

Annual Report and Accounts

for the year ending 31 March 2015

ANCHO Limited

Financial Services Authority 2559 R (S)

Communities Scotland Registration No. 306

Charity Reference SC036082



ANCHO FINANCIAL REVIEW

Summary

These financial results cover the Organisation's fourteenth full year of operations.

The Organisation made a surplus in the year of £75,372 (£393,934 surplus in 2014). £1,989,360 was spent on planned maintenance (which has been capitalised under new component accounting regulations) bringing the total spend on our Investment Programme to £10.5 million and is in line with the long term business plan and commitments made to tenants.

Two properties were sold under Right to Buy Legislation and 20 properties were demolished at Redburn Place.

Turnover

Turnover of £2.887 million (of which £2.649 million relates to the income from the letting of properties at affordable rents). Rent increases were 2.5%. The new rent matrix is now fully implemented resulting in more equitable and fairer rents.

Maintenance

During the year 140 properties received new doors and windows, 46 properties received new gas central heating systems. 172 properties were re-wired, 36 received new bathrooms, 49 received new kitchens and 32 properties had new roofs. Refurbishment of two maisonette blocks was completed in July 2014. The remaining block at Redburn Place was cleared by June 2014.

Homeowner Services

Following the implementation of the Property Factors (Scotland) Act in October 2012 we have now been officially appointed as Factor for 197 homeowners in the area.

Performance

During the year home visits were carried out on 100% of ANCHO tenants. Rent arrears were at an all-time low of 2% despite the issues around bedroom tax and universal credit. 72 properties became void resulting in a high number of relets.

Wider Role Activities

The Community Link Project received grants totalling £153,115 (an increase of £36k from last year). We started a new Youth in Arts Project and Good Neighbour Service after two successful funding applications from Scottish Government and Young Start. We offer financial and debt advice services 5 days per week and run 4 outreach surgeries in North Ayrshire. Main funding sources were Big Lottery and Scottish Government People In Communities Fund. We have continued to provide a mobile caretaking and handyman service.

Treasury Management

At 31 March 2015 £4 million (46%) of borrowings were subject to variable rates of interest of around 1.4%. Fixed rates averaged 4.5% for loans of £4.7m.

REPORT OF BOARD OF MANAGEMENT

The Board of Management presents their thirteenth Annual Report together with the Audited Accounts for the period ended 31 March 2015.

The Organisation is registered as a non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014. The Organisation is constituted under its Rule Book. The Organisation is a registered Scottish Charity with the charity number SC036082.

Principal activity

The principal activity of the Organisation is the provision of social housing:

- To meet the housing needs and potentially the wider social and investment needs of current and future residents of North Ayrshire;
- To provide a high quality housing service and product to all Organisation tenants and customers;
- To develop and build new houses for rent or sale to meet defined housing need in North Ayrshire;
- To develop the Organisation's activities to ensure the future viability of the stock.

Business review

A review of the Organisation's performance during the year is contained in the Financial Review on page 2.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 13. The financial statements incorporate ANCHO Ltd's share of the Strathclyde Pension Fund which results in the inclusion of a liability of £915,000 in the Balance Sheet and an actuarial loss of £504,000 within the Statement of Total Recognised Gains and Losses.

Fixed assets

Changes in fixed assets in the year are set out in note 6 of the financial statements.

Members of Board of Management

The Members of the Board of the Organisation during the year were as follows:

At 31 March 2015	Resigned During the Year
(Chairperson) Jacqueline Browne	Janice Murray (August 2014)
(Vice-Chair) John Rodgers	Gordon Bain (August 2014)
(Member) Tom Barr	June Niven (August 2014)
(Member) Helen Malcolmson	
(Member) Sonya Campbell	
(Member) Lisa McColm	
(Member) Thomas Long	
(Member) Nicola McQuiston	
(Member) Ian Clarkson (Co-opted 28 August 2014)	
(Member) Colin Cameron (Co-opted 27 August 2014)	
(Member) Kirsty Sweenie (Co-opted 27 November 2014)	
(Member) Kevin Walsh (Co-opted 29 January 2015)	
(Member) Amanda Kean (Co-opted 29 January 2015)	

Executive Officers

The senior staff of the Organisation at 31 March 2015 were as follows:

(Director)	Elaine Gibson
(Assistant Director)	Liz Docherty
(Housing Coordinator)	Keith Henderson
(Maintenance Coordinator)	Paul Andrews

Management Board and Executive Officers

The members of the Management Board and the Executive Officers are listed above.

Each member of the Management Board holds one fully paid share of £1 in the Organisation. The Executive Officers hold no interest in the Organisation's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Board.

The members of the Management Board are also Trustees of the Charity. Members of the Management Board are appointed by the members at the Organisation's Annual General Meeting.

Registered Office

Sovereign House
Academy Road
Irvine
KA12 8RL

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

External Auditors

Armstrongs
Statutory Auditors
Victoria Chambers
142 West Nile Street
Glasgow
G1 2RQ

Bankers

Royal Bank of Scotland
West of Scotland Corporate Office
Floor 3, Kirkstane House
139 St. Vincent Street
Glasgow
G2 5JF

Future developments

The Organisation will continue with its policy of improving the scope and quality of housing within its area of activity working with its existing and new partners.

Charitable Donations and Community Involvement

The Organisation opened the Community Link Project (CLP) in February 2007 and a second office/drop in centre in December 2007. The CLP acts as an information and advice Centre for a range of services and runs various adult and youth programmes. It provides financial and employment advice and runs weekly outreach surgeries throughout North Ayrshire. During the year ANCHO received £153,115 in grants to fund the project.

Creditor Payment Policy

The Organisation's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines.

Internal Audit

The organisation takes a peer assessment approach for internal audit function and is also part of Millennium Benchmarking Group and share best practice on a regular basis on all areas of performance.

Related Party Transactions

The following member of the Board of Management is a tenant:

Thomas Long

His tenancy is on the Organisation's normal tenancy terms and he cannot use this position to his advantage.

Employee Involvement and Health & Safety

The Organisation encourages employee involvement in all major initiatives. It shall hold an annual review day for staff and the Board of Management to agree corporate objectives and plans. A health and safety sub-committee meets regularly.

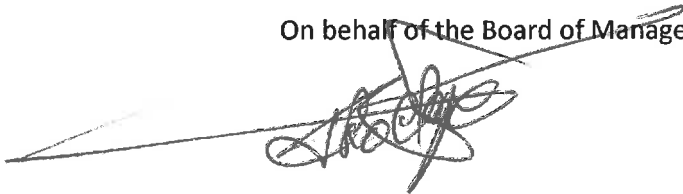
Statement as to Disclosure of Information to Auditors

So far as the Board are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) which the organisation's auditors are unaware, and each Board member has taken all the steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant audit information and to establish that the organisation's auditors are aware of that information.

Auditors

A resolution to re-appoint Armstrongs will be proposed at the Annual General Meeting.

On behalf of the Board of Management

A handwritten signature in black ink, appearing to be 'John Rodgers', written over a horizontal line.

John Rodgers

Acting Secretary

Date: 28 May 2015

STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES

The Co-operative and Community Benefit Societies Act 2014 require the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Organisation and of the surplus or deficit of the Organisation for that period. In preparing those Financial Statements, the Board of Management is required to:-

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Organisation and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements April 2012. They are also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Organisation's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Organisation's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Organisation's auditors are aware of that information.

BOARD STATEMENT OF INTERNAL FINANCIAL CONTROLS

The governing body acknowledges its ultimate responsibility for ensuring that the RSL has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

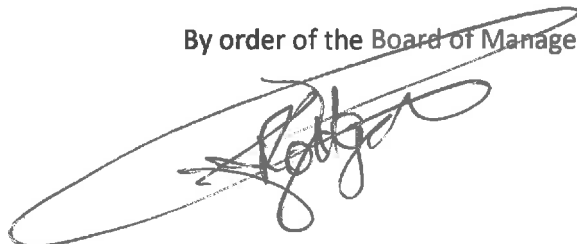
- the reliability of financial information used within the Organisation or for publication;
- that transactions are properly authorised and recorded;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the governing body's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. The key elements of the Organisations' systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Organisation's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures are established to maintain standards of performance.
- Forecasts and budgets are prepared regularly which allow the management team and the governing body to monitor the key business risks and financial objectives, and progress being made towards achieving the financial plans set for the year and the medium term; monthly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the governing body.
- The governing body received reports from management, internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Organisation.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified through internal or external audit reports.

The governing body has reviewed the effectiveness of the system of internal financial control in existence in the Organisation for the period ended 31 March 2015. 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 auditors' report on the financial statements.

By order of the Board of Management

A handwritten signature in black ink, appearing to read 'John Rodgers', is written over a large, horizontal, oval-shaped line that serves as a signature line.

John Rodgers

Acting Secretary

Date: 28 May 2015

REPORT BY THE AUDITORS TO THE MANAGEMENT BOARD OF ANCHO LTD ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2015

Corporate Governance

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 7, 8 and 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


ADAM ARMSTRONG LLB CA (Senior Statutory Auditor)

For and on behalf of Armstrongs

Statutory Auditor

Chartered Accountants

Victoria Chambers

142 West Nile Street

Glasgow

G1 2RQ

28 May 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANCHO LTD

We have audited the Financial Statements of ANCHO Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes on pages 16 to 28. The financial reporting framework that has been applied in their preparation is applicable law and the Scottish Housing Regulator's Determination of Accounting Requirements April 2012.

This report is made solely to the Organisation's members, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Organisation'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 nor assume responsibility to anyone other than the Organisation and the Organisation'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 Management Board's Responsibilities the Organisation's Management Board are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Organisation's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Management Board, 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 Board 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 organisation's affairs as at 31 March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements April 2012.

Opinion on Management Board Report

In our opinion the information given in the Report of the Management Board for the financial year 2014/15 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the current legislation requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The Financial Statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Management's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.



ADAM ARMSTRONG LLB CA (Senior Statutory Auditor)

For and on behalf of Armstrongs

Statutory Auditor

Chartered Accountants

Victoria Chambers

142 West Nile Street

Glasgow

G1 2RQ

28 May 2015

INCOME & EXPENDITURE ACCOUNT

for the period to 31 MARCH 2015

		2015 £	2014 £
Turnover	Note 2	2,886,821	2,712,909
Operating Costs		(2,454,639)	(2,159,003)
Operating Surplus/(Deficit)	2	432,182	553,906
Loss on Disposal of Fixed Assets	4	(46,990)	39,128
Interest Receivable		6,597	1,682
Other Income/(Costs)(Pension)	12	(45,000)	(24,000)
Interest Payable & Other Charges		(271,417)	(176,782)
Surplus on Ordinary Activities Before Tax		75,372	393,934
Tax on Surplus on Ordinary Activities		-	-
Surplus/(Deficit) for the year		75,372	393,934

Statement of total recognised gains and losses


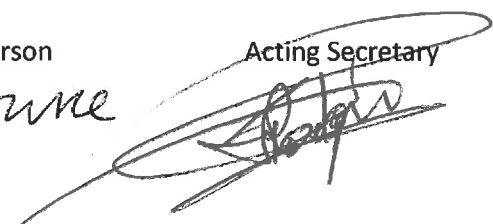

		2015 £	2014 £
Surplus/(Loss) for the year		75,372	393,934
Deficit on Revaluation		(1,044,941)	-
Actuarial gain/(loss) on pension scheme	12	(504,000)	(97,000)
Total recognised gains and losses		(1,473,569)	296,934
Note of historical cost profit and loss		(1,473,569)	296,934
Realised Gain on Disposal		25,765	22,131
Difference between historical cost and the actual charge for the year calculated on the			
Revalued amount		155,129	102,989
Historical cost deficit for the year		(1,292,675)	422,054

BALANCE SHEET

as at 31 MARCH 2015

	Note	2015 £	2014 £
Tangible Fixed Assets			
Housing Properties		18,156,850	18,078,241
Community Link Office		11,797	12,083
IT System and Equipment		15,420	11,429
Other Fixed Assets		682	3,419
	6	<u>18,184,749</u>	<u>18,105,172</u>
Debtors	7	137,734	146,012
Cash at Bank and in Hand		<u>1,512,096</u>	<u>1,475,050</u>
		1,649,830	1,621,062
Creditors: amounts falling due within one year	8	<u>(739,623)</u>	<u>(838,029)</u>
Net Current Assets/(Liabilities)		910,207	783,033
Total Assets less Current Liabilities		<u>19,094,956</u>	<u>18,888,205</u>
Creditors: amounts falling due after more than one year	9	(8,399,362)	(7,268,043)
Pension (Liability)/Asset	12	<u>(915,000)</u>	<u>(366,000)</u>
Net Assets		<u>9,780,594</u>	<u>11,254,162</u>
Capital and Reserves			
Share capital	15	112	111
Revenue reserve	17	3,304,435	3,552,169
Revaluation reserve	17	<u>6,476,047</u>	<u>7,701,882</u>
		<u>9,780,594</u>	<u>11,254,162</u>

The Financial Statements were approved by the Board of Management on 28 May 2015 and signed on their behalf by:

Chairperson	Acting Secretary	Board Member
		

CASHFLOW STATEMENT

for the period to 31 MARCH 2015

		2015	2014
	Note	£	£
Net cash inflow from operating activities	16a	1,025,668	1,505,093
Returns on investments and servicing of finance			
Interest received		6,597	1,682
Interest paid		(271,417)	(176,782)
Net cash outflow from returns on investments and servicing of finance		<u>(264,820)</u>	<u>(175,100)</u>
Capital expenditure and financial investment			
Payments to acquire housing properties		(1,989,360)	(1,123,937)
Payments to acquire other fixed assets		(11,983)	(10,891)
Social housing grant receivable		-	-
Net Proceeds on disposal of properties		87,370	93,969
Loss on disposal of other fixed assets			
Net cash inflow from capital expenditure		<u>(1,913,973)</u>	<u>(1,040,859)</u>
Net cash inflow/(outflow) before use of liquid resources and financing		<u>(1,153,125)</u>	<u>289,134</u>
Financing activities			
Issue of long term loan		1,500,000	1,000,000
(Repayment) of long term loan		(309,830)	(310,968)
Share capital issued		1	7
Net cash inflow/(outflow) from financing		<u>1,190,171</u>	<u>689,039</u>
Net Increase/(Decrease) in Cash in the period	16b	<u><u>37,046</u></u>	<u><u>978,173</u></u>

NOTES TO THE FINANCIAL STATEMENT

as at 31 MARCH 2015

1) Principal Accounting Policies

a) Basis of Preparation

The accounts are also prepared under the historical cost convention (as modified by the revaluation of housing properties) and on the going concern basis.

The financial statements have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice: Accounting by Registered Social Landlords Update, issued by the Scottish Federation of Housing Associations in October 2010 and comply with the Scottish Housing Regulator's Determination of Accounting Requirements April 2012.

b) Turnover

Turnover comprises rental and service charge income, factoring fees and any revenue grants receivable.

c) Housing Properties

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Completed housing properties are professionally valued on an existing use basis. Surpluses and deficits are reflected in the revaluation reserve.

Permanent diminutions in value of housing property are eliminated first against any revaluation reserve in respect of that property with any excess being charged in the income and expenditure account. Depreciation is charged on a straight line basis over the expected useful lives of the individual components of individual properties. The components and their expected useful lives are as follows:-

Buildings	50 years	Roof	40 years	Doors	25 years
Windows	20 years	Radiators	20 years	Boilers	15 years
Bathrooms	25 years	Kitchens	15 years		

d) Other Fixed Assets

A full years depreciation is charged in the year of acquisition but no charge is made in the year of disposal. Depreciation is charged at rates estimated to write off costs less the estimated residual value over the expected useful life.

Furniture, Fittings	20% reducing balance
Office Equipment and IT	25% reducing balance
Community Link Project	2% straight line

Social Housing Grant and other grants in Advance/Arrears.

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of these developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately in note 6.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates. Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

e) Pension

The Organisation participates in the centralised Strathclyde Pensions Trust defined benefits pension scheme and retirement benefits to employees of the Organisation are funded by the contributions from all participating employers and employees in the scheme. Payments are made to the Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

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

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

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

f) Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

g) Allocation of Homeowner Income

Monies charged to homeowners for common feu maintenance and insurance is credited into the income and expenditure account within the accounting period in which it relates.

h) Revaluation

A full valuation of the Organisation's housing properties was carried out based on Existing Use Value for Social Housing by Jones Lang Lasalle in October 2014. They have valued the properties at £17,886,000. JLL are independent from the reporting entity. The valuation report has been made in accordance with the RICS Appraisal and Valuation Manual. The Balance sheet has been adjusted to show a reduction in valuation of housing stock of £1.100 m in the current year. The previous valuation report was performed by Drivers Jonas Deloitte. Had the properties not been restated at valuation the carrying value based on historical cost less social housing grant and depreciation would have been £11,727,433 at 31 March 2015 (2014 - £10,475,129).

i) Operating Leases

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

2) Particulars of Turnover, Operating Costs and Operating Surpluses

2015	Turnover	Operating Costs	Operating Surplus
	£	£	£
Social Lettings	2,648,939	2,248,417	400,522
Other Activities	237,882	206,222	31,660
Total	2,886,821	2,454,639	432,182

2014	Turnover	Operating Costs	Operating Surplus
	£	£	£
Social Lettings	2,510,462	1,954,549	555,913
Other Activities	202,447	204,454	(2,007)
Total	2,712,909	2,159,003	553,906

3) Particulars of Turnover**a) Operating Costs and Operating Surplus from social letting**

	General Needs Housing	Supported Housing Accom	Shared Housing Accom	Total for 2015	Total for 2014
	£	£	£	£	£
Rent receivable net of service charges	2,683,685	-	-	2,683,685	2,567,954
Service Charges	-	-	-	-	-
Gross income from rents and service charges	2,683,685	-	-	2,683,685	2,567,954
Less voids	(34,746)	-	-	(34,746)	(57,492)
Net income from rents and service charges	2,648,939	-	-	2,648,939	2,510,462
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	2,648,939	-	-	2,648,939	2,510,462
Management & Maint Admin costs	892,405	-	-	892,405	832,023
Planned, cyc & Major Repair costs	25,740	-	-	25,740	18,823
Reactive maintenance costs	568,431	-	-	568,431	569,893
Bad Debts, rents & service charges	19,378	-	-	19,378	17,621
Depreciation of Social Housing	742,463	-	-	742,463	516,189
Operating costs for Social Letting	2,248,417	-	-	2,248,417	1,954,549
Operating surplus for social lettings for 2015	400,522	-	-	400,522	-
Operating surplus for social lettings 2014	555,913	-	-	-	555,913

b) Operating Costs & Surpluses/Deficits from Other Activities

	Grants from Scottish Ministers £	Other Revenue Grants £	Big Lottery Grants £	Other Income £	Total Turnover £	Operating costs £	Other Operating costs £	Operating Surplus/ (Deficit) 2015 £	Operating Surplus / (Deficit) 2014 £
Wider Action	52,929	19,070	81,116	-	153,115	153,588	-	(473)	(28,646)
Care & Repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	12,639	12,639	30,169	-	(17,530)	(16,776)
Development Activities	-	50,894	-	-	50,894	-	-	50,894	-
Support Activities	-	-	-	-	-	-	-	-	-
Care Activities	-	-	-	-	-	-	-	-	-
Other Management Services	-	-	-	-	-	-	-	-	25,711
Other Activities	19,974	-	-	1,260	21,234	22,465	-	(1,231)	17,704
Total from Other Activities 2015	72,903	69,964	81,116	13,899	237,882	206,222	-	31,660	-
Total from Other Activities 2014	82,190	66,248	-	54,009	202,447	204,454	-	-	(2,007)

Other Activity Grants include £19,974 Med Adapts from Scottish Ministers and £50,894 from Effective Energy EW1

Other Income of £1,260 includes handyman service, rechargeable repairs and ad hoc income

4) Sale of Housing Properties

	2015	2014
	£	£
Sale proceeds	89,000	97,280
Less: cost of sales and disposal of Redburn	(135,990)	(58,152)
	<u>(46,990)</u>	<u>39,128</u>

Two properties were sold under Right to Buy legislation. Cost of sales of these properties is inclusive of the property valuation less depreciation together with legal and other costs incidental to the sale.

Properties at Redburn Place, Irvine subject to demolition. Cost of sales is stated at cost less appropriate depreciation less residual land values.

5) Taxation

The Organisation was awarded charitable status with effect from 26 October 2004. Therefore there is no Corporation Tax liability

6) Tangible Fixed Assets

<u>Cost/Valuation</u>	Housing Properties Held For Letting	Community Link Project	Office Equipment & IT	Furniture & Fittings	Total
	£	£	£	£	£
At 1 April 2014	21,260,129	73,019	303,671	60,381	21,697,200
Additions during the year	1,989,359	-	11,518	465	2,001,342
Disposals during the year	(141,000)	-	-	-	(141,000)
Tfcr to Revaluation Reserve	(4,951,638)	-	-	-	(4,951,638)
At 31 March 2014	18,156,850	73,019	315,189	60,846	18,605,904
<u>Housing Association Grant</u>					
At 1 April 2013	1,124,537	-	-	-	1,124,537
Transfer on Revaluation	(1,124,537)	-	-	-	(1,124,537)
At 31 March 2014	-	-	-	-	-
<u>Other Grants</u>					
As at 1 April 2013	-	58,666	-	-	58,666
Additions during the year	-	-	-	-	-
As at 31 March 2014	-	58,666	-	-	58,666
<u>Depreciation</u>					
At 1 April 2013	2,057,351	2,270	292,242	56,963	2,408,826
Provided during the year	731,449	286	7,527	3,201	742,463
Disposals during the year	(6,640)	-	-	-	(6,640)
Tfcr to Revaluation Reserve	(2,782,160)	-	-	-	(2,782,160)
At 31 March 2014	-	2,556	299,769	60,164	362,489
<u>Net Book Value</u>					
As at 31 March 2014	18,156,850	11,797	15,420	682	18,184,749
As at 31 March 2013	18,078,241	12,083	11,429	3,419	18,105,172

7) Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Rents in arrears	53,514	55,029
Less: bad debt provision	(33,905)	(33,905)
Sundry debtors and homeowner arrears	13,370	11,950
Prepayments and accrued income	104,755	112,938
	<u>137,734</u>	<u>146,012</u>

8) Creditors due within one year

	2015	2014
	£	£
Loans	381,804	322,955
Trade creditors	72,366	122,401
Rents in advance and homeowner floats	40,141	39,269
Accruals and deferred income	245,312	353,404
	<u>739,623</u>	<u>838,029</u>

9) Creditors due outwith one year

	2015	2014
	£	£
Facility Loan	<u>8,399,362</u>	<u>7,268,043</u>

The Dunfermline Building Society holds a standard security on 623 of the Organisation's 677 properties and the Clydesdale holds a standard security on 14 properties. The loan is repayable at rates between 1.3% and 5.02% of interest in instalments due as follows:

	2015	2014
Less than one year	381,804	322,955
Between one and two years	386,513	283,478
Between two and five years	1,230,303	896,060
In five years or more	6,782,546	6,088,505
Less: amounts shown due within one year	(381,804)	(322,955)
	<u>8,399,362</u>	<u>7,268,043</u>

10) Employees

	2015	2014
	£	£
Staff costs (including Directors emoluments) during the year: (exc agency staff)		
Wages and salaries	541,429	550,107
Social security costs	47,281	45,255
Employers Pension Contributions (Note 12)	83,074	76,005
	<u>671,784</u>	<u>671,367</u>

The average weekly number of persons employed by the Organisation during the year were as follows:

	2015	2014
Housing staff	3	4
Maintenance staff	4	3
Administrative and Finance staff	4	4
Wider Action staff	4	5
Caretaking staff	3	2
Total	<u>18</u>	<u>18</u>

11) Directors Emoluments

The remuneration paid to the Directors (defined as the Board of Management, the Director and other senior staff members whose total emoluments individually exceed £60,000 per year) of the Organisation were:

	2015	2014
	£	£
Total Emoluments (including pension contribution and benefits in kind)	147,309	77,070
The emoluments (excluding pension contributions) of the highest paid Director amounted to	68,619	64,075
The emoluments (excluding pension contributions) of the Chairman amounted to	Nil	Nil

Directors are ordinary members of the Organisation's pension scheme described in Note 12. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Organisation contributes. The Organisation's contributions for Directors in the year amounted to £11,834 (2013 - £11,489 – threshold for disclosure now £60,000).

	2015	2014
Total Emoluments £60,000 - £70,000	2	1

	2015	2014
	£	£
Total expenses reimbursed to Directors in so far as not chargeable to United Kingdom Income Tax	£1,195	£2,170

The Organisation is managed by a voluntary Board of Management whose members act as Directors of the Organisation.

No member of the Board of Management received any emoluments in respect of their services to the Organisation for the year ended 31 March 2015.

12) Retirement Benefit Obligations

The Association contributes to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

	2015	2014
	31 March 2015	31 March 2014
Latest actuarial date	31 March 2015	31 March 2014
Inflation / Pension Increase Rate	2.5%	2.8%
Salary scale increases per annum	4.4%	5.1%
Discount rate	3.3%	4.5%

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

	2015	2014
Equities	30%	30%
Bonds	12%	12%
Property	7%	7%
Case	5%	5%

	2015	2014
	£	£
Estimated employer asset share	3,105,000	2,660,000
Present value of scheme liabilities	(4,020,000)	(3,026,000)
Present value of unfunded liabilities	-	-
Total value of liabilities	(915,000)	(366,000)
Net Pension (Liability)/Asset	(915,000)	(366,000)

Analysis of amount charged to operating profit	2015
	£
Service costs	113,000
Interest income on plan assets	-
Curtailment and settlements	-
Decrease in irrecoverable surplus	-
Total operating charge	113,000

Analysis of amount credited to other finance income	2015
	£
Interest Income on Plan Assets	116,000
Interest on pension scheme liabilities	(133,000)
Total Net interest	(17,000)
Total defined benefit cost in Profit & Loss	£130,000

Analysis of recognised in Statement of Total Recognised Gains and Losses (STRGL)	2015
	£
Actual return less expected return on pension scheme assets	228,000
Experience gains and losses arising on the scheme liabilities	-
Changes in financial assumptions underlying the present	(611,000)
Changes in demographic assumptions	(121,000)
Value of the scheme assets	-
Actual gain/(loss) in pension plan	(504,000)
Increase in irrecoverable surplus from the membership fall and other factors	-
Actuarial gain/(loss) recognised in STRGL	(549,000)

Movement in surplus during the year	2014
	£
Deficit at beginning of year	(366,000)
Current service cost	(113,000)
Employers contributions	85,000
Past service costs	-
Estimated Benefits paid	-
Net returns on assets	(17,000)
Actuarial gain/(loss)	(504,000)
(Deficit)/Surplus at end of year	(915,000)

Increase in service costs of £45,000 plus actuarial loss of £504,000, increase in liability for year of £549,000

History of Experience Gains and Losses**2015**

	£
Fair value of Employer Assets	3,105,000
Present Value of Defined Benefit Obligation	(4,020,000)
Surplus / (Deficit)	(915,000)
Experience Gains /(losses) on Assets	445,000
Experience Gains /(Losses on Liabilities)	(994,000)

13) Surplus/Deficit on Ordinary Activities Before Taxation

	2015	2014
	£	£
Deficit on Ordinary Activities before Taxation is stated after charging:		
Depreciation - Tangible Fixed Assets	742,463	377,075
Loss on Disposal of Fixed Assets	(141,000)	(39,128)
Operating Lease Rental - office	33,000	33,000
Operating Lease Rental - vans	6,771	6,771

14) Auditors' Remuneration

	2015	2014
	£	£
The remuneration of the auditors (including expenses and excluding VAT for the year)	7,868	7,332
Remuneration of the auditors in respect of services other than those of auditors	-	-

15) Share Capital

	2015	2014
	£	£
Shares of £1 fully paid and issued at beginning of year	111	104
Shares issued during year	1	7
Shares cancelled during the year	-	-
Shares issued at end of year	<u>112</u>	<u>111</u>

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

16) Notes to the Cash Flow Statement

	2015 £	2014 £
a) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating Surplus/(Deficit)	432,182	553,906
Depreciation	742,463	529,875
(Increase)Decrease in debtors	8,278	46,577
(Decrease)/Increase in creditors	(157,255)	374,735
Shares cancelled during the year	-	-
Net cash inflow/(outflow) from operating activities	<u>1,025,668</u>	<u>1,505,093</u>
b) Analysis of changes in cash and cash equivalents during the year		
Balance at start of year	1,475,050	496,877
Net cash movement during the year	<u>37,046</u>	<u>978,173</u>
Balance at end of year	<u>1,512,096</u>	<u>1,475,050</u>
c) Analysis of the balance of cash and cash equivalents as shown in the Balance Sheet		
Cash at bank and on hand	<u>1,512,096</u>	<u>1,475,050</u>
d) Analysis of changes in net debt	At 01/04/14	Cashflow At 31/03/15
Cash at hand and in bank	1,475,050	1,512,096
Debt due within one year	(322,955)	(58,849)
Debt due after one year	<u>(7,268,046)</u>	<u>(1,131,316)</u>
	<u>(6,115,951)</u>	<u>(1,153,119)</u>
		<u>(7,269,070)</u>

17) RESERVES

a) Reconciliation of operating surplus to net cash inflow from operating activities	Total 2015	Total 2014
	£	£
As at 1 April 2014	3,552,169	3,130,115
Transfer from Revaluation Reserve – Gain on Sale	25,765	22,131
Actuarial gain / (loss) recognised	(504,000)	(97,000)
Transfer of Depreciation	155,129	102,989
Surplus for the year	75,372	393,934
As at 31 March 2015	<u>3,304,435</u>	<u>3,552,169</u>

b) Revaluation Reserves		
As at 1 April 2014	7,701,882	7,827,002
Transfer to Revenue Reserves – Gain on Sale	(25,765)	(22,131)
Transfer of Depreciation	(155,129)	(102,989)
Revaluation in Year	<u>(1,044,941)</u>	<u>-</u>
As at 31 March 2015	<u>6,476,047</u>	<u>7,701,882</u>

18) Commitments Under Operating Leases

At the period end the annual commitments under operating leases were as follows:

	2015	2014
	£	£
Photocopier - expiring in 2-5 years	2,811	2,811
Office premises - expiring within 2-5 years	33,500	33,500

19) Capital Commitments

	2015	2014
	£	£
Expenditure authorised by the Board of Management. Expenditure is funded from existing resources.	893,174	1,001,203

20) Unit Numbers

	2015	2014
Housing properties	677	702
Garage units	205	205
	<u>882</u>	<u>907</u>

2014 Total £	2015 Total £	Housing Management £	Repairs and Day to day £	Medical Adaptations £	Caretaking Services £	Home- owner services £	Wider Action £	Finance and Corporate £
Employee Costs								
671,367	671,784	213,024	100,741	-	-	12,445	133,557	212,017
Management and Administrative Staff								
Estate Costs								
50,940	51,737	51,467	-	-	-	270	-	-
618,046	684,017	-	594,171	22,465	67,381	-	-	-
Office Overheads								
11,861	14,301	-	-	-	-	-	-	14,301
22,606	23,365	-	-	-	-	-	-	23,365
7,210	7,868	-	-	-	-	-	-	7,868
12,296	11,160	9,196	-	-	-	-	-	1,964
45,118	43,927	-	-	-	-	-	-	43,927
9,032	8,601	-	-	-	-	-	-	8,601
11,929	12,459	-	-	-	-	-	-	12,459
10,289	5,653	-	-	-	-	-	-	5,653
18,538	25,785	-	-	-	-	-	-	25,785
9,511	18,418	-	-	-	-	-	-	18,418
35,995	29,230	-	-	-	-	-	-	29,230
5,809	2,328	-	-	-	-	-	-	2,328
4,746	3,912	-	-	-	-	-	-	3,912
50,116	52,033	15,087	-	-	-	-	-	36,946
3,721	5,741	5,741	-	-	-	-	-	-
12,377	20,479	-	-	-	-	-	20,479	-
17,621	19,378	19,378	-	-	-	-	-	-
529,875	742,463	731,735	-	-	-	-	-	10,728
2,159,003	2,454,639	1,045,628	694,912	22,465	67,381	12,715	154,036	457,502
		298,761	141,287	-	-	17,454	-	(457,502)
Allocation of Finance and Corporate								
2,159,003	2,454,639	1,344,389	836,199	22,465	67,381	30,169	154,036	-



INVESTORS
IN PEOPLE

ANCHO Ltd.
Registered Charity
Sovereign House, Academy Road, Irvine, KA12 8RL
ANCHO Ltd is an Equal Opportunities Employer
Register of Friendly Societies No. 2559R (S) SHR Registration No. 306 Scottish Charity No. SC 036082

Tel: 01294 313121
Fax: 01294 313122
E-mail: mail@ancho.co.uk
Web: www.ancho.co.uk