

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

Financial Statements

Year Ended

31 March 2011

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

31 March 2011

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ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVE OFFICERS AND ADVISORS

Board of Management

Wendy Morris (Chair – resigned 29 September 2010)
Paul Doe (Chair from 29 September 2010)
Bernard Tominey (Treasurer)
Shola Ajayi (resigned 8 February 2011)
Gillian Charlesworth (Vice Chair from 29 September 2010)
Julian Coningham
Edwin Hilliard
Dennis King (resigned 29 September 2010)
Mandy Perrin
John Perry
Terry Price (resigned 29 September 2010)
Dharshini Wilkinson

Executive Officers

Charles Fraser – Chief Executive and Secretary
Tanya English – Executive Director, Fundraising & Communications
David Evans – Executive Director, Finance & Information
Peter Jeffery – Executive Director, HR, IT, Audit and Facilities
(resigned 24 May 2010)
Mike McCall – Executive Director, Operations
Sue Virgoe – Executive Director, HR, IT, Audit and Facilities
(from 12 July 2010)

Registered Office

Griffin House
161 Hammersmith Road
London W6 8BS

Auditors

Nexia Smith & Williamson
25 Moorgate
London EC2R 6AY

Solicitors

Devonshires
Salisbury House
London Wall
London EC2M 5QY

Bankers

HSBC
123 Chancery Lane
London WC2A 1QH

Industrial and Provident Society No.

20598R

Housing Association Number

LH0279

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT for the year ended 31 March 2011

RESULTS FOR THE YEAR

The Board has pleasure in presenting its report and audited financial statements for the year ended 31 March 2011. The results show a surplus for the year of £2,589,000 (2010: £688,000) before transfer to designated and restricted reserves of £1,936,000 (2010: £78,000 transferred from reserves). Turnover increased during the year to £49,220,000 (2010: £47,436,000).

PRINCIPAL ACTIVITIES

The principal activities of the Association are the provision of hostels, supported housing, care homes, resettlement and other rehabilitation programmes for single homeless people, many of whom have slept rough. St Mungo's provides support to clients who are tenants, residents and service users through keyworking, care services, resettlement, tenancy support and education and employment.

REVIEW OF THE BUSINESS

Income of £49.2m was 4% higher than last year. We made an operating surplus of £2.4m and an overall surplus for the year of £2.6m largely due to cutting back on expenditure and increased fundraising. At the year end we owned or managed 1,716 bedspaces of which 24 were in development. We spent £3.8m on the redevelopment and purchase of supported housing during the year, £2.2m was funded with grants provided by the HCA and CLG. Our newly-built hostel in Brent opened at the beginning of the year. As well as providing accommodation for 85 single homeless men it also provides space for both residents and community groups to participate in social activities. We expect to lose £4m in grants and a further £1.2m in lettings income as a result of the cuts in local government funding. Our largest hostel, Cedars Road in Lambeth, will have decanted all 120 residents by April 2012 as the borough has decided that the bedspaces are no longer needed. We are reviewing our options and have bid for funds from the HCA for redevelopment, but with grant rates decreasing and success with our bid uncertain we have decided to put £1.5m of the year's surplus into our development reserve. We are keeping a close eye on the future impacts of funding cuts and welfare reform on our clients

We have discussed with our staff and union how the organisation can be fit for the future and survive the cuts being imposed on us by both Central and Local government. Services have been restructured and costs cut where possible. We negotiated an agreement to change terms and conditions which includes increasing the working week by two and a half hours at no extra cost. With no pay increases and the RPI around 5% this is a tough time for everyone, but together we will come through the current difficulties stronger and fitter. We have been successful in retaining and winning new contracts both inside and outside London, and continue to look for opportunities to partner with other agencies. We commenced talks with Peter Bedford Housing Association which we hope will lead to the merger of our two organisations.

Despite our experience in running the largest skills and employment scheme for homeless people in Europe, we have had limited success in winning contracts from the government for its work programme. How the programme will impact on our services is unclear as we anticipate many of our clients will be enrolled on the government scheme. Our business incubator continues to work successfully supporting clients who want to set up their own businesses.

We started work on a Recovery and Personalisation Transformation plan which will transform our relationship with clients, the way we see our work together and the way our work is seen by others. Personalisation will seek to increase choice and opportunity for our clients and will lead to aspiration-focussed action planning.

Action Week and our first Woolly Hat day were just two activities to raise awareness of homelessness. St Mungo's Oral History project, Street Stories, which was supported by a grant from the Heritage Lottery Fund, was exhibited for six weeks in the Atrium gallery at the London School of Economics.

A St Mungo's intranet was introduced during the year as was a client monitoring and case management system, Opal, which will aid the support we give to clients and EBis which will help to monitor and control spending.

Our own fundraising produced £4.7m, a 17% increase over last year. At a time when funding is being cut, this continued and increasing support from donors is greatly appreciated.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (Continued) for the year ended 31 March 2011

CORPORATE GOVERNANCE

The Board has adopted the NHF framework on corporate governance which the Association has complied with throughout the period under review. The Board continually assesses the Association's performance in the six key areas identified by the Tenants Services Authority, namely: Tenant Involvement and Empowerment; Home; Tenancy; Neighbourhood and Community; Value for Money; Governance and Financial Viability.

COMPOSITION AND ROLE OF THE BOARD OF MANAGEMENT

The eight Board members at the date of this report are listed on page 1. During the year the Board met on six occasions.

It has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, acquisitions and disposals, annual budgets, annual results, senior executive appointments, treasury policy and risk management. Responsibility for the Association's day to day operations is delegated to the Chief Executive.

STATEMENT OF THE BOARD OF MANAGEMENT'S FINANCIAL RESPONSIBILITIES

The Board of Management is required by The Industrial and Provident Societies Acts and registered social housing legislation to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing the financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association at any time and from which financial statements can be prepared to comply with the requirements of the Industrial & Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board of Management is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNAL CONTROL ASSURANCE

The Board of Management (the Board) has overall responsibility for establishing and overseeing a framework of delegation and the system of internal control and for reviewing its effectiveness in line with the Association's corporate code of governance.

No system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The Audit Committee has met three times during the year and has received reports relating to internal controls and fraud.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (Continued) for the year ended 31 March 2011

The process adopted by the Board in reviewing the effectiveness of the system of internal control and fraud management, together with some of the key elements of the control framework includes:

- *Risk management*

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through a regular reporting framework. The senior management team regularly considers reports on significant risks facing the Association and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- *Monitoring and corrective action*

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- *Control environment and control procedures*

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted, and disseminated to all employees, the code of Governance Competence and Accountability.

This sets out the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, fraud prevention and detection and whistleblowing.

- *Information and financial reporting systems*

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. The internal control framework and the risk management process are subject to regular review by the Internal Auditor who is responsible for providing independent assurance to the Board via its Audit Committee. The Audit Committee considers internal control and risk at each of its meetings during the year.

The Board has received the Chief Executive's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

- *Fraud prevention and detection*

The Board has issued fraud and whistle blowing strategies that have been communicated to all staff and service users. Where fraud is attempted, suspected or discovered there are clear procedures in place to investigate and report the findings. A detailed record of all reported losses and compensation (resulting from fraud or not) is maintained, the effects financial or otherwise and the implications for the system of internal control are recorded and reported to the Board quarterly.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT (Continued) for the year ended 31 March 2011

FUNDING

The Association is greatly appreciative of the funding it receives from a number of sources. The main sources of donations during the year were:

Trusts

Beatrice Laing Trust	Oak Philanthropy (UK) Ltd
Big Lottery Fund – Awards for All	Ofenheim Charitable Trust
Big Lottery Fund – Ecominds	Santander Foundation
City Bridge Trust	South London and Maudsley Charitable Funds
City of Westminster Voluntary Sector Funding Programme	Strand Parishes Trust
Comic Relief	The 29 th May Charitable Trust
Cripplegate Foundation	The Cadbury Foundation
Dr Mortimer and Theresa Sackler Foundation	The Charles Hayward Foundation
Garfield Weston Foundation	The Coltstaple Trust
Finnis Scott Foundation	The Elizabeth Frankland Moore and Star Foundation
Heritage Lottery Fund	The H B Allen Charitable Trust
Hobson Charity Ltd	The John Coates Charitable Trust
Inner London Magistrates' Court Poor Box Charity	The John R Murray Charitable Trust
J Paul Getty Jr Charitable Trust	The Scotshill Trust
Lloyds TSB Foundation for England and Wales	The Zochonis Charitable Trust
Lord Faringdon Charitable Trust	Westlon Trust
Merchant Taylors' Company Livery and Freemen Fund	Westminster Foundation

Individuals

Ann Newton	Patricia Bishop
Dan Houser	Richard and Lynn Norton
David L Mayhew	S Healy
Derek & Gwen Dennard	Sarah M Byrt
Hugh C Moir	Simon & Caroline Davis
Ingram Trust	The Conneely Family
Lisa McNulty	

Corporate Supporters

Barclays Capital	Pret a Manger
Baring Asset Management Limited	Quinn London Ltd
British American Tobacco	RNR London Limited
Faegre & Benson LLP	Robert Bion & Co
Green Lane Products Ltd	Stewarts Law LLP
London Bullion Market Association	Taylor Wessing
Miller Insurance	The Association of Property Bankers Limited
Newton Investment Management Limited	The Economist Group

We are also grateful for support received from members of the public, and other companies and trusts during the year.

EMPLOYEES

St Mungo's is committed to providing equal employment opportunities to disabled, ethnic minority and part time workers. The Association recognises that all employees should be appropriately trained to enable them to fulfil their responsibilities whatever their role in the Association. The Association has a comprehensive Health and Safety policy and detailed procedures which are communicated to all staff.



Charles Fraser CBE
Chief Executive and Secretary
19 July 2011

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

REPORT OF THE AUDITORS

Independent auditors' report to the members of St Mungo Community Housing Association Limited

We have audited the financial statements of St Mungo Community Housing Association Limited for the year ended 31 March 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes 1 to 32. 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 the requirements of statute. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and auditors

As explained more fully in the Statement of Board of Management's Financial Responsibilities set out on page 3 the Board of Management 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

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

Opinion the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Associations affairs as at 31 March 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

Matters on which we are required to report by exception

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

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

Nexia Smith & Williamson

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date 22/7/11

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	Note	2011 £000	2010 £000
TURNOVER	2	49,220	47,436
Operating costs	2	(46,813)	(46,930)
		<hr/>	<hr/>
OPERATING SURPLUS	2	2,407	506
Interest receivable	6	188	189
Interest payable	7	(6)	(7)
		<hr/>	<hr/>
SURPLUS FOR THE YEAR	8/20	2,589	688
Net transfer to designated reserves	21	(2,160)	(380)
Net transfer from restricted reserves	22	<u>224</u>	<u>458</u>
Retained revenue surplus for the year after reserve transfers		<u>653</u>	<u>766</u>

All amounts relate to continuing activities.

All recognised surpluses and deficits are included on the Income and Expenditure Account.

The notes on pages 10 to 31 form part of these financial statements.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2011

	Note	2011 £000	2010 £000
Tangible fixed assets			
Housing properties	9	91,806	88,031
Social housing grants	9	(75,078)	(72,837)
Charitable & other grants	9	(9,289)	(9,289)
Accumulated depreciation	9	(558)	(446)
		<u>6,881</u>	<u>5,459</u>
Other fixed assets	10	240	242
Investment in subsidiary	12	-	-
		<u>7,121</u>	<u>5,701</u>
Current assets			
Debtors	11	3,532	3,648
Cash at bank and in hand	18	12,883	11,256
		<u>16,415</u>	<u>14,904</u>
Creditors			
Amount falling due within one year	13	(7,015)	(6,666)
Net current assets		<u>9,400</u>	<u>8,238</u>
Total assets less current liabilities		<u>16,521</u>	<u>13,939</u>
Creditors			
Amounts falling due after more than one year	14	59	66
Capital and reserves			
Share capital	19	-	-
Revenue reserves	20	5,964	5,311
Designated reserves	21	9,825	7,665
Restricted reserves	22	673	897
		<u>16,521</u>	<u>13,939</u>

In view of the constitution of the Association all shareholdings relate to non-equity interests, as disclosed in note 19.

These financial statements were approved by the Board of Management on 19 July 2011 and signed on its behalf by:

PAUL DOE
Chair

BERNARD TOMINEY
Hon. Treasurer

CHARLES FRASER CBE
Chief Executive and Secretary

The notes on pages 10 to 31 form part of these financial statements.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

CASHFLOW STATEMENT
for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Cash inflow from operating activities	15a	3,483	109
Returns on investment and servicing of finance	16a	184	332
Capital expenditure and financial investment	16b	(2,033)	(3,341)
		<hr/>	<hr/>
Cash inflow/(outflow) before use of liquid resources and financing		1,634	(2,900)
Management of liquid resources	16c	(1,368)	1,779
Financing	16d	(7)	(7)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period		259	(1,128)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 31 form part of these financial statements.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Association's financial statements.

a) Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and in accordance with the Statement of Recommended Practice "Accounting by Registered Social Landlords 2008" issued in April 2008 ("the SORP") and comply with the Accounting Requirements For Registered Social Landlords General Determination 2006 ("the Determination") under the historical cost accounting rules. Mindful of the different reporting needs of users the Directors have decided to add to the information shown on the Income and Expenditure account. Net transfers to designated and restricted reserves are reported together with the balance transferred into retained reserves. In this respect the content of the Income and Expenditure account varies from that anticipated by the SORP and Determination. These transfers are further analysed in the notes to the financial statements.

b) Fixed assets and depreciation

i) Housing properties

Completed schemes and schemes under construction are stated at cost. Housing under construction is not depreciated. Freehold land is not depreciated. Freehold buildings (net of grants) are depreciated on a straight line basis over a period of 30 years.

ii) Other fixed assets

Other fixed assets are stated at cost less depreciation, which is provided to write off the cost less the estimated residual value of other fixed assets over their estimated useful economic lives as follows:

Motor vehicles	: over 4 years
Office equipment, fixtures and fittings	: over 4 years
Computer equipment	: over 4 years
Leasehold improvements	: up to the break clause in the lease

c) Major repairs

Repair costs are capitalised when it can be shown that there is a commensurate financial benefit to the Association. Grants received are treated like SHG and similar grants and deducted from the capitalised repair cost. When the repairs are of a minor nature, costs are charged to the Income and Expenditure Account in the year they are incurred. In circumstances where grant is received to finance the costs this is credited to Income and Expenditure in the year it is received.

d) Turnover

Turnover represents rental income and service charge receivable, grants from Local Authorities, the Homes and Communities Agency, the Government departments and charitable bodies. Turnover also includes income from units managed on behalf of other associations.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

e) Income from Supporting People and support services

Supporting People contract income and income from charges for support services are recognised when receivable and included in turnover. Charges for support services, if the services are provided within the tenancy agreement, are shown as 'Charges for support services'. If support is provided under a contract separate from the tenancy agreement the related income is shown under 'Supporting People'.

f) Social Housing Grant ("SHG")

Where developments have been financed wholly or partly by SHG, the cost of these developments has been reduced by the amount of grant received. The excess of grants over expenditure is held as grants in advance until the expenditure is incurred. When grants are received in arrears the cost of the capital expenditure is reduced by the accrued grant receivable. If housing properties are disposed of, SHG is repayable to the Homes and Communities Agency or held as a creditor in the recycled capital grant funds under most circumstances.

g) Capitalisation of interest

Interest on the mortgage loan financing a development was capitalised up to the date of practical completion of the scheme under old HAG scheme. No interest was capitalised in the year.

h) Capitalisation of directly attributable costs

Salary and other costs directly attributable to development projects and are apportioned on the basis of works costs.

i) Management expenses

General Management, finance and administration costs are apportioned in the Income and Expenditure Account on the basis of the salary cost of relevant activities.

j) Pension costs

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. Payments are made to a fund operated by independent trustees. The contributions are determined by a formal valuation of the scheme by a professionally qualified actuary using the "projected unit credit" method.

Due to the nature of the scheme, the income and expenditure account charge for the period under Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) represents the employer contributions payable.

The Association also operates a group personal pension scheme with Friends Provident. Contributions made into each account are used to buy units in one or more of Friends Provident Investment Funds (choice restricted to with profit, managed or stewardship accounts). Final retirement benefit will be based on the final value of all the units held by each account.

k) Designated reserves

Transfers are made to the designated reserves from revenue in order to meet future non-recurring operating costs and unfunded major repairs to housing properties. The furniture fund has been set up to meet the cost of replacement furniture at hostels while the maintenance fund is used for cyclical maintenance. A non-recurring costs reserve has been set up to meet employment costs relating to providing cover for maternity and sabbatical absence and redundancy. The development provision is used to meet the cost of unfunded development activities.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

l) Restricted reserves

Restricted reserves are specific donations and grants which are expendable in furtherance of some particular aspect of the objects of the Association, however the relevant donors have imposed conditions which restrict the use to which the reserves can be applied. At the balance sheet date the reserves represent the value of such donations for which the conditions restricting use have not been met.

m) Lease obligations

Finance leases are recorded in the balance sheet as assets and as an obligation to pay future rentals. The finance charges are allocated on a straight line basis over the term of the lease. Rentals paid under operating leases are charged to the Income and Expenditure Account on the accruals basis.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2011		2010			
	Turnover £000	Operating costs £000	Operating surplus/ (deficit) £000	Turnover £000	Operating costs £000	Operating surplus/ (deficit) £000
Social housing lettings (note 3)						
Other social housing activities	19,282	16,774	2,508	19,064	17,510	1,554
- Supporting People	19,346	19,180	166	18,998	19,394	(396)
	<u>38,628</u>	<u>35,954</u>	<u>2,674</u>	<u>38,062</u>	<u>36,904</u>	<u>1,158</u>
Non-social housing activities						
Criminal Justice Group	1,421	1,356	65	1,339	1,308	31
Community Safety Group	3,225	3,201	24	2,595	2,594	1
Resettlement and support services	1,196	1,377	(181)	1,387	1,643	(256)
Work and Learning Services	1,745	2,078	(333)	1,799	2,313	(514)
Fundraising - (net of grants – note 29)	2,431	1,974	457	1,900	1,793	107
Development	-	122	(122)	10	56	(46)
Rolling shelter management	-	-	-	35	59	(24)
Other	574	751	(177)	309	260	49
	<u>49,220</u>	<u>46,813</u>	<u>2,407</u>	<u>47,436</u>	<u>46,930</u>	<u>506</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

3. INCOME AND EXPENDITURE FROM LETTINGS

	Residential Care Homes	Supported Housing SP Block Gross £000	Supported Housing SP Block Subsidy £000	Short Stay Housing £000	Total 2011	Total 2010
Income from social housing lettings	£000			£000	£000	£000
Rents receivable including service charges	<u>2,007</u>	<u>12,512</u>	<u>312</u>	-	<u>14,831</u>	<u>13,375</u>
Net rents receivable	2,007	12,512	312	-	14,831	13,375
Other revenue grants from local authorities and other agencies	1,528	805	167	1,900	4,400	5,628
Other	-	51	-	-	51	61
Total income from social housing lettings	<u>3,535</u>	<u>13,368</u>	<u>479</u>	<u>1,900</u>	<u>19,282</u>	<u>19,064</u>
Expenditure on social housing lettings						
Management	2,830	2,969	234	1,220	7,253	7,259
Services	720	5,187	83	357	6,347	6,138
Routine maintenance	53	575	25	17	670	701
Planned maintenance	60	212	12	-	284	283
Major repairs expenditure	-	236	-	-	236	1,141
Rent losses from bad debts	27	328	6	-	361	233
Property lease charges	4	419	18	266	707	772
Depreciation of housing properties	-	112	-	-	112	112
Management agency fees	47	465	21	24	557	520
Other costs	<u>27</u>	<u>202</u>	<u>2</u>	<u>16</u>	<u>247</u>	<u>351</u>
Total expenditure on social housing lettings	<u>3,768</u>	<u>10,705</u>	<u>401</u>	<u>1,900</u>	<u>16,774</u>	<u>17,510</u>
Operating (deficit)/surplus on letting activities	<u>(233)</u>	<u>2,663</u>	<u>78</u>	<u>-</u>	<u>2,508</u>	<u>1,554</u>
Rent losses from voids	<u>258</u>	<u>880</u>	<u>24</u>	<u>-</u>	<u>1,162</u>	<u>899</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2011

4. DIRECTORS' EMOLUMENTS AND EXPENSES

None of the Board Members received any emoluments in the year (2010: nil).

For the purpose of this note, the directors are defined as the Chief Executive, members of the Board of Management and other members of the senior management team reporting directly to the Chief Executive.

	2011	2010
	£000	£000
Aggregate emoluments payable to the directors (including pension contributions and benefits in kind)	448	473
Emoluments paid to the highest paid director (excluding pension contributions) were as follows:		
Salary	107	105
The Chief Executive is an ordinary member of the Association's pension scheme, the employer's contributions amounted to £11,357 (2010: £15,610).		
Total expenses reimbursed to the directors not chargeable to United Kingdom income tax	4	5

Expenses reimbursed to Board Members were £NIL in 2011 (2010: £170).

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

5. EMPLOYEE INFORMATION

The average monthly number of persons (including the Chief Executive) employed during the year was:

	2011	2010
	No.	No.
Full Time	797	791
Part Time [Full time equivalent 61 (2010 - 61)]	102	87
Locums [Full time equivalent 161 (2010 – 171)]	227	234
	<u>1,126</u>	<u>1,112</u>
	=====	=====
Staff Costs (for the above persons)	2011	2010
	£000	£000
Wages and Salaries	29,750	29,295
Social Security Costs	2,471	2,388
Pension Costs (see Note 27)	1,300	1,236
	<u>33,521</u>	<u>32,919</u>
	=====	=====

6. INTEREST RECEIVABLE

	2011	2010
	£000	£000
Interest receivable from deposits	188	189
	<u>188</u>	<u>189</u>
	=====	=====

7. INTEREST PAYABLE

	2011	2010
	£000	£000
Interest payable on housing loans	6	7
	<u>6</u>	<u>7</u>
	=====	=====

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

8. SURPLUS FOR THE YEAR

	2011 £000	2010 £000
Is stated after charging/(crediting):		
Depreciation:		
- Tangible owned fixed assets	111	120
- Amortisation of leasehold assets	65	66
- Housing properties	112	112
Auditors remuneration (including VAT):		
- in their capacity as auditors	25	25
- other services	10	9
Operating lease payments (land and buildings)	<u>1,398</u>	<u>1,452</u>

9. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Completed Schemes £000	Under Construction £000	Total £000
Cost			
As at 1 April 2010	79,136	8,895	88,031
Additions	1,846	1,929	3,775
Transfers	<u>9,671</u>	<u>(9,671)</u>	-
As at 31 March 2011	90,653	1,153	91,806
Social housing grants			
As at 1 April 2010	63,985	8,852	72,837
Receivable for year	1,153	1,088	2,241
Transfers	<u>9,081</u>	<u>(9,081)</u>	-
As at 31 March 2011	74,219	859	75,078
Charitable & other grants			
As at 1 April 2010	9,289	-	9,289
Receivable for year	-	-	-
Transfers	<u>-</u>	<u>-</u>	-
As at 31 March 2011	9,289	-	9,289
Depreciation			
As at 1 April 2010	446	-	446
Charge for year	<u>112</u>	<u>-</u>	<u>112</u>
As at 31 March 2011	558	-	558
Net Book Value			
At beginning of year	5,416	43	5,459
At end of year	<u>6,587</u>	<u>294</u>	<u>6,881</u>
Being:			
Freehold property	<u>6,587</u>	<u>294</u>	<u>6,881</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

9. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES (continued)

In addition to the Social Housing and Other Grants of £84,367,000 shown above a further £9,448,000 has been received in grants to date and has been treated as income.

Expenditure on completed schemes comprised the following:

	2011	2010
	£000	£000
Total capitalised costs in respect of refurbishment of properties acquired for redevelopment	1,929	6,825
Total capitalised costs in respect of existing properties	1,846	4,316
Costs charged to the income and expenditure account	<u>236</u>	<u>1,141</u>
Total costs in the year incurred on existing properties	<u>4,011</u>	<u>12,282</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

10. TANGIBLE FIXED ASSETS - OTHER

	Motor Vehicles £000	Office and Computer Equipment £000	Leasehold Improvements £000	Total £000
Cost				
As at 1 April 2010	31	993	323	1,347
Additions	4	170	-	174
Disposal	(15)	-	-	(15)
As at 31 March 2011	<u>20</u>	<u>1,163</u>	<u>323</u>	<u>1,506</u>
Government and charitable grants				
As at 1 April 2010	12	379	-	391
Additions	-	-	-	-
As at 31 March 2011	<u>12</u>	<u>379</u>	<u>-</u>	<u>391</u>
Depreciation				
As at 1 April 2010	17	458	239	714
Charge for year	1	110	65	176
Disposal	(15)	-	-	(15)
As at 31 March 2011	<u>3</u>	<u>568</u>	<u>304</u>	<u>875</u>
Net Book Value				
At beginning of year	<u>2</u>	<u>156</u>	<u>84</u>	<u>242</u>
At end of year	<u>5</u>	<u>216</u>	<u>19</u>	<u>240</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

11. DEBTORS

	2011	2010
	£000	£000
Rent arrears	1,593	1,054
<u>Less: Bad debt provision</u>	<u>(256)</u>	<u>(169)</u>
	1,337	885
Homes and Communities Agency:		
- SHG receivable	600	404
Central Government departments - Revenue	180	623
Local Authorities		
- Capital	-	113
- Revenue	600	804
Other Debtors	705	683
Arches Charity Trading Co Ltd	55	25
Clubhouse	55	111
	<u>3,532</u>	<u>3,648</u>

12. SUBSIDIARY UNDERTAKINGS

The following was the only subsidiary undertaking at the end of the year:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held
The Arches Charity Trading Company Limited	England	100%

Consolidated financial statements have not been prepared on the grounds that the financial statements of the subsidiary are not material.

	Net Liabilities	Profit for the
	£	year ended 31 March 2011
		£
The Arches Charity Trading Company Limited	(400)	4

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 201

12. SUBSIDIARY UNDERTAKINGS (Continued)

Related Party Transactions

The Association maintains a current account with the subsidiary and during the year the following transactions have occurred:

	Administrative Fee £000
The Arches Charity Trading Company Limited	<u>5</u>

In addition the Association received £41,610 under a deed of covenant from The Arches Charity Trading Company Limited.

13. CREDITORS

	2011 £000	2010 £000
Amounts falling due within one year:		
<u>Grants in advance:</u>		
Supporting People Grants	295	169
Central Government departments	135	407
Homes and Communities Agency - SHG	729	597
- Other	9	-
Local Authorities	568	433
Other	123	109
	<hr/>	<hr/>
	1,859	1,715
Housing Loans (Note 14)	7	7
Rent received in advance	1,210	1,116
Accruals	2,679	2,363
PAYE/National Insurance	735	738
Other Creditors	373	303
Trade Creditors	152	424
	<hr/>	<hr/>
	7,015	6,666
	<hr/> <hr/>	<hr/> <hr/>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

14. HOUSING LOANS

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 8.25% to 10.375% in instalments due as follows:

	2011	2010
	£000	£000
Between one and two years	7	7
Between two and five years	14	14
In five or more years	38	45
	<hr/>	<hr/>
Due after more than one year	59	66
Due within one year	7	7
	<hr/>	<hr/>
	66	73
	<hr/> <hr/>	<hr/> <hr/>

15. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of operating surplus to net cash inflow from operating activities

	2011	2010
	£000	£000
Operating surplus	2,407	506
Depreciation charges	288	298
Decrease in debtors	197	131
Increase/(decrease) in creditors	591	(826)
Net inflow from operating activities	<hr/>	<hr/>
	3,483	109
	<hr/> <hr/>	<hr/> <hr/>

b) Reconciliation of net cash inflow to movement in net funds

	2011	2010
	£000	£000
Increase/(Decrease) in cash in the year	259	(1,128)
Cash inflow/(outflow) from decrease in liquid resources	1,368	(1,779)
Cash outflow from decrease in debt and lease financing	7	7
	<hr/>	<hr/>
Change in net funds resulting from cash flows	1,634	(2,900)
Opening net funds	11,183	14,083
Closing net funds	<hr/>	<hr/>
	12,817	11,183
	<hr/> <hr/>	<hr/> <hr/>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £000	2010 £000
a) Returns on investment and servicing of finance		
Interest received	190	339
Interest paid	(6)	(7)
Net cash inflow for returns on investment and servicing of finance	<u>184</u>	<u>332</u>
b) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,323)	(11,707)
Grants received	2,290	8,366
Net cash outflow for capital expenditure and financial investment	<u>(2,033)</u>	<u>(3,341)</u>
c) Management of liquid resources		
Cash transferred from deposits	1,368	1,779
Net cash inflow from management of liquid resources	<u>1,368</u>	<u>1,779</u>
d) Financing		
Debt due within one year - repayment of loans	(7)	(7)
Net cash outflow from financing	<u>(7)</u>	<u>(7)</u>

17. ANALYSIS OF CHANGES IN NET FUNDS

	Opening balance £000	Cashflow £000	Other non-cash changes £000	Closing balance £000
Cash at bank and in hand	194	259	-	453
Debt due after one year	(66)	-	7	(59)
Debt due within one year	(7)	7	(7)	(7)
Current asset investments	11,062	1,368	-	12,430
Total	<u>11,183</u>	<u>1,634</u>	<u>-</u>	<u>12,817</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

18. ANALYSIS OF THE BALANCE OF CASH AS SHOWN ON THE BALANCE SHEET

	2011	2010
	£000	£000
Money Market deposits	12,430	11,062
Overnight deposits	30	37
Cash at bank	366	100
Petty cash	57	57
	<u>12,883</u>	<u>11,256</u>

19. SHARE CAPITAL

	2011	2010
	£	£
Shares of £1 each issued and fully paid		
At beginning of year	47	46
Adjustments during year	-	1
At end of year	<u>47</u>	<u>47</u>

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of the Association. Therefore all shareholdings relate to non-equity interests; there are no equity interests in the Association.

20. REVENUE RESERVES

Income and Expenditure Account

	2011	2010
	£000	£000
At 1 April	5,311	4,545
Surplus for the year	2,589	688
Net transfer to designated reserves	(2,160)	(380)
Net transfer from restricted reserves	<u>224</u>	<u>458</u>
At 31 March	<u>5,964</u>	<u>5,311</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

21. DESIGNATED RESERVES

	Major Repair Reserve £000	Furniture Reserve £000	Maintenance Reserve £000	Development Reserve £000	Non-recurring Costs Reserve £000	Total 2011 £000	Total 2010 £000
As at 1 April 2010	4,683	1,374	699	591	318	7,665	7,285
Transfer to the income and expenditure account	(237)	(358)	(234)	(122)	(155)	(1,106)	(1,120)
Transfer from the income and expenditure account	592	467	363	1,500	344	3,266	1,500
As at 31 March 2011	<u>5,038</u>	<u>1,483</u>	<u>828</u>	<u>1,969</u>	<u>507</u>	<u>9,825</u>	<u>7,665</u>

22. RESTRICTED RESERVES

As at 1 April 2010	897	1,355
Transfer to the income and expenditure account		
Amounts relating to revenue expenditure	(528)	(611)
Transfer from the income and expenditure account in respect of restricted donations	304	153
As at 31 March 2011	<u>673</u>	<u>897</u>

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2011

23. CAPITAL COMMITMENTS

	Properties	
	2011 £000	2010 £000
Capital expenditure that has been contracted for but has not been provided for in financial statements	1,571	979
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
	<u>1,571</u>	<u>979</u>

24. FINANCIAL COMMITMENTS

At 31 March 2011 the Association had the following commitments:

Non-cancellable operating leases:	Land and Buildings	
	2011 £000	2010 £000
Expenditure for the year	1,398	1,452
Obligations due under the leases are payable as follows:		
In one year or less	1,315	1,488
Between one and two years	1,315	1,552
	<u>2,630</u>	<u>3,040</u>

25. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end (2010: NIL).

26. LOCAL GOVERNMENT & HOUSING ACT 1989

The total grant receivable from the Association of London Government and London Councils for the year ended 31 March 2011 for the Assertive Offender Resettlement Project was £206,734. The analysis below summarises what the grant was awarded for and that it has been used for this purpose:

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

26. LOCAL GOVERNMENT & HOUSING ACT 1989 (Continued)

London Councils – Assertive Offender Resettlement

	2010/2011	
	Grant (£)	Spent (£)
Salaries	167,727	155,526
Recruitment and training	3,576	2,049
Running costs	34,925	35,744
Client costs	<u>506</u>	<u>-</u>
	<u>206,734</u>	<u>193,319</u>

As at 31 March 2011 the amount of grant unspent was £13,415.

27. PENSION OBLIGATIONS

The Association operates five different pension schemes.

Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Board of Management decided to close the present scheme to new and existing employees who were not members at 31 March 2007. From this date employees have been offered the opportunity to join the CARE scheme based on average career earnings.

With effect from 1 April 2010 the employer and employee contribution rates for the Association's existing employees were 8.3% and 7.9% to 9.9% of pensionable salaries respectively. For new applicants these rates were 6% and 7.3% to 9.3%. As at the balance sheet date there were 231 active members (2010: 242) of the scheme employed by the Association.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the year under Financial Reporting Standard 17, Retirement Benefits, (FRS17) represents the employer contribution payable. The total charge to the Association for the year was £1,159,000 (2010: £1,055,000).

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified actuary using the Projected Unit method. The market value of the Scheme's assets at the valuation date was £1,527 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £663 million, equivalent to a past service funding level of 70%.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 March 2011

27. PENSION OBLIGATIONS (Continued)

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
Valuation Discount Rates	
Pre retirement	7.8
Non Pensioner Post retirement	6.2
Pensioner Post retirement	5.6
Pensionable earnings growth	4.7
Price inflation	3.2
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.8
Excess over GMP	3.0

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions.

Mortality pre retirement – PA92 Year of Birth, long cohort projection, minimum improvement 1% pa.

Mortality post retirement – 90% S1PA Year of Birth, long cohort projection, minimum improvement 1% pa.

The long-term joint contribution rates that will apply from April 2010 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	17.8
Career average revalued earnings with a 1/60 th accrual rate	14.9

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £663 million would be dealt with by the payment of deficit contributions of 7.5% of pensionable salaries, increasing each year in line with salary growth assumptions, from 1 April 2010 to 30 September 2020, dropping to 3.1% from 1 October 2020 to 30 September 2023. Pensionable earnings at 30 September 2008 are used as the reference point for calculating these deficit contributions. These deficit contributions are in addition to the long-term joint contribution rates set out in the table above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the SHPS Scheme.

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2011

27. PENSION OBLIGATIONS (Continued)

Employers joining the Scheme after 1 October 2002 that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and applies until the second valuation after the date of joining the Scheme, at which point the standard employer contribution rate is payable. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. 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 £1,985 million and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497 million, equivalent to a past service funding level of 80.0%.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The Association has no plans to leave any of the SHPS schemes.

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.

Growth Plan

The Association participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Growth Plan is a multi-employer pension plan.

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

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

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

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

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2011

27. PENSION OBLIGATIONS (Continued)

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

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

The Association did not pay any contributions into the Plan. Members paid contributions ranging from 1.7% to 12% during the accounting period.

As at the balance sheet date there were five active members of the Plan employed by the Association. The Association continues to offer membership of the Plan to its employees.

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

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

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	% per annum
- Investment return pre retirement	7.6
- Investment return post retirement	
Actives/Deferreds	5.1
Pensioners	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

The Scheme Actuary has prepared a funding position update as at 30 September 2010. The market value of the Plan's assets at the date was £780 million and the Plan's Technical Provision (i.e. past service liabilities) were £820 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £45 million, equivalent to a funding level of 95%.

Friends Provident Pension Plan

As an alternative to the schemes with Pensions Trust, the Association also operates a pension plan with Friends Provident. The pension cost for this scheme was £157,000 (2010: £175,000) covering 53 (2010: 56) employees. St Mungo's has closed this scheme to new entrants.

Due to the TUPE transfer of staff, the Association participated in the following pension scheme:

Scottish Equitable Pensions – there was one staff member participating in this scheme at the year end and the cost was £3,310 (2010: £4,010).

ST MUNGO COMMUNITY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 March 2011

28. SUPPORTED HOUSING BEDSPACES

The number of hostel bedspaces under development and in management at 31 March 2011 were:

	Bedspaces under development		Bedspaces in management	
	2011	2010	2011	2010
Properties owned by the Association	24	78	1,183	1,089
Properties owned by other Associations	-	-	509	489
Total	<u>24</u>	<u>78</u>	<u>1,692</u>	<u>1,578</u>

29. FUNDRAISING

	2011 £000	2010 £000
Funds allocated to projects	2,287	2,118
Other Fundraising Income	<u>2,431</u>	<u>1,900</u>
Total Fundraising Income	<u>4,718</u>	<u>4,018</u>

30. LEGISLATIVE PROVISIONS

The Association is incorporated under the Industrial and Provident Societies Acts 1965 to 2002 and is a Registered Provider of Social Housing registered with the Tenant Services Authority.

31. RELATED PARTY TRANSACTIONS

We have no tenant Board members at the balance sheet date. Edwin Hilliard, an ex-tenant Board member, remains on the Board.

32. ECOMINDS GRANT

During the year £47,881 was received from Ecominds and was restricted to the expenditure for the PDR Project. The grant helped to fund a gardener trainer (Mental Health Specialist) and other costs. The total expenditure spent from the grant was £47,229.