

ABBNEYFIELD SCOTLAND LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 March 2016

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Board

James G Craigie (Chairman)
Peter Furniss (resigned 16 September 2015)
William Brunton (resigned 16 September 2015)
John Leggatt
Irene Christie
Amanda Ling (resigned 16 September 2015))
Nance Smith (Vice Chair and Company Secretary)
Ian Craig
Kevin Toner
Jean Henretty (appointed 15 April 2015)
Hazel Allen (appointed 24 November 2015)
Libby Anderson (appointed 14 October 2015)

Executive Officers

Niall Patterson (Chief Executive)

Registered Office

14 New Mart Road
Edinburgh
EH14 1RL

Auditors

Alexander Sloan
Chartered Accountants
1 Atholl Place
Edinburgh
EH3 8HP

Solicitors

T C Young, Solicitors
7 West George Street
Glasgow
G2 1BA

Finance Agents

Chiene + Tait LLP
61 Dublin Street
Edinburgh
EH3 6NL

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD

For the year ended 31 March 2016

The Board presents its report and the Financial Statements for the year ended 31 March 2016.

Legal Status

Abbeyfield Scotland Limited is a Registered Social Landlord and is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 Number 1883R(S). Abbeyfield Scotland Limited is constituted under its Rule Book and is a registered Scottish Charity with the charity number SC012549.

It is also registered with the Financial Conduct Authority and the Scottish Housing Regulator.

Principal Activities

Abbeyfield Scotland's principal activities are the provision and management of affordable rented accommodation and the provision of care and support services for lonely or frail elderly people.

REVIEW of BUSINESS and FUTURE DEVELOPMENTS

Governance and Strategy

Abbeyfield Scotland Ltd is governed by a voluntary Board which employs staff to manage the affairs of the business.

The Board welcomed Libby Anderson's election to the Board at the AGM in September 2015, further widening and strengthening its pool of skills and expertise.

This followed the appointment of Jean Henretty earlier in the year. At the AGM, long serving members Bill Brunton, Peter Furniss and Amanda Ling resigned from the Board. The Board went on to re-elect James G Craigie as Chairman and Nance Smith as Vice-Chair and Company Secretary. In November 2015, Hazel Allen was appointed to a casual vacancy on the Board and took up the chair of the Audit Committee.

At 31 March 2016, Abbeyfield Scotland Ltd employed 105 staff based in 16 houses, the Area office and in Edinburgh.

Partnerships

Abbeyfield Scotland is affiliated to the Abbeyfield Society. It has two members, James G. Craigie and Nance Smith, serving on the board of Abbeyfield Societies in Scotland Ltd, which exists to promote collaboration between Abbeyfield Scotland and the other member societies in Scotland.

Cairn Housing Association provides IT services to the organisation while Trust Housing Association provides a limited facilities management service.

Strategy and Objectives

The Board's Strategic Plan 2015-2020, Reshaping Services for Later Life, is built around its vision for Abbeyfield Scotland to be acknowledged as an exemplary provider of care services for older people who value their independence.

This was reviewed again in November 2015 and the Board confirmed its commitment to managing its assets and developing the business to ensure that Abbeyfield remains a viable, relevant and successful option into the long term.

This will be achieved by:

- developing a sustainable new model of Abbeyfield living, building on a distinct target market
- concentration on new development in key locations, specifically Aberdeen, Aberdeenshire, East Lothian, Stirling and Clackmannanshire and also considering possibilities in East Renfrewshire and East Dunbartonshire subject to demonstrated demand and opportunity
- a limited programme of remodelling existing services and properties
- improving the organisation's performance, by developing its people, improving service quality, developing governance and reviewing its cost base

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Strategy and Objectives (continued)

This fundamental business change has required actions in 2015-16 to:

- stabilise the existing business, and
- ensure business decisions are founded on robust market intelligence.

Since 2008, 18 houses have closed, with seven of these closing within the 12 month business period. Action was also taken to structure the area support teams around the remaining 16 houses and redefine some key job roles. This has been a key stage in the transformation of the business.

Risk Management

The following significant areas of risk have been identified for particular attention:

Risk	Controlling Action
Failure to resolve structural revenue deficits resulting in sale / liquidation	<ul style="list-style-type: none"> • Strategic planning to focus on existing and new markets • Change planning to restructure out deficits and ensure strategic plan achieved • Improved reporting to identify sources of deficits for action • 3 year strategic financial plans to achieve balance • Close monthly monitoring of achievements against targets / budgets
Revenue deficits lead to depletion of cash reserves within current 3 year plan	<ul style="list-style-type: none"> • As above • Separation of reserves into change, closure, ongoing and monitor movements in reserves
Approved business and change plan not achieved due to lack of staff capability	<ul style="list-style-type: none"> • Staff engagement plan in change plan • Review of staff skills base as part of organisational restructure • Compliance with legislative requirements on restructuring
Approved business and change plan not achieved due to inappropriate organisation structure	<ul style="list-style-type: none"> • Organisational structure review to ensure fit for purpose • Investment in capacity / skills required to deliver change
Approved business and change plan is not achieved due to loss of key staff	<ul style="list-style-type: none"> • Organisational structure review to ensure ability to succession plan / delegate effectively • Investment in capacity / skills required to maintain change
Approved business and change plan not achieved due to lack of governance / failure to monitor plans	<ul style="list-style-type: none"> • Develop Change Plan with clear targets and monitoring mechanisms • Regular Board review of progress against targets and remedial actions timely
Targeted income not achieved due to lack of brand awareness / services provided	<ul style="list-style-type: none"> • Market research to ensure products match user demand • Marketing and communications strategy to ensure brand awareness and targeted marketing
Financial failure due to housing stock being not fit for purpose	<ul style="list-style-type: none"> • Market research to gain clear understanding of market • Strategic planning to ensure future provision fit for purpose with clear timeline for change • Funded plan for long-term renewals, service work and cyclical maintenance

Risk	Controlling Action
Structural revenue deficits higher than forecast due to failure to manage voids	<ul style="list-style-type: none"> • Ensure clear understanding of current and future user needs and deliver / market within constraints of current build environment • Ensure clear responsibility for void management against targets and invest in capacity to do so
Interruption to key services and functions at Head Office	<ul style="list-style-type: none"> • Prepare business continuity plan
Interruption to key services and functions at any House	<ul style="list-style-type: none"> • Ensure emergency planning procedures in case of fire / flood / health emergency are known to staff at houses and are tested
Reputational damage due to incident or inspection leading to poor assessment or intervention by regulator(s)	<ul style="list-style-type: none"> • Work closely with regulators and others in the public, private and voluntary sectors to ensure compliance with Care Standards • Ensure regular feedback from residents and relatives is collected, reviewed, and actions taken
Reputational damage due to other Abbeyfield charities failure; brand confusion	<ul style="list-style-type: none"> • Consider changing brand identity • Invest in communication and PR to distinguish ASL
Staff non-compliance with regulatory requirements leading to adverse impact on residents and reputational damage	<ul style="list-style-type: none"> • Staff recruitment policies and procedures • On-going training plans for all staff members • Regular review of implementation of regulatory requirements by Service Manager • Monitoring and reporting of compliance and breach
Reputational damage due to failure to meet Health and Safety Requirements leading to adverse incident	<ul style="list-style-type: none"> • As above • Staff training, Area Manager review, H&S reporting
Reputational damage due to failure to meet fire, gas, electrical Requirements leading to adverse incident	<ul style="list-style-type: none"> • As above • Staff training, Area Manager review • Introduce new system for inspecting gas servicing and appliance maintenance
Reputational damage due to unauthorised action by volunteers / Friends	<ul style="list-style-type: none"> • Regulate role (through PVG / job roles) and access (to houses, through sign in, ID badges)

Asset Management

House Closures

Following a process of options appraisal and consultation with residents, staff and stakeholders, seven of our Abbeyfield houses were closed in the financial year. This was prompted by their sustained level of vacancies and high running costs. Previously-closed houses at Falkirk and Motherwell were sold within the financial year. Resources from sale will be reinvested in remodelling of services and properties across the stock portfolio.

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Keeping Residents Safe and Houses Maintained

The year continued with the ongoing programme of planned maintenance and health and safety works to the houses. Projects included:

- Fire risk assessment reviews, gas safety checks, electrical condition reports and portable appliance testing and water hygiene tests and risk assessment reviews, renewal of Houses in Multiple Occupancy (HMO) licences
- External and internal painterwork
- Kitchen replacements
- Stair lift replacements

Grant funding from Scottish Government allowed adaptations, including ramps, wet floor showers, improved lighting, to be carried out to meet the changing needs of tenants with mobility and other problems.

Developing our People

Investment in staff

2015/16 saw the continuation of a three-year training plan covering a wide range of necessary areas including health and safety, understanding dementia, and recruitment and diversity. Staff were also assisted to pursue the necessary SVQs in relation to care and support.

Service Quality

Recognition for Lockerbie

Another award was gained for our Lockerbie house, this time taking Gold at the National Housing for Older People Awards 2015 as the Best UK Retirement Housing Scheme under 24 units

Regulation

Abbeyfield Scotland Ltd is primarily regulated by the Scottish Housing Regulator and the Care Inspectorate. It took part in an inspection by the Scottish Housing Regulator in December 2011, leading to a programme of structured engagement with the Regulator to address areas raised. It publishes a Regulation Plan for landlords with which it wishes to engage and again agreed a medium level of engagement with Abbeyfield Scotland for 2015/16.

The housing support services were again inspected by the Care Inspectorate in our Forth Valley and Central areas. The improvements noted resulted in an increase in the overall gradings for Abbeyfield Scotland's services as follows:

Quality of Care and Support	4 Good
Quality of Staffing	4 Good
Quality of Management and Leadership	4 Good

Policy review programme

The rolling programme of policy reviews was continued through the year.

Marketing

Abbeyfield Scotland's marketing efforts are aimed at ensuring that Abbeyfield remains an attractive and sustainable offering for older people. As such we prioritise communication with current residents, the general public, our regulators, development and care partners, health and social care partnerships and local authority planners.

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Activities include:

- a detailed corporate and local marketing strategy
- the identification of internal marketing champions
- strengthening our core brand
- a new website and a strong presence on social media
- press advertising
- quality publications
- reviews of the "kerb appeal" and internal décor of our properties
- relationship-building
- market research and business planning

Key Performance Indicators

The Board recognises the importance of monitoring performance against a range of internal targets as a means of measuring continuous improvement. A number of key performance indicators are included within the Strategy and are the subject of regular monitoring reports to the Board.

The Board attaches particular importance to the performance on voids. Voids performance of 17.9% for open, retained houses, against a budget of 17.3% is slightly above target. Under Board and management scrutiny, our action in this crucial regard is to raise local and national awareness of Abbeyfield's services with improved targeted promotional activity supplemented by corporate marketing.

It is also noted that planned and cyclical maintenance incurred significant underspend due in good part to an accelerated pattern of closures affecting 7 houses in the year. Action has also been taken to quicken the flow of information on reactive repairs and ensure budgetary control is devolved and accountability strengthened in this regard.

The/...

ABBEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2016

The following tables summarise some of the key performance indicators for Abbeyfield Scotland Ltd:

	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual to 31/03/2013	Actual to 31/03/2014	Actual to 31/03/2015	Actual to 31/03/2016	Variance (rounded)
	%	%	%	%	%
Operating Costs as a Percentage of Turnover					
House Salaries	54	42	44	45	(1)
Area Salaries	-	11	13	14	0
Agency Costs	6	4	6	3	1
Reactive/Void repairs	6	5	4	5	(2)
Cyclical Maintenance (inc gardening)	6	6	8	4	3
Planned Maintenance	5	5	5	2	5
Energy Costs	9	7	6	5	2
Food costs	12	11	10	8	2
Other Direct House Overheads	21	13	11	8	0
H.O Salaries, N.I. & Pension	15	12	13	14	0
Staff Expenses	1	0	0	0	0
H.O agency Staffing	-	1	0	0	0
Professional	4	3	3	4	(1)
Other H.O. Costs	8	8	10	10	3

	2012/13	2013/14	2014/15	2015/16	2015/16
	Actual to 31/03/2013	Actual to 31/03/2014	Actual to 31/03/2015	Actual to 31/03/2016	Variance
	£	£	£	£	£
Maintenance Costs Per Room					
Reactive	650	450	331	558	(248)
Cyclical	643	758	909	493	315
Planned	508	595	588	201	647

ABBNEYFIELD SCOTLAND LIMITED

REPORT of the BOARD (continued)

For the year ended 31 March 2016

		Rolling 12-month period to 31 March 2015	Rolling 12-month period to 31 March 2016
Repairs			
Average no. of reactive repairs completed per occupied property		6.05	5.13
% of reactive repairs completed right first time		96	95
% of properties that require a gas safety record which had a gas safety check and record completed by the anniversary date.		96	100

		2012/13	2013/14	2014/15	2015/16	2015/16
Housing Management KPIs		Actual to 31/03/2013	Actual to 31/03/2014	Actual to 31/03/2015	Actual to 31/03/2016	Budget
Voids %		%	%	%	%	%
	Total	20.00	22.65	30.68	25.35	24.41
	Open Houses				17.9	17.3
	Houses Closed In-Year				54.9	46.1
Arrears %						
	Technical Arrears	0.30	0.17	0.18	0.25	
	Non Technical Arrears	0.63	0.10	0.17	0.20	
	Former Tenant Arrears	0.10	0.16	0.04	0.11	

		Rolling 12-month period to 31 March 2013	Rolling 12-month period to 31 March 2014	Rolling 12-month period to 31 March 2015	Rolling 12-month period to 31 March 2016
Human Resources KPIs					
Staff Turnover %		16.83	20.59	15.88	9.89
Time lost through sickness %					
Total Number of Staff		4.75	4.22	6.98	6.44
Full Time Equivalent Staff		129	132	126	113
		76	75	72	62

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Board and Executive Officers

The members of the Board and the Executive Officers are listed on Page 1.

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

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

Statement of Board's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Board 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 of the Association for that period. In preparing those Financial Statements, the Board 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, 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 Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the preventions and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

Insofar as the Board are aware:

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

Statement of Internal Financial Control

The Board acknowledges its ultimate responsibility for ensuring that the Association 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 Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

REPORT of the BOARD (continued)

For the year ended 31 March 2016

Statement of Internal Financial Control (continued)

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board to monitor key business risks, financial objects and progress being made towards achieving the financial plans set for the year and for the medium term;
- regular financial management reports are prepared promptly, providing relevant, reliable and up-to-date financial and other information with significant variances from budget being 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 Board;
- the Board receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken.
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



NANCE SMITH
Secretary

24 August 2016

ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

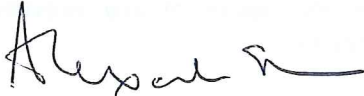
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the 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 9-10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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 Board and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants

Edinburgh 25 August 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ABBEYFIELD SCOTLAND LIMITED

For the year ended 31 March 2016

We have audited the financial statements of Abbeyfield Scotland Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 and Auditors

As explained more fully in the Statement of Board's Responsibilities the Association's Board is responsible for the preparation of the Financial Statements that 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 on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2016 and of its deficit 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, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ABBNEYFIELD SCOTLAND LIMITED

For the year ended 31 March 2016

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Board's Report is inconsistent with the financial statements;
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association;
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
Edinburgh

Date: 25 August 2016

ABBNEYFIELD SCOTLAND LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	2016	Restated 2015
		£	£
Turnover	2	2,476,650	2,721,562
Operating costs	2	(3,373,035)	(3,616,123)
Operating deficit	8	(896,385)	(894,561)
Gain on sale of housing stock	7	445,571	417,424
Interest receivable and other income		18,658	15,170
		464,229	432,594
Deficit for the year		(432,156)	(461,967)

There were no discontinued operations during the year. As a consequence the results relate wholly to continuing activities.

Comparative figures have been restated to reflect the adoption of FRS 102 and the Housing SORP 2014.

The notes on pages 18 to 30 form part of these financial statements

STATEMENT OF CHANGES IN RESERVES

As at 31 March 2016

	Share Capital £	Revenue Reserves £	Restricted Reserves £	Total £
Balance at 1 April 2015 (restated)	206	5,304,770	261,213	5,566,189
Movement in share capital	(20)	-	-	(20)
Surplus from statement of total comprehensive income	-	(432,156)	-	(432,156)
Balance at 31 March 2016	186	4,872,614	261,213	5,134,013
Balance at 1 April 2014	209	5,758,413	269,537	6,028,159
Movement in share capital	(3)	-	-	(3)
Surplus from statement of total comprehensive income	-	(453,643)	(8,324)	(461,967)
Balance at 31 March 2015	206	5,304,770	261,213	5,566,189

Comparative figures have been restated to reflect the adoption of FRS 102 and the Housing SORP 2014.

The notes on pages 18 to 30 form part of these financial statements

ABBNEYFIELD SCOTLAND LIMITED

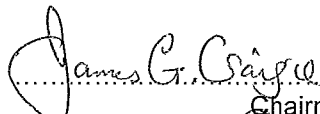

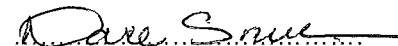
STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	£	2016 £	Restated 2015 £
Tangible fixed assets				
Housing Properties – Depreciated cost	10(a)		2,715,051	4,148,582
Other fixed assets	10(b)		6,160	25,836
			<u>2,721,211</u>	<u>4,174,418</u>
Current assets				
Debtors	13	111,244	188,346	
Properties held for sale		702,676	279,817	
Term deposits	20	702,383	700,000	
Cash at bank and in hand		2,222,010	2,363,975	
			<u>3,738,313</u>	<u>3,532,138</u>
Creditors: Amounts falling due within one year	14	(285,490)	(381,350)	
			<u>3,452,823</u>	<u>3,150,788</u>
Net current assets				
			<u>6,174,034</u>	<u>7,325,206</u>
Total assets less current liabilities				
Creditors: Amounts falling due after one year	15		1,040,021	1,759,017
			<u>5,134,013</u>	<u>5,566,189</u>
Net assets			<u>5,134,013</u>	<u>5,566,189</u>
Capital and reserves				
Share capital	16		186	206
Revenue reserves	17(b)		4,872,614	5,304,770
Restricted reserves	17(c)		261,213	261,213
			<u>5,134,013</u>	<u>5,566,189</u>

Comparative figures have been restated to reflect the adoption of FRS 102 and the Housing SORP 2014

The financial statements were approved by the Board and signed on their behalf on 24 August 2016.

	James G Craigie
Chairman	
	Hazel Allen
Board Member	
	Nance Smith
Vice-Chair and Secretary	

The notes on pages 18 to 30 form part of these financial statements

STATEMENT of CASHFLOWS

For the year ended 31 March 2016

	Note	2016 £	2015 (Restated) £
Net cash generated from operating activities	22	(851,054)	(812,934)
		-----	-----
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,682)	(315,732)
Grants received		-	85,105
Proceeds from sale of fixed assets		701,496	762,310
(Increase)/decrease in deposits with banks		(2,383)	300,000
Interest receivable		18,658	15,170
		-----	-----
Net change in cash and cash equivalents in the year		(141,965)	33,919
Cash and cash equivalents at the beginning of the year		2,363,975	2,330,056
		-----	-----
Cash and cash equivalents at the end of the year		2,222,010	2,363,975
		=====	=====

The notes on pages 18 to 30 form part of these financial statements

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2016

The financial statements have been prepared for the first time in accordance with Financial Reporting Standard 102 (FRS102), the Statement of Recommended Practice for social housing providers "Housing SORP 2014 and the Determination of Accounting Requirements 2015". The transition to FRS 102 and SORP 2014 has resulted in a number of changes in accounting policies to those used previously.

Legal Status

Abbeyfield Scotland Limited is registered under the Co-operative and Community Benefit Societies Act 2014 No. 1883R(S) and is a registered Scottish charity No.SC012549. Abbeyfield Scotland Limited is registered as a housing association with the Scottish Housing Regulator under the Housing (Scotland) Act 2014. The principal activity of the Association is the provision of social housing and thus the Association is considered a public benefit entity.

The registered office is 14 New Mart Road, Edinburgh, EH14 1RL.

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice – Accounting by Registered Social Landlords 2014 and on the historical cost basis. They also comply with Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable, revenue grants receivable and donations and legacies receivable.

Retirement benefits

The pension costs charges in the financial statements represent the contributions payable by the organisation during the period.

Valuation of housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 10. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchen	20 years
Bathrooms	30 years
Windows	30 years
External doors	30 years
Internal doors	35 years
Boilers	15 years
Central heating	30 years
Lifts	40 years
Roofs	50 years
Rewiring	30 years
Conservatories	15-30 years
Fire alarms	20 years
Structure	50 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

Principal accounting policies (continued)

Valuation of housing properties (continued)

When a component is replaced the replacement cost is capitalised. The cost of the original component and depreciation to date is written out of fixed assets. Any remaining cost not depreciated is written out of fixed assets to the Statement of Comprehensive Income as a loss on disposal of fixed assets and included in depreciation of housing within operating costs for social letting

Depreciation and Impairment of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	2%
Furniture and Fittings	20%
Computer Equipment	33%
Office Equipment	33%

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

Social Housing Grant

Social Housing Grants are accounted for using the Accrual Method as outlined in section 24 of FRS 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Sales of Housing Properties

Disposals of housing property are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised on the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation of Development Overheads

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

Development Interest

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

Restricted Reserves

Where legacy income is received with conditions stipulated as to how income is to be spent, such income has been included within a Restricted Reserve Fund. Expenditure satisfying the conditions imposed is set against this Reserve. Details of the Restricted Funds are in note 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

Principal accounting policies (continued)

Cash and Cash Equivalents

Cash and Cash Equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of 100 days or less.

In the cash flow statement, cash and cash equivalents does not include term deposits that mature in excess of 100 days and are instead shown within Current Asset Investments on the Statement of Financial Position.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears – Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history and arrangements in place.

Life Cycle of Components and useful life of properties, plant and equipment

The Association estimates the useful lives of major components of its housing property and the useful life of its properties, plant and equipment with reference to surveys carried out by external qualified surveyors and these form the basis on which annual depreciation is estimated.

2. Particulars of turnover, cost of sales, operating costs and operating surplus

		2016			2015		
	Notes	Turnover	Operating costs	Operating surplus/ (deficit)	Turnover	Operating costs	Restated Operating surplus/ (deficit)
		£	£	£	£	£	£
Social lettings	3	2,245,534	2,649,052	(403,518)	2,475,613	2,896,719	(421,106)
Other activities	4	231,116	723,983	(492,867)	245,949	719,404	(473,455)
Total		2,476,650	3,373,035	(896,385)	2,721,562	3,616,123	(894,561)
		=====	=====	=====	=====	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

3. Particulars of income and expenditure from social lettings

	General Needs housing £	Supported housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Income from lettings					
Rent receivable net of identifiable service Charges	-	2,045,134	-	2,045,134	2,390,927
Service charges receivable	-	817,768	-	817,768	987,923
Gross rents receivable	-	2,862,902	-	2,862,902	3,378,850
<u>Less:</u> Rent losses from voids	-	723,514	-	723,514	1,082,738
	-	2,139,388	-	2,139,388	2,296,112
Grants released from deferred income	-	42,906	-	42,906	70,314
Other revenue grants	-	63,240	-	63,240	109,187
Total income from social letting	-	2,245,534	-	2,245,534	2,475,613
Expenditure on social letting activities					
Service costs	-	746,985	-	746,985	869,672
Management and maintenance administration costs	-	1,328,676	-	1,328,676	1,334,997
Reactive maintenance	-	114,996	-	114,996	90,497
Bad debts – rents and service charges	-	763	-	763	-
Planned and cyclical maintenance, including major repairs	-	356,797	-	356,797	425,027
Depreciation of social housing	-	100,835	-	100,835	176,526
Operating costs of social letting	-	2,649,052	-	2,649,052	2,905,007
Operating deficit on social letting activities	-	(403,518)	-	(403,518)	(421,106)
2015	-	(421,106)	-	(421,106)	

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus/ (deficit) 2016 £	Operating Surplus/ (deficit) 2015 £
Support activities	-	-	126,491	-	126,491	-	715,863	(589,372)	(559,327)
Governance costs	-	-	-	-	-	-	8,120	(8,120)	(9,356)
Legacies and donations	-	-	-	52,575	52,575	-	-	52,575	56,470
Other sundry activities	-	-	-	52,050	52,050	-	-	52,050	38,758
Total from other activities	-	-	126,491	104,625	231,116	-	723,983	(492,867)	(473,455)
2015	-	-	150,721	95,228	245,949	-	719,404	(473,455)	

Included in the 'Operating Costs – Other' of £715, 863 above are the total costs of providing personal services to residents, above the provision of housing support. Direct grant income from Local Authorities to fund these services is shown above at £126,491. Monthly charges to residents include a charge for personal services and this is shown as £817,768 income under 'Income from Lettings' (Note 3).

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

5. Officers emoluments

The officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers or servants of the Association.

No officer of the Association received emoluments greater than £60,000.

	2016 £	2015 £
Emoluments payable to Chief Executive (excluding pension contributions)	58,001	55,868
	=====	=====

Key management personnel are the Chief Executive and the Head of Housing Operations and their total compensation was £106,978. In addition Chiene + Tait acted as finance agents and were paid £42,799.

6. Employee information

	2016 £	2015 £
The average monthly number of full-time equivalent persons employed during the year was	62	72
	=====	=====
The average total number of employees employed during the year was	113	126
	=====	=====

Staff costs were:

Wages and salaries	1,474,684	1,512,441
Social security costs	88,559	101,314
Other pension costs	64,545	59,739
Temporary, agency and seconded staff	66,916	136,518
	-----	-----
	1,694,704	1,810,012
	=====	=====

Included within the wages and salaries for the year ended 31 March 2016 is £57,197 (2015: £nil) of severance costs.

7. Gain on sale of housing stock

	2016 £	2015 £
Sales proceeds	701,496	762,310
Cost of sales	255,925	344,886
	-----	-----
Gain on sale of housing stock	445,571	417,424
	=====	=====

8. (Deficit)/surplus for the year on ordinary activities

	2016 £	2015 £
(Deficit)/surplus on ordinary activities is stated after charging:		
Depreciation - Tangible fixed assets	107,386	182,706
Auditors' remuneration - Audit services	8,120	9,356
- Other services	-	-
Operating lease rentals - Land and buildings	37,000	30,250
- Other	5,948	4,916
	=====	=====

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

9. Tax on (deficit)/surplus on ordinary activities

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

10. Tangible fixed assets

	Housing Properties Held for Letting £	Restated 2015 £
(a) Housing properties		
Cost		
As at 1 April 2015	6,640,495	7,145,653
Additions	8,682	202,145
Disposals	(1,998,226)	(707,303)
As at 31 March 2016	4,650,951	6,640,495
Depreciation		
As at 1 April 2015	2,491,913	2,712,792
Charge for year	101,206	170,213
Disposals	(657,219)	(391,092)
As at 31 March 2016	1,935,900	2,491,913
Net book value		
As at 31 March 2016	2,715,051	4,148,582
As at 31 March 2015	4,148,582	4,432,861

Additions to housing properties includes capitalised development administration costs of £Nil (2015: £Nil) and capitalised major repair costs to existing properties of £8,682 (2015: £202,145).

All land and housing properties are freehold.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

10. Tangible fixed assets

	Computer Equipment £	Office Premises £	Furniture and Equipment £	Total £
(b) Other tangible assets				
Cost				
As at 1 April 2015	53,076	15,881	845,923	914,880
Additions	-	-	-	-
Disposals	-	(15,881)	(42,607)	(58,488)
As at 31 March 2016	53,076	-	803,316	856,392
Aggregate depreciation				
As at 1 April 2015	50,578	2,226	836,240	889,044
Charge for year	1,402	159	4,619	6,180
Disposals	-	(2,385)	(42,607)	(44,992)
As at 31 March 2016	51,980	-	798,252	850,232
Net book value				
As at 31 March 2016	1,096	-	5,064	6,160
As at 31 March 2015	2,498	13,655	9,683	25,836

11. Capital Commitments

As at 31 March 2016 there were capital commitments totalling £nil (2015: £133,541).

12. Commitments under operating leases

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £	2015 £
Not later than one year	42,924	42,948
Between one and five years	36,610	72,742
Total	78,534	115,690

13. Debtors

	2016 £	2015 £
Arrears of rent and service charges	16,466	14,058
<u>Less:</u> Provision for doubtful debts	(6,000)	(6,000)
	10,466	8,058
Social Housing Grant receivable	46,686	140,077
Other debtors and prepayments	54,092	30,211
Loans - due within one year	-	10,000
	111,244	188,346

ABBEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

13. Debtors (continued)

The loans included within debtors were originally made by the Abbeyfield Society for Scotland to member societies. The loans are repayable over period of up to 10 years.

14. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	124,222	219,345
Rent in advance	7,645	13,214
Other taxation and social security	21,329	26,349
Other creditors	37,976	22,517
Accruals and deferred income	51,412	57,019
Deferred Housing Association Grant	42,906	42,906
	-----	-----
	285,490	481,350
	=====	=====

At the balance sheet date there were pension contributions outstanding of £15,635 (2015: £3,657).

15. Creditors: amounts falling due after one year

	2016	2015
	£	£
Deferred Housing Association Grant	1,040,021	1,759,017
	=====	=====
Within one year	42,906	42,906
Due between one and two years	42,906	42,906
Due between two and five years	128,718	128,718
Due after five years	868,397	1,587,393
	-----	-----
	1,082,927	1,801,923
Less: included in current liabilities above	42,906	42,906
	-----	-----
	1,040,021	1,759,017
	=====	=====

16. Share capital

	£
Shares of £1 each issued and fully paid	
At 1 April 2015	206
Issued in year	2
Cancelled in year	(22)

At 31 March 2016	186
	=====

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

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

17. Reserves

(a) Designated reserve

All the designated reserves were transferred to revenue reserves on 1 April 2014 as part of the transition adjustments to FRS102

(b) Revenue reserve

	£
At 1 April 2015	5,304,770
(Deficit) for the year	(432,156)
Transfer (to)/from Restricted reserves	-

At 31 March 2016	4,872,614
	=====

	Opening reserve £	Transfer (to)/from revenue Total £	£
(c) Restricted reservesbalance			
Forres Fund	244,961	-	244,961
Highland Fund	7,749	-	7,749
Airdrie Fund	100	-	100
Abbeyfield North Berwick Friends Fund	7,311	-	7,311
Killearn Fund	629	-	629
Dock Park Fund	463	-	463
	-----	-----	-----
At 31 March 2016	261,213	-	261,213
	=====	=====	=====

The Forres Fund was established with proceeds received following the dissolution of the Abbeyfield Forres and District Society Limited. These funds are to be used for the benefit of local Abbeyfield Houses.

The Highland Fund was established in 2008/09 following the closure of the Abbeyfield Nethybridge Society. The money was left to the Association on the condition that it be used to benefit those houses remaining in the Highland region.

The Airdrie Fund was established in 2008/09 following a receipt from J W Dyer to be used for the upkeep of the gardens at the Airdrie House.

The Abbeyfield North Berwick Friends Fund was established in December 2013 from a donation of funds held by Abbeyfield North Berwick Friends Group.

The funds were given on the following two conditions to reflect the conditions on which the fund were originally given to the Abbeyfield North Berwick Friends. The conditions are:

1. The funds would be used exclusively for the benefit of residents of the North Berwick Abbeyfield Home but would not be used for anything which would otherwise have been covered by normal monthly expenditure or which would benefit any one resident alone;
2. The former Chair (Mr Simon Edington) and Secretary (Mr Eric Crichton) of North Berwick Abbeyfield Society would be consulted on any expenditure exceeding £1,000 and an annual Statement of Account would be provided to them.

ABBNEYFIELD SCOTLAND LIMITED

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

17. Reserves (continued)

The Killearn Fund was established in December 2013 from a donation received from Ms Ann Boyd on behalf of the late Mrs Margaret Meiklejohn. Ms Ann Boyd chose to donate the credit on her late mother's rent account for the benefit of the Killearn residents.

The Dock Park Fund was established in March 2015 from a donation received from Lorna McKerrow on behalf of the late Mr Malcolm MacLeod. Ms McKerrow chose to donate the credit of £463.44 on her late father's rent account for the benefit of the Dockpark House.

18. Housing stock

	2016 No.	2015 No.
The number of units of accommodation in management at the year end was:		
Supported housing	139	187
	=====	=====

19. Related party transactions

Members of the board are related parties of the Association as defined by Financial Reporting Standard FRS102.

There were no transactions between the organisation and its related parties during the period other than the reimbursement of travel expenses to meetings.

20. Term deposits

	2016 £	2015 £
Fixed term deposit (over 100 days)	702,383	700,000
	=====	=====

21. Pension costs

Abbeyfield Scotland Limited operates a defined contribution scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the organisation and amounted to £64,545 (2015: £59,739).

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

22. Net cash generated from operating activities

	2016 £	2015 (Resated) £
Deficit for the year	(432,156)	(461,967)
Adjustment for non-cash items		
Depreciation of tangible fixed assets	107,015	183,888
Gain on sale of fixed assets	(445,571)	(417,424)
Decrease in trade and other debtors	77,102	39,118
(Decrease)/increase in trade and other creditors	(95,860)	(71,062)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(42,906)	(70,314)
Interest receivable	(18,658)	(15,170)
Share capital written off	(22)	(6)
Issue of share capital	2	3
Net cash flow from operating activities	(851,054)	(812,934)
	=====	=====

23. Cash and cash equivalents

	At 1 April 2015 £	Movement in year £	At 31 March 2016 £
Cash at bank and in hand	2,363,975	(141,965)	2,222,010
	=====	=====	=====

24. Transition to FRS 102

The Association has adopted Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS 102 the Association does not present an Income and Expenditure Account or a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements to 31 March 2015 as items that previously appeared in these statements are now included in the Statement of Comprehensive Income.

As permitted by FRS 102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

As prescribed by FRS 102 the Association now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.

Housing Association Grant (HAG) is now recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure.

The date of transition is 1 April 2014.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2016

24. Transition to FRS 102

Restated Statement of Comprehensive Income	£
Deficit per signed financial statements for year ended 31 March 2015	(473,890)
Effect of adjustment to amortised deferred capital grants	70,314
Effect of adjustment to depreciation charge	(58,391)
	<hr/>
Restated deficit for the year ended 31 March 2015	(461,967)
	<hr/>
Restated Statement of Financial Position	£
Capital and reserves as at 31 March 2015 per signed financial Statements	5,224,510
Effect of adjustment to amortised deferred capital grants over the lives of the applicable assets to date	1,411,871
Effect of adjustment to increase depreciation charge both during the current financial year and at 1 April 2014	(1,070,192)
	<hr/>
Restated Capital and Reserves as at 31 March 2015	5,566,189
	<hr/>