



Alexander Sloan
Accountants and Business Advisers

Abertay Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No. HAL297

FCA Reference No. 2517R(S)

Scottish Charity No. SC030152

ABERTAY HOUSING ASSOCIATION LIMITED

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ABERTAY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Dorothy Taylor	Chairperson
Kathleen Mands	Vice Chairperson
Darren Keddie	Resigned 25th January 2017
Ian Mathers	
Drew McKelvie	Resigned 14th September 2016
Ron Neave	
Helen Reeves	
Barbara Warden	
Billy Webster	Resigned 5th July 2016
Duncan Wood	Resigned 14th September 2016
Darren Walton	Resigned 24th May 2017
Kenneth Brannan	Appointed 14th September 2016
Shaun Crosby	Appointed 14th September 2016
David Milne	Appointed 14th September 2016
George Penman	Appointed 14th September 2016
Hilary Smith	Appointed 14th September 2016
John Barnett	Appointed 26th October 2016
Denis Brown	Appointed 25th January 2017

EXECUTIVE OFFICERS

Ian Thomson	Chief Executive and Company Secretary
Bob Sander	Operations Director - Resigned 31 August 2017
Marjorie Sloan	Corporate Services Director

REGISTERED OFFICE

147 Fintry Drive
Dundee
DD4 9HE

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

TIAA Ltd
61 Dublin Street
Edinburgh
EH3 6NL

BANKERS

Royal Bank of Scotland Plc
3 High Street
Dundee
DD1 9LY

SOLICITORS

Thorntons WS
33 Yeaman Shore
Dundee
DD1 4BJ

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2517R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC030152.

Principal Activities

Abertay Housing Association Limited is a not for profit organisation incorporated in Scotland, governed by a voluntary Management Committee. The principal activity of the Association is the provision of affordable rented accommodation in an efficient, caring and friendly environment for people in housing need.

Strategy and Objectives

Abertay Housing Association's overall aim is to enhance the quality of life in our communities.

The Association's structure should be whatever best serves the long term interests of our tenants and communities. We believe that, for the foreseeable future, these interests are best served by the Association being run by a strong, independent, locally focussed Management Committee, which includes tenants and other members of our communities within its membership.

It is an overriding objective that the Association remains financially viable into the long term future. This will be achieved through effective financial and treasury management. Our long term (30 year) financial forecasts give confidence that that the Association can afford to maintain and improve its housing stock to meet all known future quality standards, while remaining financially viable.

Risk is an integral part of everything the Association does. We will seek to identify the risks we face and take a prudent approach to managing them.

A focus on providing the best possible value for money is a key consideration for the Association. We participated in Scotland's Housing Network's Value for Money benchmarking group this year. As this was the first year of the group, time was spent ensuring that the tools and guidance were working correctly, and the results were received later in the year. Looking ahead, we will be able to use this information to inform our decision making, and report on how value for money is being achieved.

Our key objectives in setting rent levels are as follows:

1. To keep rents affordable for tenants, without risking the Association's long term financial viability or ability to maintain our housing stock to a good standard.
2. To maintain stability and predictability from year to year, (i.e. to favour small steady rises each year, rather than having low rises one year with excessively high rises the following year).
3. To maintain our rents at levels which are reasonably in line with other social landlords in the local area.

We aim to maintain and improve our properties to a standard which ensures they continue to make desirable homes, so long as it is cost effective over the long term to do so. With all homes now meeting the Scottish Housing Quality Standard (SHQS), we are now looking ahead to future standards including the proposed Energy Efficiency Standard for Social Housing (ESSH). ESSH will be mandatory from 2020, with the strong likelihood that targets will be increased at intervals thereafter. Achieving this objective as cost effectively as possible depends on excellent asset management planning, informed by detailed and up to date knowledge of our stock.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Abertay Housing Association Limited aims to deliver excellent, customer focussed, value for money services in all our core areas. This includes:

- letting homes which are in good condition, to those in greatest need, as effectively as possible;
- supporting tenants to maintain their tenancies. We will do this through proactive, sensitive, and effective action to help avoid tenants falling into rent arrears, and dealing effectively with neighbourhood problems;
- providing a high quality, cost effective, repairs service;
- maintaining our neighbourhoods to a good standard; and
- providing a good quality factoring service to owners in communities.

We aim to be at the leading edge in these areas, and for this to be recognised by our regulators and other key decision makers in the sector.

The Association desires to acquire new homes, to improve the quality and age profile of our stock, and increase our rental income. Ideally, we would wish to have a development programme of 30 – 50 new homes per year, which could be managed with our existing staff team.

Review of business and future developments

The Association continued to provide affordable rented accommodation and to maintain and improve our properties to a high standard.

The Management Committee, in consultation with tenants, applied a rent increase of 1.0% taking effect from 1 April 2016 (2015 - 2.3%). We strive to ensure that our rents remain competitive and affordable for our tenants.

The Association owned 1,743 properties at the end of the year. Of these, 278 were used to provide sheltered housing. From 1 April 2017, the sheltered housing service was changed to a retirement housing service. During the year 11 properties were sold under the Right to Buy entitlement. The Right to Buy entitlement has now ended, so the Association will no longer sell properties through this route. One property was acquired as part of the Association's acquisition strategy. The Association has plans for two new developments to commence during 2017/18. One is of 56 properties at Finavon Street, a site in Abertay's ownership which previously held Orlit houses. The second is of 16 properties in Forfar, our first development in the Angus Council area.

The Association's priorities are to provide the best standard of homes for affordable let, and the best standard of service we can. We undertook an ambitious programme of improvements and planned maintenance during the year with a total spend of £6m. Throughout our stock, externally, we carried out re-roofing, chimney repair or removal, replacement of windows and doors, footpath repairs, works to balconies and our maintenance paint work programme. Internally, we replaced bathrooms, and kitchens. We also started implementing the preferred solution for upgrading the ninety steel framed houses at Craigiebank. We will continue to spend heavily on improving our stock over the coming years.

Details of movements of the Association's fixed assets during the year are set out in note 11.

During the year, the Association entered into two new loan agreements totalling £8.2m to help fund the programme of works at Craigiebank, to help finance the new build at Finavon Street and Forfar and to finance the bullet repayment of an existing loan. At 31 March 2017, £3.2m of this had been drawn down. This, together with regular payments on the existing loans increased the total bank borrowings from £13.28m to £14.16m at the year end. The Association's bank balances decreased over the year, from £2.6m to £1.0m.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Principal risks and uncertainties

The Senior Management Team and Management Committee review risks on a regular basis using a scoring mechanism which considers both the likelihood of the risk and its impact if it were to occur. No risks are currently classified as intolerable. At the year end one risk was classified as substantial, and three as serious. These were:

- Greater difficulty collecting rent, due to Welfare Reform changes (substantial);
- Cash flow difficulties with borrowing facilities not being in place when needed;
- Serious health and safety breach; and
- Banking covenant breach.

The serious risks are considered to be unlikely. The substantial risk is considered almost certain as it relates to welfare reform, which is due to be implemented for all new applications in Dundee in November 2017. These issues are kept under review and various controls and management actions are in place to mitigate the risk.

Key performance indicators

In accordance with the Scottish Social Housing Charter, the Association submits an Annual Return on the Charter to the Scottish Housing Regulator. This consists of a number of performance indicators. Some of these are included in a separate annual report to our members. The key indicators, including some which are non Charter indicators, are reported to the Management Committee on a quarterly basis.

Housing Quality and Maintenance

- 98.4% of our stock met the Scottish Housing Quality Standard (SHQS) in 2016/17, (all other properties are classed as “abeyances” under the SHQS guidelines, where tenants or sharing owners have not allowed work to be carried out);
- The average length of time we took to complete emergency repairs in 2016/17 was 2.2 hours;
- The average length of time we took to complete non-emergency repairs in 2016/17 was 4.9 days;
- 90.5% of repairs carried out in the last year were completed right first time;
- 91.2% of our repairs appointments were kept; and
- 99.5% of our tenants who had repairs carried out in the last 12 months were satisfied with the service.

Satisfaction

Abertay’s satisfaction figures come from a survey of all tenants carried out in summer 2016. We carry out satisfaction surveys every three years.

- 87.2% of tenants are satisfied with the overall service provided by Abertay;
- 89.6% of tenants feel that Abertay was good at keeping them informed about services and outcomes; and
- 78.6% of tenants were satisfied with the opportunities given to them to participate in our decision making process.

Getting Good Value from Rents and Service Charges

- 0.37% of rent was lost in 2016/17 through properties being empty;
- The average length of time we took last year to relet properties was 17.1 days; and
- 101% of the rent due was collected from tenants in 2016/17.

Neighbourhood and Community

- 28.8 cases of anti-social behaviour were reported per 100 homes in 2016/17; and
- 93.6% of anti-social behaviour cases were resolved within locally agreed targets in 2016/17.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Governance

Our governing body is our Management Committee which is responsible to the wider membership. The Management Committee serve in a voluntary capacity and we recognise this puts more onus on the Senior Management Team to ensure that they achieve high standards of professionalism in their work.

The Management Committee is elected from among the members at the AGM. There are up to 15 places on the Committee which are split as follows:

- At least 2 tenants
- At least 2 service users (owner occupiers)
- Up to 11 drawn from all three categories (tenants, service users and others with appropriate skills or expertise).

It is possible for people to be invited to join the Committee provided co-options do not exceed one third of the number of elected members.

The Committee meets most months and sub-committees can be set up to deal with particular aspects of the Associations affairs.

The Committee is responsible for the Association's strategies and policies which cover areas such as housing management, maintenance, finance, employment and governance.

Committee members act in a voluntary capacity and do not receive payment for their work beyond reasonable out-of-pocket expenses. They do not benefit from their position and cannot receive favourable treatment in any way – neither can their close relatives.

Going concern

The Management Committee has reviewed the results for this year and the budgets going forward. The Committee has a good expectation that the Association has adequate resources to continue operational existence for the foreseeable future. This going concern basis of accounting is adopted in preparing the financial statements.

Related Party Transactions

The tenants who sit on the Management Committee have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Management Committee and Executive Officers

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

Each member of the Management Committee 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 Management Committee.

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

Statement of Management Committee's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and 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 prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee 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.

In so far as the Management Committee 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 members of the Management Committee 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 Association's auditors are aware of that information.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Statement on Internal Financial Control

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

- 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 Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly 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 Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general 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 Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the 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.

Donations

During the year the Association made charitable donations amounting to £400 (2016 - £550).

Auditors

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

By order of the Management Committee



IAN THOMSON

Secretary

30 August 2017

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in 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 Auditing Practices Board. 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 page 7 has provided the disclosures required by the relevant Regulatory Standards with 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 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 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
Statutory Auditors
GLASGOW
30 August 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Abertay Housing Association Limited for the year ended 31st March 2017 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 standards 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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, 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 Financial Reporting Council's (FRC) 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 Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of the performing our audit. If we become aware of any material misstatements or inconsistencies we consider the implications for 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 2017 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, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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 Management Committee'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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ABERTAY HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- 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
GLASGOW
30 August 2017



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
REVENUE	2.		8,061,528		8,091,302
Operating Costs	2.		<u>(7,870,768)</u>		<u>(6,935,108)</u>
OPERATING SURPLUS	9.		190,760		1,156,194
Gain On Sale Of Housing Stock	7.	233,870		483,277	
Interest Receivable and Other Income		5,888		22,884	
Interest Payable and Similar Charges	8.	<u>(895,180)</u>		<u>(935,335)</u>	
			<u>(655,422)</u>		<u>(429,174)</u>
(DEFICIT) / SURPLUS FOR YEAR			<u>(464,662)</u>		<u>727,020</u>
Other Comprehensive Income	23.		<u>(715,897)</u>		<u>289,723</u>
TOTAL COMPREHENSIVE INCOME			<u>(1,180,559)</u>		<u>1,016,743</u>

All amounts relate to continuing operations

The notes on pages 15 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11.(a)		38,706,727		36,229,883
Other Non Current Assets	11.(b)		218,066		259,646
			<u>38,924,793</u>		<u>36,489,529</u>
CURRENT ASSETS					
Receivables	13.	929,210		450,580	
Investments		-		500,000	
Cash at bank and in hand		1,008,435		2,104,888	
		<u>1,937,645</u>		<u>3,055,468</u>	
CREDITORS: Amounts falling due within one year	14.	(2,626,931)		(2,080,682)	
(NET CURRENT LIABILITIES)			<u>(689,286)</u>		<u>974,786</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,235,507</u>		<u>37,464,315</u>
CREDITORS: Amounts falling due after more than one year	15.		(13,881,429)		(13,016,057)
PENSION LIABILITY	23.	(2,271,239)		(1,395,148)	
			<u>(2,271,239)</u>		<u>(1,395,148)</u>
DEFERRED INCOME					
Social Housing Grants	17.	(10,335,191)		(10,097,776)	
Other Grants	17.	(25,456)		(52,571)	
		<u>(10,360,647)</u>		<u>(10,150,347)</u>	
NET ASSETS			<u>11,722,192</u>		<u>12,902,763</u>
EQUITY					
Share Capital	18.		190		202
Revenue Reserves			13,993,241		14,297,709
Pension Reserve			(2,271,239)		(1,395,148)
			<u>11,722,192</u>		<u>12,902,763</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 30 August 2017.


Chairperson


Vice Chair


Secretary

The notes on pages 15 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	16.	1,801,168	3,384,250
Investing Activities			
Acquisition and Construction of Properties	(4,432,315)	(3,364,578)	-
Purchase of Other Fixed Assets	(17,044)	-	-
Social Housing Grant Received	483,380	-	-
Changes on short term deposits with banks	500,000	(200,000)	-
Proceeds on Disposal of Properties	359,451	562,148	-
Net Cash Outflow from Investing Activities		(3,106,528)	(3,002,430)
Financing Activities			
Loan Advances Received	1,200,000	-	-
Interest Received on Cash and Cash Equivalents	5,888	22,884	-
Interest Paid on Loans	(734,986)	(753,076)	-
Loan Principal Repayments	(262,002)	(245,759)	-
Share Capital Issued	7	5	-
Net Cash Inflow / (Outflow) from Financing		208,907	(975,946)
Decrease in Cash		(1,096,453)	(594,126)
Opening Cash & Cash Equivalents		2,104,888	2,699,014
Closing Cash & Cash Equivalents		<u>1,008,435</u>	<u>2,104,888</u>
Cash and Cash equivalents as at 31 March 2017.			
Cash		1,008,435	2,104,888
		<u>1,008,435</u>	<u>2,104,888</u>

The notes on pages 15 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital	Pension Reserve	Revenue Reserve	Total
	£		£	£
Balance as at 1st April 2015	216	(1,502,612)	13,388,430	11,886,034
Issue of Shares	5			5
Cancellation of Shares	(19)			(19)
Transfer from pension reserve		(182,259)	182,259	-
Other comprehensive income - pension scheme		289,723		289,723
Surplus for Year			727,020	727,020
Balance as at 31st March 2016	<u>202</u>	<u>(1,395,148)</u>	<u>14,297,709</u>	<u>12,902,763</u>
Balance as at 1st April 2016	202	(1,395,148)	14,297,709	12,902,763
Issue of Shares	7			7
Cancellation of Shares	(19)			(19)
Other comprehensive income - pension scheme		(715,897)		(715,897)
Transfer to pension reserve		(160,194)	160,194	-
Deficit for Year			(464,662)	(464,662)
Balance as at 31st March 2017	<u>190</u>	<u>(2,271,239)</u>	<u>13,993,241</u>	<u>11,722,192</u>

The reserves opening balance at 1st April 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

Retirement Benefits

The Association participates in the Dundee City Council Superannuation Scheme (LGPS) which provides benefits based on final pensionable salary, up to 31 March 2015, thereafter, these are based on a career average. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for the pension scheme in accordance with FRS 102. Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

The difference between the actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised the Statement of Other Comprehensive Income.

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 11. 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
Land	Not depreciated
Structure	Over 50 years
Roofs	Over 40 years
Windows and Doors	Over 20 years
Bathrooms	Over 15 - 20 years
Kitchens	Over 15 years
Central Heating	Over 15 - 20 years

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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	4%
Housing Stock Improvements	5%
Machinery & Equipment	6.67%
Furniture and Fittings	10 - 20%
Computer Hardware & Software	25%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 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.

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.

Sales Of Housing Properties

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee 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:

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessments.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	7,512,203	7,500,695	11,508	7,528,129	6,507,104	1,021,025
Other Activities	4.	549,325	370,073	179,252	563,173	428,004	135,169
Total		8,061,528	7,870,768	190,760	8,091,302	6,935,108	1,156,194

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Sheltered Housing £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	5,919,419	995,578	6,914,997	6,897,145
Service Charges	-	328,288	328,288	330,739
Gross income from rent and service charges	5,919,419	1,323,866	7,243,285	7,227,884
Less: Rent losses from voids	70,377	7,888	78,265	63,586
Net Rents Receivable	5,849,042	1,315,978	7,165,020	7,164,298
Grants released from deferred income	272,160	-	272,160	256,499
Other revenue grants	75,023	-	75,023	107,332
Total turnover from affordable letting activities	6,196,225	1,315,978	7,512,203	7,528,129
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,773,050	101,635	1,874,685	1,768,287
Service Costs	150,636	210,821	361,457	310,089
Planned and cyclical maintenance, including major repairs	1,655,353	315,413	1,970,766	1,147,829
Reactive maintenance costs	1,288,731	118,168	1,406,899	1,399,376
Bad Debts - rents and service charges	51,302	6,619	57,921	8,441
Depreciation of affordable let properties	1,828,967	-	1,828,967	1,873,082
Operating costs of affordable letting activities	6,748,039	752,656	7,500,695	6,507,104
Operating surplus on affordable letting activities	(551,814)	563,322	11,508	1,021,025
2016	300,418	720,607		

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Supporting People Income	Other Income	Total Turnover	Operating Costs	Operating Costs	Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Care and Repair	60,324	-	53,549	113,873	-	58,823	-	55,050	39,495
Factoring	-	-	177,269	177,269	-	135,209	-	42,060	16,095
Support Activities	-	117,335	140,848	258,183	-	176,041	-	82,142	79,579
Total From Other Activities	60,324	117,335	371,666	549,325	-	370,073	-	179,252	135,169
2016	47,084	117,335	398,754	563,173	14,808	413,196	-	135,169	-

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	222,555	205,524
Pension contributions made on behalf on Officers with emoluments greater than £60,000	31,616	12,250
Emoluments payable to Chief Executive (excluding pension contributions)	77,019	76,256
Total Emoluments paid to key management personnel	254,171	224,738

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	-
£70,001 to £80,000	1	1

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	41	40
The average total number of Employees employed during the year was	41	40
Staff Costs were:	£	£
Wages and Salaries	1,206,372	1,176,495
Social Security Costs	113,594	85,964
Other Pension Costs	189,237	174,926
Temporary, Agency and Seconded Staff	41,710	13,370
	1,550,913	1,450,755

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	359,451	562,148
Cost of Sales	125,581	78,871
Gain On Sale Of Housing Stock	<u>233,870</u>	<u>483,277</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	734,986	753,076
Defined benefit pension adjustment	160,194	182,259
	<u>895,180</u>	<u>935,335</u>

9. OPERATING SURPLUS FOR YEAR

	2017	2016
	£	£
Operating Surplus is stated after charging/ (crediting)		
Depreciation - Tangible Owned Fixed Assets	1,795,939	1,938,764
Auditors' Remuneration - Audit Services	8,255	6,950
Auditors' Remuneration - Other Services	-	3,458
Gain on sale of fixed assets	<u>(233,870)</u>	<u>(483,277)</u>

10. 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.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2016	49,932,427	-	49,932,427
Additions	4,064,122	368,193	4,432,315
Disposals	(540,855)	-	(540,855)
As at 31st March 2017	<u>53,455,694</u>	<u>368,193</u>	<u>53,823,887</u>
DEPRECIATION			
As at 1st April 2016	13,702,544	-	13,702,544
Charge for Year	1,737,315	-	1,737,315
Disposals	(322,699)	-	(322,699)
As at 31st March 2017	<u>15,117,160</u>	<u>-</u>	<u>15,117,160</u>
NET BOOK VALUE			
As at 31st March 2017	<u>38,338,534</u>	<u>368,193</u>	<u>38,706,727</u>
As at 31st March 2016	<u>36,229,883</u>	<u>-</u>	<u>36,229,883</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £3,842,615 (2016 - £3,338,927).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £7,417,605. The amount capitalised is £3,842,615, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,633,523 and improvement of £1,209,092.

The Association's Lenders have standard securities over Housing Property with a carrying value of £25,384,374 (2016 - £25,010,372).

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Furniture & Fittings £	Machinery & Equipment £	Office Premises £	Computer Equipment £	Total £
COST					
As at 1st April 2016	112,046	216,475	380,133	185,622	894,276
Additions	-	633	-	16,411	17,044
Eliminated on Disposals	(5,141)	-	-	-	(5,141)
As at 31st March 2017	106,905	217,108	380,133	202,033	906,179
AGGREGATE DEPRECIATION					
As at 1st April 2016	94,445	178,178	217,428	144,579	634,630
Charge for year	5,021	12,624	15,205	25,774	58,624
Eliminated on disposal	(5,141)	-	-	-	(5,141)
As at 31st March 2017	94,325	190,802	232,633	170,353	688,113
NET BOOK VALUE					
As at 31st March 2017	12,580	26,306	147,500	31,680	218,066
As at 31st March 2016	17,601	38,297	162,705	41,043	259,646

12. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	10,801,268	5,381,784

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	221,938	273,676
Less: Provision for Doubtful Debts	(63,921)	(102,453)
	<u>158,017</u>	<u>171,223</u>
Social Housing Grant Receivable	483,381	-
Other Receivables	287,812	279,357
	<u>929,210</u>	<u>450,580</u>

14. PAYABLES : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	280,021	262,001
Trade Payables	622,529	196,532
Rent in Advance	256,809	252,141
Other Taxation and Social Security	27,858	25,543
Other Payables	1,439,714	1,344,465
	<u>2,626,931</u>	<u>2,080,682</u>

At the balance sheet date there were pension contributions outstanding of £21,719 (2016 - £22,146).

15. PAYABLES : AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Housing Loans	13,881,429	13,016,057
	<u>13,881,429</u>	<u>13,016,057</u>
Housing Loans		
Amounts due within one year	280,021	262,001
Amounts due in one year or more but less than two years	3,494,891	280,021
Amounts due in two years or more but less than five years	1,011,491	2,949,109
Amounts due in more than five years	9,375,047	9,786,927
	<u>14,161,450</u>	<u>13,278,058</u>
Less: Amount shown in Current Liabilities	280,021	262,001
	<u>13,881,429</u>	<u>13,016,057</u>

The loans are secured by standard securities over the Association's properties. The amounts secured are £14,161,450 (2016 - £13,278,058), and are repayable at rates of interest between 1.9% and 6.25% in instalments over the next 30 years.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of Operating Surplus to net cash inflow from operating activities</i>	2017 £	2016 £
Operating Surplus	190,760	1,156,194
Depreciation	1,887,593	1,938,764
Amortisation of Capital Grants	(272,159)	(256,499)
Change in debtors	(478,630)	127,684
Change in creditors	528,229	418,126
Effective interest adjustment	(54,606)	-
Share Capital Written Off	(19)	(19)
	<u>1,801,168</u>	<u>3,384,250</u>

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
Social Housing Grants			
Balance as at 1st April 2016	12,298,414	-	12,298,414
Additions in the year	-	483,382	483,382
Balance as at 31st March 2017	<u>12,298,414</u>	<u>483,382</u>	<u>12,781,796</u>
Amortisation			
Balance as at 1st April 2016	2,200,638	-	2,200,638
Amortisation in year	245,967	-	245,967
Balance as at 31st March 2017	<u>2,446,605</u>	<u>-</u>	<u>2,446,605</u>
Net book value			
Balance as at 31st March 2017	<u>9,851,809</u>	<u>483,382</u>	<u>10,335,191</u>
Balance as at 31st March 2016	<u>10,097,776</u>	<u>-</u>	<u>10,097,776</u>
Other Grants			
Balance as at 1st April 2016	170,623	-	170,623
Eliminated on disposal components and property	(73,543)	-	(73,543)
Balance as at 31st March 2017	<u>97,080</u>	<u>-</u>	<u>97,080</u>
Amortisation			
Balance as at 1st April 2016	118,052	-	118,052
Amortisation in year	4,855	-	4,855
Eliminated on disposal	(51,283)	-	(51,283)
Balance as at 31st March 2017	<u>71,624</u>	<u>-</u>	<u>71,624</u>
Net book value			
Balance as at 31st March 2017	<u>25,456</u>	<u>-</u>	<u>25,456</u>
Balance as at 31st March 2016	<u>52,571</u>	<u>-</u>	<u>52,571</u>
Total grants net book value as at 31st March 2017	<u>9,877,265</u>	<u>483,382</u>	<u>10,360,647</u>
Total grants net book value as at 31st March 2016	<u>10,150,347</u>	<u>-</u>	<u>10,150,347</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2017 £	2016 £
Amounts due within one year	250,822	254,502
Amounts due after more than one year	10,109,825	9,895,845
	<u>10,360,647</u>	<u>10,150,347</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	202
Issued in year	7
Cancelled in year	(19)
At 31st March 2017	<u>190</u>

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

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017	2016
	No.	No.
General Needs - Built by Association	1,459	1,469
Community Projects Block	6	6
Sheltered Housing	278	278
	<u>1,743</u>	<u>1,753</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection is made at arm's length and is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	2017	2016
	£	£
Rent received from Tenants on the Committee and their close family members	12,714	26,263
Factoring Charges received from owners on the Committee	120	-

At the year end total rent arrears owed by the tenant members of the Committee (and their close family) were £nil (2016 - £nil).

	No.	No.
Members of the Committee who are tenants	3	5
Members of the Committee who are owner occupiers	3	2

21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 147 Fintry Drive, Dundee, DD4 9HE.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Dundee.

22. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £322 in the year by way of reimbursement of expenses. (2016 - £369). No remuneration is paid to Management Committee members in respect of their duties in the Association.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PENSIONS

The pension cost figures used in these accounts comply with the Financial Reporting Standard 102 (FRS 102).

The Association is an admitted body to the Tayside Pension Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on the final pensionable salary to 31 March 2015, thereafter benefits are based on career average basis. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the Statement of Comprehensive Income as they are incurred. The pension costs for the period were £189,676 (2016: £174,925).

The table below compares the present value of the scheme's liabilities, based on the Actuary's assumptions with the estimated employer assets.

Net pension liability as at:

	2017 £	2016 £
Estimated employer assets (A)	8,085,371	6,494,468
Present value of scheme liabilities	10,356,610	7,889,616
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	10,356,610	7,889,616
Net pension liabilities (A-B)	(2,271,239)	(1,395,148)

The movement in the defined benefit obligation over the year is as follows:

	2017 £	2016 £
Opening defined benefit obligation	7,889,616	8,036,213
Current service cost	300,398	307,155
Interest costs	282,356	262,747
Change in financial assumptions	1,977,878	(566,914)
Estimated benefits paid net of transfers In	(165,346)	(215,517)
Contributions by scheme participants	71,708	65,932
Closing defined benefit obligation	10,356,610	7,889,616

The movement in the fair value of fund assets in the year is as follows:

	2017 £	2016 £
Opening fair value of funds	6,494,468	6,533,601
Interest on assets	235,514	215,982
Return on assets less interest	1,261,981	(277,191)
Administration expenses	(2,630)	(721)
Contributions by employer including unfunded	189,676	172,382
Contributions by fund participants	71,708	65,932
Estimated benefits paid plus unfunded net of transfers in	(165,346)	(215,517)
Closing fair value of fund assets	8,085,371	6,494,468

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PENSIONS (continued)

The amounts recognised in the Statement of Comprehensive Income are as follows:

Analysis of amount recognised in the Statement of Comprehensive Income	2017 £	2016 £
Service cost	300,398	307,155
Contributions paid	(189,676)	(172,382)
Net interest on the defined liability (asset)	46,842	46,765
Administration expenses	2,630	721
Total loss (profit)	160,194	182,259

The aggregate assets of the defined pension scheme are comprised as follows:

	Value at 31 March 2017 £000	Value at 31 March 2016 £000
Equities	5,821	4,452
Gilts	536	340
Bonds	797	839
Property	798	792
Cash	133	71
Total	8,085	6,494

The total return on the fund assets for the year to 31 March 2017 was £1,497,495 (2016: (£61,209)).

The principal actuarial assumptions used in valuing the defined benefit pension scheme were as follows:

	2017	2016
RPI increases	3.6%	3.2%
CPI increases	2.7%	2.3%
Salary increases	3.7%	4.1%
Pension increases	2.7%	2.3%
Discount Rate	2.7%	3.6%

The net asset/(defined liability) recognised in other comprehensive income:

	2017 £000	2016 £000
Return on fund asset in excess of interest	1,261,981	(277,191)
Changes in financial assumptions	(1,977,878)	566,914
Re-measurement of the net assets	(715,897)	289,723

The plans are valued triennially by independent external actuaries. The next actuarial valuation of the Fund will be carried out as at 31 March 2017 and will set contributions for the period from April 2018 to 31 March 2021. The Association believes that the contribution rates established at the time of the last triennial valuation are sufficient to eliminate the deficit over the agreed period. It is not anticipated that regular contributions, which are based on service costs, will increase further to a significant extent.