



Alexander Sloan
Accountants and Business Advisers

Abertay Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

Registered Housing Association No. HAL297

FCA Reference No. 2517R(S)

Scottish Charity No. SC030152

ABERTAY HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2 - 7
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	8
REPORT OF THE AUDITORS	9 - 11
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CASH FLOWS	14
STATEMENT OF CHANGES IN EQUITY	15
NOTES TO THE FINANCIAL STATEMENTS	16 - 29

ABERTAY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

MANAGEMENT COMMITTEE

Kathleen Mands	Chairperson
Kenneth Brannan	Vice Chairperson
Dorothy Taylor	Secretary
John Barnett	Resigned 20 February 2018
Denis Brown	
Shaun Crosby	Resigned 19 September 2017
Ian Mathers	Resigned 19 September 2017
David Milne	Resigned 30 May 2018
Ron Neave	
George Penman	Resigned 29 May 2018
Helen Reeves	
Hilary Smith	Resigned 20 February 2018
Darren Walton	Resigned 24 May 2017
Barbara Warden	

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

EXTERNAL AUDITORS

Alexander Sloan
Accountants and
Business Advisors
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Quinn Internal Audit
55 Lady Place
Livingston
EH54 6TB

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 31 MARCH 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

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 participate in Scotland's Housing Network's Value for Money benchmarking group. 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 (EESH). EESH 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 31 MARCH 2018

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 2017 (2016 – 1.0%). We strive to ensure that our rents remain competitive and affordable for our tenants. The Association owned 1,742 properties at the end of the year. Of these, 276 were used to provide retirement housing. During the year one property was sold under the Association's disposal strategy. The Association has two new developments which commenced 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. These properties will all come on stream during 2018/19. The Association is currently progressing further developments in two former Primary School sites in Dundee.

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 £5.7m. Throughout our stock, externally, we carried out reroofing, 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 completed 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 one loan agreement totalling £10.09m. A further loan of £2.02m was being negotiated at the year end but the agreement was not signed until 10 May 2018. This money is to help fund the programme of reroofing and roughcasting properties, largely in the Fintry area, which were built in the 1950s and to help finance future new build of 98 houses. At 31 March 2018, none of this had been drawn down and £0.2m of borrowing from previous agreements remained to be drawn down. This, together with regular payments on the existing loans increased the total bank borrowings from £14.16m to £18.58m at the year end. The Association's bank balances increased over the year, from £1.0m to £1.8m.

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 five as serious. These were:

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

- Welfare Reform changes (substantial);
- cash flow difficulties with borrowing facilities not being in place when needed
- serious health and safety breach
- banking covenant breach
- bank increasing margins on previously agreed loans; and
- adequate procedures not in place to maximise rent collection.

The serious risks are considered to be unlikely. The substantial risk is considered almost certain as it relates to welfare reform, which was 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

- 98.5% of our stock met the Scottish Housing Quality Standard (SHQS) in 2017/18, (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 2017/18 was 1.97 hours;
- The average length of time we took to complete non-emergency repairs in 2017/18 was 5.9 days;
- 88.0% of repairs carried out in the last year were completed right first time;
- 92.3% 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

- 0.4% of rent was lost in 2017/18 through properties being empty;
- The average length of time we took last year to relet properties was 17.2 days; and
- 99.7% of the rent due was collected from tenants in 2017/18.

Neighbourhood and Community

- 32.4 cases of anti-social behaviour were reported per 100 homes in 2017/18; and
- 92.1% of anti-social behaviour cases were resolved within locally agreed targets in 2017/18.

ABERTAY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

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 31 MARCH 2018

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 require 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 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 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 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 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 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 31 MARCH 2018

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 reviewed the effectiveness of the system of internal financial control in existence in the Association during the year ended 31 March 2018 and put in place plans to address any weaknesses and ensure continuous improvement. No weaknesses were found 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 £764 (2017 - £400).

Auditors

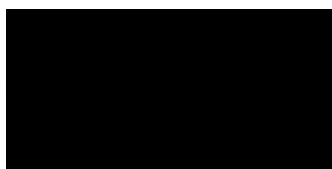
A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

DOROTHY TAYLOR

Secretary

22 August 2018



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 contained 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 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

Accountants and Business Advisers

Statutory Auditors

GLASGOW

22 August 2018



Alexander Sloan

Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Abertay Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

ABERTAY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED (Continued)

Other information

The Management Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- 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 and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 4, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

ABERTAY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABERTAY HOUSING ASSOCIATION LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
22 August 2018



Alexander Sloan
Accountants and Business Advisers

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	£	2018 £	£	2017 £
REVENUE	2		8,007,166		8,061,528
Operating Costs	2		(8,277,106)		(7,870,768)
OPERATING (DEFICIT) / SURPLUS			(269,940)		190,760
Gain On Sale Of Housing Stock	7	41,124		233,870	
Interest Receivable and Other Income		888		5,888	
Interest Payable and Similar Charges	8	(1,090,255)		(895,180)	
			(1,048,243)		(655,422)
DEFICIT FOR THE YEAR	9		(1,318,183)		(464,662)
Other Comprehensive Income			1,935,172		(715,897)
TOTAL COMPREHENSIVE INCOME			616,989		(1,180,559)

All amounts relate to continuing operations.

The notes on pages 16 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11 (a)		46,344,664		38,706,727
Other Non-current Assets	11 (b)		199,480		218,066
			<u>46,544,144</u>		<u>38,924,793</u>
CURRENT ASSETS					
Receivables	13	571,037		929,210	
Cash at bank and in hand		1,774,174		1,008,435	
		<u>2,345,211</u>		<u>1,937,645</u>	
CREDITORS: Amounts falling due within one year					
	14	<u>(2,567,141)</u>		<u>(2,626,931)</u>	
NET CURRENT LIABILITIES					
			<u>(221,930)</u>		<u>(689,286)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			46,322,214		38,235,507
CREDITORS: Amounts falling due after more than one year					
	15		(18,191,129)		(13,881,429)
PENSION LIABILITY					
Pension Liability	23	<u>(631,747)</u>		<u>(2,271,239)</u>	
			(631,747)		(2,271,239)
DEFERRED INCOME					
Social Housing Grants	17	(15,120,004)		(10,335,191)	
Other Grants	17	<u>(40,169)</u>		<u>(25,456)</u>	
			<u>(15,160,173)</u>		<u>(10,360,647)</u>
NET ASSETS					
			<u>12,339,165</u>		<u>11,722,192</u>
EQUITY					
Share Capital	18		174		190
Revenue Reserves			12,970,738		13,993,241
Pension Reserve			<u>(631,747)</u>		<u>(2,271,239)</u>
			<u>12,339,165</u>		<u>11,722,192</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 22 August 2018.



Vice Chair



Secretary



The notes on pages 16 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	16	1,472,577	1,801,168
Investing Activities			
Acquisition and Construction of Properties	(9,825,791)	(4,432,315)	
Purchase of Other Fixed Assets	(45,984)	(17,044)	
Social Housing Grant Received	5,443,078	483,380	
Other Grants Received	19,567	-	
Changes on short term deposits with banks	-	500,000	
Proceeds on Disposal of Properties	41,124	359,451	
Net cash outflow from investing activities		(4,368,006)	(3,106,528)
Financing Activities			
Loan Advances Received	4,800,000	1,200,000	
Interest Received on Cash and Cash Equivalents	888	5,888	
Interest Paid on Loans	(794,575)	(734,986)	
Loan Principal Repayments	(345,147)	(262,002)	
Share Capital Issued	2	7	
Net cash inflow from financing activities		3,661,168	208,907
Increase / (decrease) in cash		765,739	(1,096,453)
Opening Cash & Cash Equivalents		1,008,435	2,104,888
Closing Cash & Cash Equivalents		<u>1,774,174</u>	<u>1,008,435</u>
Cash and Cash equivalents as at 31 March			
Cash		1,774,174	1,008,435
		<u>1,774,174</u>	<u>1,008,435</u>

The notes on pages 16 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Pension Reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2016	202	(1,395,148)	14,297,709	12,902,763
Issue of Shares	7	-	-	7
Cancellation of Shares	(19)	-	-	(19)
Transfer from pension reserve	-	(160,194)	160,194	-
Other comprehensive income - pension scheme	-	(715,897)	-	(715,897)
Deficit for the year	-	-	(464,662)	(464,662)
Balance as at 31 March 2017	190	(2,271,239)	13,993,241	11,722,192
Balance as at 1 April 2017	190	(2,271,239)	13,993,241	11,722,192
Issue of Shares	2	-	-	2
Cancellation of Shares	(18)	-	-	(18)
Transfer from pension reserve	-	(295,680)	295,680	-
Other comprehensive income - pension scheme	-	1,935,172	-	1,935,172
Deficit for the year	-	-	(1,318,183)	(1,318,183)
Balance as at 31 March 2018	174	(631,747)	12,970,738	12,339,165

The notes on pages 16 to 29 form part of these financial statements.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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, and the Co-operative and Community Benefit Societies Act 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2015.

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 the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

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 the asset to which they relate.

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 31 MARCH 2018 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:

Asset Category	Depreciation Rate
Office Premises	4%
Housing Stock Improvements	5%
Machinery & Equipment	6.67%
Furniture and Fittings	10 - 20%
Computer Hardware & Software	25%

The carrying values 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 they relate.

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.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

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 assessment.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	7,475,582	7,858,174	(382,592)	7,512,203	7,500,695	11,508
Other Activities	4	531,584	418,932	112,652	549,325	370,073	179,252
Total		8,007,166	8,277,106	(269,940)	8,061,528	7,870,768	190,760

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Sheltered Housing £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	6,960,890	-	6,960,890	6,914,997
Service charges receivable	296,239	-	296,239	328,288
Gross income from rent and service charges	7,257,129	-	7,257,129	7,243,285
Less: Rent losses from voids	74,164	-	74,164	78,265
Net Rents Receivable	7,182,965	-	7,182,965	7,165,020
Grants released from deferred income	250,822	-	250,822	272,160
Other revenue grants	41,795	-	41,795	75,023
Total turnover from affordable letting activities	7,475,582	-	7,475,582	7,512,203
Expenditure on affordable letting activities				
Management and maintenance administration costs	2,028,962	-	2,028,962	1,874,685
Service Costs	180,603	-	180,603	361,457
Planned and cyclical maintenance, including major repairs	1,782,163	-	1,782,163	1,970,766
Reactive maintenance costs	1,617,806	-	1,617,806	1,406,899
Bad Debts - rents and service charges	60,785	-	60,785	57,921
Depreciation of affordable let properties	2,187,855	-	2,187,855	1,828,967
Operating costs of affordable letting activities	7,858,174	-	7,858,174	7,500,695
Operating (deficit) / surplus on affordable letting activities	(382,592)	-	(382,592)	11,508
2017	(551,814)	563,322		

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, 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) 2018	Operating Surplus /(Deficit) 2017
	£	£	£	£	£	£	£	£	£
Care and repair	60,983	-	-	38,557	99,540	-	52,357	47,183	55,050
Support activities	-	-	-	149,241	149,241	-	54,406	94,835	82,142
Factoring	-	-	-	282,803	282,803	25,553	286,616	(29,366)	42,060
Total From Other Activities	60,983	-	-	470,601	531,584	25,553	393,379	112,652	179,252
2017	60,324	-	117,335	371,666	549,325	-	370,073	179,252	

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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.

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>225,679</u>	<u>222,555</u>
Compensation payable to Officers for loss of Office	<u>36,907</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>26,696</u>	<u>31,616</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>78,175</u>	<u>77,019</u>
Total Emoluments paid to key management personnel	<u>252,375</u>	<u>254,171</u>

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	<u>1</u>	<u>2</u>
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>38</u>	<u>41</u>
The average total number of Employees employed during the year was:	<u>46</u>	<u>41</u>
Staff Costs were:	£	£
Wages and Salaries	1,185,340	1,206,372
Social Security Costs	107,146	113,594
Other Pension Costs	181,651	189,237
Temporary, Agency and Seconded Staff	4,845	41,710
	<u>1,478,982</u>	<u>1,550,913</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	41,124	359,451
Cost of Sales	-	125,581
Gain On Sale Of Housing Stock	<u>41,124</u>	<u>233,870</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	794,575	734,986
Defined Benefit Pension Adjustment	295,680	160,194
	<u>1,090,255</u>	<u>895,180</u>

9. DEFICIT FOR THE YEAR

	2018	2017
	£	£
Deficit For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,906,291	1,795,939
Auditors' Remuneration - Audit Services	7,800	8,255
Gain on sale of fixed assets	<u>(41,124)</u>	<u>(233,870)</u>

10. TAX ON DEFICIT 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 31 MARCH 2018
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 1 April 2017	53,455,694	368,193	53,823,887
Additions	3,869,997	5,955,794	9,825,791
Disposals	(590,038)	-	(590,038)
Transfers	(366,441)	366,441	-
As at 31 March 2018	<u>56,369,212</u>	<u>6,690,428</u>	<u>63,059,640</u>
DEPRECIATION			
As at 1 April 2017	15,117,160	-	15,117,160
Charge for Year	1,841,721	-	1,841,721
Disposals	(243,905)	-	(243,905)
As at 31 March 2018	<u>16,714,976</u>	<u>-</u>	<u>16,714,976</u>
NET BOOK VALUE			
As at 31 March 2018	<u>39,654,236</u>	<u>6,690,428</u>	<u>46,344,664</u>
As at 31 March 2017	<u>38,338,534</u>	<u>368,193</u>	<u>38,706,727</u>

Additions to housing properties include capitalised development administration costs of £nil (2017 - £nil) and capitalised major repair costs to existing properties of £3,869,997 (2017 - £3,842,615).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £7,296,695 (2017 - £7,417,605). The amount capitalised is £3,869,997 (2017 - £3,842,615) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,813,094 (2017 - £2,633,523) and improvement of £1,056,903 (2017 - £1,209,092).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £35,206,914 (2017 - £33,322,880).

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Fittings £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
As at 1 April 2017	380,133	106,905	217,108	202,033	906,179
Additions	-	1,824	30,958	13,202	45,984
Eliminated on Disposals	-	(28,142)	(206,990)	(32,110)	(267,242)
As at 31 March 2018	<u>380,133</u>	<u>80,587</u>	<u>41,076</u>	<u>183,125</u>	<u>684,921</u>
AGGREGATE DEPRECIATION					
As at 1 April 2017	232,633	94,325	190,802	170,353	688,113
Charge for year	15,205	4,545	21,966	22,854	64,570
Eliminated on Disposals	-	(28,142)	(206,990)	(32,110)	(267,242)
As at 31 March 2018	<u>247,838</u>	<u>70,728</u>	<u>5,778</u>	<u>161,097</u>	<u>485,441</u>
NET BOOK VALUE					
As at 31 March 2018	<u>132,295</u>	<u>9,859</u>	<u>35,298</u>	<u>22,028</u>	<u>199,480</u>
As at 31 March 2017	<u>147,500</u>	<u>12,580</u>	<u>26,306</u>	<u>31,680</u>	<u>218,066</u>

12. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>3,362,808</u>	<u>10,801,268</u>

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

13. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	166,760	221,938
Less: Provision for Doubtful Debts	<u>(76,314)</u>	<u>(63,921)</u>
	90,446	158,017
Social Housing Grant Receivable	71,084	483,381
Other Receivables	<u>409,507</u>	<u>287,812</u>
	<u>571,037</u>	<u>929,210</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	387,784	280,021
Trade Payables	506,754	622,529
Rent Received in Advance	250,227	256,809
Other Taxation and Social Security	28,463	27,858
Other Payables	1,393,913	1,439,714
	<u>2,567,141</u>	<u>2,626,931</u>

At the balance sheet date there were pension contributions outstanding of £22,443 (2017 - £21,719).

15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Housing Loans	18,191,129	13,881,429
	<u>18,191,129</u>	<u>13,881,429</u>
Housing Loans		
Amounts due within one year	387,784	280,021
Amounts due in one year or more but less than two years	413,033	3,494,891
Amounts due in two years or more but less than five years	1,371,144	1,011,491
Amounts due in more than five years	16,406,952	9,375,047
	<u>18,578,913</u>	<u>14,161,450</u>
Less: Amount shown in Current Liabilities	387,784	280,021
	<u>18,191,129</u>	<u>13,881,429</u>

The loans are secured by standard securities over the Association's properties. The amounts secured are £18,578,913 (2017 - £14,161,450), and are repayable at rates of interest between 1.9% and 6.25% in instalments over the next 30 years.

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	(269,940)	190,760
Depreciation	2,252,426	1,887,593
Amortisation of Capital Grants	(250,822)	(272,159)
Change in debtors	(54,125)	(478,630)
Change in creditors	(167,554)	528,229
Effective Interest Adjustment	(37,390)	(54,606)
Share Capital Written Off	(18)	(19)
	<u>1,472,577</u>	<u>1,801,168</u>
Net cash inflow from operating activities		

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
Social Housing Grants			
As at 1 April 2017	12,298,414	483,382	12,781,796
Additions in the year	-	5,030,781	5,030,781
As at 31 March 2018	<u>12,298,414</u>	<u>5,514,163</u>	<u>17,812,577</u>
Amortisation			
As at 1 April 2017	2,446,605	-	2,446,605
Amortisation in year	245,968	-	245,968
As at 31 March 2018	<u>2,692,573</u>	<u>-</u>	<u>2,692,573</u>
Net book value			
As at 31 March 2018	<u>9,605,841</u>	<u>5,514,163</u>	<u>15,120,004</u>
As at 31 March 2017	<u>9,851,809</u>	<u>483,382</u>	<u>10,335,191</u>
Other Grants			
As at 1 April 2017	97,080	-	97,080
Additions in the year	-	19,567	19,567
As at 31 March 2018	<u>97,080</u>	<u>19,567</u>	<u>116,647</u>
Amortisation			
As at 1 April 2017	71,624	-	71,624
Amortisation in year	4,854	-	4,854
As at 31 March 2018	<u>76,478</u>	<u>-</u>	<u>76,478</u>
Net book value			
As at 31 March 2018	<u>20,602</u>	<u>19,567</u>	<u>40,169</u>
As at 31 March 2017	<u>25,456</u>	<u>-</u>	<u>25,456</u>
Total grants net book value as at 31 March 2018	<u>9,626,443</u>	<u>5,533,730</u>	<u>15,160,173</u>
Total grants net book value as at 31 March 2017	<u>9,877,265</u>	<u>483,382</u>	<u>10,360,647</u>

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

	2018 £	2017 £
Amounts due within one year	250,822	250,822
Amounts due in one year or more	14,909,351	10,109,825
	<u>15,160,173</u>	<u>10,360,647</u>

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	190	202
Issued in year	2	7
Cancelled in year	(18)	(19)
At 31 March 2018	<u>174</u>	<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:-	2018	2017
	No.	No.
General Needs - Built by Association	1,460	1,459
Community Projects Book	6	6
Retirement Housing	276	278
	<u>1,742</u>	<u>1,743</u>

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 positions to their advantage.

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

Transactions with Management Committee members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>12,726</u>	<u>12,714</u>
Factoring charges received from factored owners on the Management Committee	<u>430</u>	<u>120</u>
Members of the Management Committee who are tenants	<u>3</u>	<u>3</u>
Members of the Management Committee who are owner occupiers	<u>4</u>	<u>3</u>

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. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £247 (2017 - £322) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

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 2018, 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 £179,842 (2017 - £189,676).

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:	2018 £	2017 £
Estimated employer assets (A)	8,868,936	8,085,371
Present value of scheme liabilities	9,500,683	10,356,610
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	9,500,683	10,356,610
Net pension liabilities (A-B)	(631,747)	(2,271,239)

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

	2018 £	2017 £
Opening defined benefit obligation	10,356,610	7,889,616
Current service cost	414,064	300,398
Interest costs	276,770	282,356
Change in financial assumptions	(448,000)	1,977,878
Change in demographic assumptions	(561,677)	-
Experience gain on defined benefit obligation	(323,959)	-
Estimated benefits paid net of transfers in	(281,822)	(165,346)
Contributions by scheme participants	68,697	71,708
Closing defined benefit obligation	9,500,683	10,356,610

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

	2018 £	2017 £
Opening fair value of funds	8,085,371	6,494,468
Interest on assets	217,859	235,514
Return on assets less interest	494,237	1,261,981
Other actuarial gains	107,299	-
Administration expenses	(2,547)	(2,630)
Contributions by employer including unfunded	179,842	189,676
Contributions by fund participants	68,697	71,708
Estimated benefits paid plus unfunded net of transfers in	(281,822)	(165,346)
Closing fair value of fund assets	8,868,936	8,085,371

ABERTAY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

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

Analysis of amount recognised in the Statement of Comprehensive Income	2018 £	2017 £
Service cost	414,064	300,398
Net interest on the defined liability	58,911	46,842
Administration expenses	2,547	2,630
Total loss	475,522	349,870

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

	Value at 31 March 2018 £000	Value at 31 March 2017 £000
Equities	6,171	5,821
Gilts	433	536
Bonds	1,009	797
Property	1,008	798
Cash	248	133
Total	8,869	8,085

The total return on the fund assets for the year to 31 March 2018 was £712,096 (2017 - £1,497,495).

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

	2018	2017
RPI increases	3.3%	3.6%
CPI increases	2.3%	2.7%
Salary increases	3.3%	3.7%
Pension increases	2.3%	2.7%
Discount Rate	2.6%	2.7%

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

	2018 £000	2017 £000
Return on fund asset in excess of interest	494,237	1,261,981
Other actuarial gains on assets	107,299	-
Change in demographic assumptions	561,677	-
Experience gain on defined benefit obligation	323,959	-
Changes in financial assumptions	448,000	(1,977,878)
Re-measurement of the net assets	1,935,172	(715,897)