100% shareholding in Milnbank Property Services Limited, a company registered in Scotland, whose principal activity is the provision of factoring services including the provision of repair and maintenance services. The profit on ordinary activities after taxation of Milnbank Property Services Limited for the year ended 31 March 2013 was £nil (2012: £nil). The capital and reserves of Milnbank Property Services Limited as at 31 March 2013 was £71 (2012: £71).

<b>11. Debtors</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Rental arrears	387,784	367,593
Less: provision for bad debts	(147,792)	(97,792)
	<u>239,992</u>	<u>269,801</u>
Social Housing Grant receivable	-	168,187
Amounts owed by subsidiaries	224,821	137,244
Other debtors and prepayments	233,758	282,164
NSSE debtor	460,400	993,800
	<u>1,158,971</u>	<u>1,851,196</u>

<b>12. Stock</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Homestake – Cost	350,118	376,542
Homestake – HAG	(350,118)	(376,542)
	<u>-</u>	<u>-</u>

The above relates to the Homestake scheme administered by the Association on behalf of Glasgow City Council.

<b>13. Creditors: amounts falling due within one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Loans	384,600	354,500
Trade creditors	218,100	311,284
Other creditors	1,224,344	1,102,697
Contract Retentions	-	135,744
Accruals	60,576	46,820
Development creditor	-	73,567
Rent prepaid	135,762	128,278
Other taxes and social security	39,936	34,945
NSSE HAG creditor	484,400	484,400
	<u>2,547,718</u>	<u>2,672,235</u>

**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

<b>14. Creditors: amounts falling due out with one year</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Loans	12,937,304	13,488,416
	<u>                    </u>	<u>                    </u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:-

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Due between one and two years	384,600	354,500
Due between two and five years	1,153,800	1,063,500
Due in five years or more	11,398,904	12,070,416
	<u>                    </u>	<u>                    </u>
	<u>12,937,304</u>	<u>13,488,416</u>

<b>15. Share Capital</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
At beginning of year	552	493
Shares of £1 each fully paid and issued during the year	57	75
Shares forfeited in year	(32)	(16)
	<u>                    </u>	<u>                    </u>
At end of year	<u>577</u>	<u>552</u>

**16. Directors' Emoluments**

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding pension Contributions) of Director	72,753	70,419
	<u>                    </u>	<u>                    </u>

Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-

£70,001 - £75,000	1	1
	<u>                    </u>	<u>                    </u>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	1,223	1,264
	<u>                    </u>	<u>                    </u>

The Director is not a member of the Association's pension scheme described in note 20. An annual payment is made by the Association directly to the Director who has his own private pension. The Association's contribution in 2013 was £6,046 (2012: £8,131).

**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

**17. Employee Information**

	<b>2013 No.</b>	<b>2012 No.</b>
The full time equivalent number of employees employed during the year was:		
Administration & Finance	10	9
Housing services management	10	10
Property services (including maintenance)	22	17
Housing with Support	17	13
Wardens & Cleaners	5	2
Nursery	8	-
	<u>72</u>	<u>51</u>

	<b>2013 £</b>	<b>2012 £</b>
Staff costs (including Directors' Emoluments):		
Wages and salaries	1,436,079	1,231,564
Social security costs	119,491	101,100
Pension costs	106,507	98,168
FRS17 pension charge	(2,000)	-
	<u>1,660,077</u>	<u>1,430,832</u>

**18. Operating Surplus**

	<b>2013 £</b>	<b>2012 £</b>
Operating surplus is stated after charging:		
Depreciation on tangible fixed assets	361,282	349,656
Depreciation due to loss on disposal of components	9,583	-
Auditors' remuneration (excl VAT)		
- In their capacity as auditors	8,000	8,000
- In respect of other services	2,000	2,000
	<u>10,583</u>	<u>10,000</u>

**19. Capital Commitments**

	<b>2013 £</b>	<b>2012 £</b>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>-</u>	<u>84,071</u>
This will be funded by:		
Private Finance	<u>-</u>	<u>84,071</u>
Capital expenditure that has been approved by the Committee but has not been contracted for	<u>-</u>	<u>84,071</u>

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**20. Pensions**

**Scottish Housing Association Pension Scheme (SHAPS)**

Milnbank Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/80<sup>th</sup> accrual rate; and
- Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Milnbank Housing Association Limited has elected to operate the final salary with a 1/60<sup>th</sup> accrual rate benefit structure for active members and new entrants.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

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

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

In addition to these contributions, the Association paid £54,548 in the year in respect of the past service deficit.

As at the balance sheet date there were 13 active members of the Scheme employed by Milnbank Housing Association Limited. Milnbank Housing Association Limited continues to offer membership of the Scheme to its employees.

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

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

**20. Pensions (continued)**

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%. Annual funding updates are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2009.

**Financial Assumptions**

The financial assumptions underlying the valuation were as follows:-

	% pa
- Investment return pre retirement	7.4
- Investment return post retirement – non-pensioners	4.6
- Investment return post retirement – pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.9
Pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	3.0

**Valuation results**

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions.

Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80 <sup>ths</sup>	13.2
Career average 120ths	9.4
Additional rate for deficit contributions	10.4

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**20. Pensions (continued)**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt would be due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for the Association was £4,036,739.

The actuarial valuation for the Scheme as at 30 September 2012 is expected to be available in December 2013.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

**Strathclyde Pension Fund**

3 employees are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 17 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Inflation / Pension Increase Rate	2.8%	2.5%
Salary increases	5.1%	4.8%
Expected Return on Assets	5.2%	5.8%
Discount rate	4.5%	4.8%

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with 80% of the Medium Cohort lagged for 10 years and a 1% per annum underpin for males and a 0.75% per annum underpin for females from 2011. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

**20. Pensions (continued)**

The following details relate to Milnbank Housing Association Limited and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class.

**Scheme assets**

The assets in the scheme and the expected rate of return were:-

	<b>Long term rate of return 31 March 2013</b>	<b>Value at 31 March 2013 £'000</b>	<b>Long term rate of return 31 March 2013</b>	<b>Value at 31 March 2012 £'000</b>
Equities	5.7%	284	6.3%	233
Government securities	3.4%	52	3.9%	33
Property	3.9%	26	4.4%	21
Cash	3.0%	11	3.5%	15
Total		<u>373</u>		<u>302</u>
Present value of scheme liabilities		<u>(421)</u>		<u>(325)</u>
Net pension liability		<u>(48)</u>		<u>(23)</u>

**Reconciliation of defined benefit obligation**

	<b>31 Mar 2013 £'000</b>	<b>31 Mar 2012 £'000</b>
<b>Opening Defined Benefit Obligation</b>	325	293
Current Service Cost	17	12
Interest Cost	16	13
Contributions by Members	5	4
Actuarial Losses / (Gains)	58	3
Past Service Costs / (Gains)	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
<b>Closing Defined Benefit Obligation</b>	<u>421</u>	<u>325</u>

Notes to the Financial Statements  
For the year ended 31 March 2013

## 20. Pensions (continued)

## Reconciliation of fair value of employer assets

	31 Mar 2013 £(000)	31 Mar 2012 £(000)
<b>Opening Fair Value of Employer Assets</b>	302	281
Expected Return on Assets	18	20
Contributions by Members	5	4
Contributions by the Employer	19	14
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains / (Losses)	29	(17)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	-	-
	<hr/>	<hr/>
<b>Closing Fair Value of Employer Assets</b>	373	302
	<hr/>	<hr/>
<b>Net pension liability</b>	(48)	(23)
	<hr/> <hr/>	<hr/> <hr/>

## Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	2013 £	2012 £
Actual return less expected return on scheme assets	29,000	(23,000)
Changes in assumptions underlying the present value of scheme liabilities	(58,000)	-
	<hr/>	<hr/>
<b>Actuarial loss recognised in statement of recognised gains and losses</b>	(29,000)	(23,000)
	<hr/> <hr/>	<hr/> <hr/>

## 21. Housing Stock

The number of units of accommodation in management was as follows:-

	Units in management			
	2013			2012
	Improved	Unimproved	Improved	Unimproved
General needs	1,672	-	1,674	-
Supported – Walpole (self contained units)	7	-	7	-
Shared ownership	12	-	13	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,691	-	1,694	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The supported units at Circus Drive are leased from Loretto Housing Association Limited.



**Notes to the Financial Statements**  
**For the year ended 31 March 2013**

**22. Revenue Commitments**

At the year end the Association was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	<b>Office Equipment, Premises &amp; Motor Vehicles</b>	
	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Within one year	10,987	71,486
Between one and five years	108,022	73,731
More than five years	-	-
	119,009	145,217
	119,009	145,217

**23. Related Party Transactions**

**Milnbank Community Enterprises Limited**

In the year ended 31 March 2013, the salary costs incurred by Milnbank Housing Association Limited in respect of the administration and finance services provided to Milnbank Community Enterprises Limited were recharged. The total recharged cost was £9,717 (2012: £8,740).

Milnbank HA Limited also paid the 2012 corporation tax fee and audit fee of £2,160 and various administration costs totaling £5,289 on behalf of Milnbank Community Enterprises Limited during the year.

During the year, Milnbank Housing Association Limited received a donation of £nil (2012: £1,300) from Milnbank Community Enterprise Limited as a contribution to a Gala Day.

A gift aid payment of £6,693 (2012: £12,411) is to be made by Milnbank Community Enterprises Limited to Milnbank Housing Association Limited in respect of the year 31 March 2013.

During the year, Milnbank Community Enterprises Limited paid amounts of £12,411 in respect of the 2012 gift aid payment and £4,351 in respect of the remainder of the intercompany balance that was outstanding at 31 March 2012 (2012: £21,804 paid in year).

The balance owed to Milnbank Housing Association Limited by Milnbank Community Enterprises Limited at 31 March 2013 was £24,567 (2012: £17,470). This is included within amounts owed by subsidiaries in debtors.

**Notes to the Financial Statements  
For the year ended 31 March 2013**

**23. Related Party Transactions** (continued)

**Milnbank Property Services Limited**

For the year ended 31 March 2013, salary costs, based on the estimated time spent by Association staff on activities of Milnbank Property Services Limited was recharged. The total salary costs recharged was £113,720 (2012: £91,772).

During the year, expenditure of £36,060 (2012: £26,183) was incurred by Milnbank Housing Association Limited on behalf of Milnbank Property Services Limited in respect of works performed to factored properties. These costs were recharged to Milnbank Property Services Limited during the year.

During the year, expenditure of £34,289 (2012: £70,389) was incurred by Milnbank Property Services Limited on behalf of Milnbank Housing Association Limited in respect of work performed to properties which are shared by factored owners and Housing Association tenants. These costs were recharged by Milnbank Property Services Limited during the year to the Association.

During the year, £922 (2012: £nil) was received by Milnbank Housing Association Limited from factored owners on behalf of Milnbank Property Services Limited.

During the year, expenditure of £46,860 (2012: £36,850) was incurred by Milnbank Housing Association Limited on behalf of Milnbank Property Services Limited in respect of property insurance. This has been recharged to Milnbank Property Services Limited.

A gift aid payment of £38,825 (2012: £47,315) is to be made by Milnbank Property Services Limited to Milnbank Housing Association Limited in respect of the year 31 March 2013. This is included within amounts owed by subsidiaries in debtors.

£119,774 (2012: £125,358) was paid over by Milnbank Property Services Limited to the Association in the year in respect of the balance owed at 31 March 2012.

The balance owed to Milnbank Housing Association Limited by Milnbank Property Services Limited at 31 March 2013 was £200,254 (2012: £119,774). This is included within amounts owed by subsidiaries in debtors.

**24. Legislative Provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965.

**25. Glasgow Housing Association Ltd – grant re-provisioning**

During the year, Milnbank Housing Association Limited received £nil (2012: £1,034,551) from the Scottish Government in respect of Glasgow Housing Association Limited's developments at Springboig Road and Myreside Street. Milnbank Housing Association Limited was acting in an agent role and used the funds to pay development costs on behalf of Glasgow Housing Association Limited. The funding received was not been included as income and expenditure within the financial statements of Milnbank Housing Association Limited. £nil (2012: £41,633) of development allowances were received by the Association in respect of this arrangement and this was recognised as income.

**26. Prior year restatement**

Income and expenditure from NSSE sales were shown net in the prior year signed accounts but have been grossed up in turnover and operating costs in the current year. The prior year figures have been restated by grossing up turnover by £217,200 and operating costs by £217,200. This has no effect on the surplus or reserves.