

Abronhill Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB 275

FCA Reference No. 2443 (R)(S)

Scottish Charity No. SC033116

ABRONHILL HOUSING ASSOCIATION LIMITED

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ABRONHILL HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015**

COMMITTEE OF MANAGEMENT

Hazel Paterson	Vice Chairperson
Paul Agnew	Resigned October 2014
Linda Black	Chairperson
Dorothea Hutchison	Secretary
Iain Johnston	
Katrina Laurie	
Elizabeth McGinty	Resigned May 2014
Kevin McMail	Treasurer
Eleanor Patram	Resigned October 2014
Margaret Richardson	
Ian Arthur	Appointed September 2014
Audrey Smith	Appointed September 2014
Ian Smith	Appointed September 2014
Lorraine Harkins	Appointed September 2014

EXECUTIVE OFFICERS

John Mulholland	Providing Senior Management Services (Garrion People's Housing Co-op)
Cathy Brien	Providing Senior Management Services (Forgewood Housing Co-op)
Jenny Burgon (Retired June 2014)	Housing Manager

REGISTERED OFFICE

Unit 10
Abronhill Shopping Centre
Cumbernauld
G67 3AZ

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
1 Roadside Village
Cumbernauld
G67 2SS

SOLICITORS

T C Young
7 West George St
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29
Ladyloan Place
Drumchapel
G15 8LB

ABRONHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2015

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2443 (R)(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033116.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Abronhill made a surplus of £80,394 during the year.

Abronhill is in a reasonable financial position. Loan facilities continue to be available to it. Abronhill has built on its reserves and have provided sufficient funds over the next year to meet our commitments under the Scottish Housing Quality Standard.

Corporate Governance

Abronhill Housing Association has a Committee of Management who are elected by the members of the Association. (See page 1 for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction of the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Senior Team of 2 (as listed on page 1) is responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve a high standard of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

Training and Recruiting Committee Members.

Any vacancies on the Management Committee are filled from members of the community who are interested in the Associations aims and objectives for the area and come from a range of backgrounds. Induction training is provided for all new committee members.

Committee members complete a Training Needs Analysis annually and from this an individual training plan is put in place for them. Committee members are required to attend training events and conferences to build on their experience and develop new skills.

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

Corporate Issues

Tenant involvement and participation is a major part of Abronhill Housing Association's Aims and Objectives, and we continue to review how Abronhill Housing Association involves tenants in its activities.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Abronhill Housing Association is committed to involving staff in decision making and policy making. In the year just ended staff were fully involved in the internal management plan process and regular staff meetings were held to keep staff informed of our activities.

Performance Management and Service Delivery

Performance management and service delivery are high priorities for the Association.

During the year the Director and part-time Finance Officer retired and following an Option Appraisal the Management Committee agreed to carry out a staff re-structure and to appoint senior staff from Garrion Peoples and Forgewood Housing Cooperatives to provide senior management services for the Association. A Housing Officer and Administration Officer were also appointed in July 2014.

The staff teams have worked hard to achieve the outcomes in the Scottish Social Housing Charter and have assessed performance in all areas of service delivery throughout the year and performance has improved in most of these areas.

Policies and procedures have been reviewed and agreed by the Management Committee in Void Property and Arrears Management and this has led to an improvement in void loss and the number of days taken to relet properties. Performance in arrears management is also closely monitored as the government's proposals for Welfare Reform are rolled out. There has been a slight increase in the rent collected in the year from 96.99% to 97%.

The Association tendered for a new Maintenance contractor through a selection process which examined cost, experience and capacity. Rodgers and Johnson contractors were successful in the tender process and have been carrying out the Associations reactive repairs. Staff monitor the contractor's performance on an on-going basis and the percentage of reactive repairs completed right first time has increased from 71.49% in 2013/14 to 94.1% in 2014/15.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement of repairs to features of the properties, which have come to the end of their economic lives.

Another positive outcome for the Association was the introduction of a ten monthly cycle of gas safety inspections for properties with gas heating which resulted in performance increasing from 80.13% in 2013/14 of properties requiring a gas safety check and record completed by the anniversary date to 100% of properties with gas safety checks completed 2014/15.

The Association will also be commencing a bathroom renewal programme on approximately sixty properties in the next financial year.

The Association will undertake an analysis of its stock in July 2016 to determine the work required to comply with the Scottish Housing Quality Standards and the EESSH. The results will be incorporated into the Associations Planned Maintenance Programme to ensure that the required standards are met within the set timescales.

The Scottish Housing Regulator has recently completed its annual regulatory assessment of Registered Social Landlords. The regulatory assessment includes a review of financial health, governance and performance. This year's assessment also takes account of landlords' performance against the Scottish Social Housing Charter for the first time. The SHR informed the Association that they will move from a Medium to a low level of engagement with the Abronhill.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have a rolling programme of stock condition surveys, to ensure that our long-term financial planning reflects our future investment requirements. The Association is about to undertake a full review of their risk policy and strategy. This will involve a comprehensive review of the strengths and weaknesses of the organisation by staff and committee.

Development Issues

Abronhill is not a developing Association. However, we continue to explore opportunities to provide more properties to people in housing need, as an approved landlord, by offering council tenants the opportunity to transfer to the Association.

Housing Issues

A major issue for all RSL's is the Governments changes to Welfare Reform. Abronhill HA have been working continuously throughout the year to engage with tenants whom the benefit changes affect in order to signpost them in the direction of financial advice and support. The Association has worked in partnership for a number of years now with Citizens Advice and five other RSL's in North Lanarkshire to provide all of our tenants and residents with excellent up to date advice and information on a range of issues like Benefit Sanctions, Hardship payments, Budgeting Loans, Scottish Welfare Fund and much more.

Other Areas

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are listed on page 8,

Management Structure

The Committee of Management has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

General Reserves Policy

The Committee members have reviewed the reserves of Abronhill Housing Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year the charity's revenue reserve increased to £1,269,217 . The Committee seeks to ensure that the budgeting of the Association's results continues to bring the reserves up to a satisfactory level.

The Association has one other designated fund. The purpose of this fund is detailed in Note 1 in the financial statements.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. The Association successfully applied to the Scottish Government for an extension to the suspension of the modernised Right to Buy. The suspension lasts until 2022. The Association supported the Council's application to extend the existing Pressured Area Status to February 2024.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all Health and Safety initiatives. The Association monitors its Health and Safety work closely. The work will be audited 2015/16 and the recommendations from the audit put in place.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the senior staff.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental Income

The Association's Rent Setting Policy is based on the size, type and facilities of the accommodation and the historic costs of the properties. The rent structure is easy to administer and covers the wide variations within the Association's properties. The percentage value is reviewed annually to ensure that the rents cover the required costs.

Future Developments

Subject to the availability of land and public funding the Association is committed to an ongoing development programme to provide new housing for our tenants. The Association has entered into association with Bridges Housing Association to maximise development opportunities in line with current Government thinking as outlined in its consultation paper Investing in Affordable Housing.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Committee of Management and Executive Officers

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

Each member of the Committee of Management 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 Committee of Management.

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

Statement of Committee of Management's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Committee of Management 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 Committee of Management 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 Committee of Management 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 2010 and the Determination of Accounting Requirements 2012. 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 Committee of Management 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 Committee of Management 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 Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Statement on Internal Financial Control

The Committee of Management 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 Committee of Management'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 Committee of Management 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 Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

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

By order of the Committee of Management



DOROTHEA HUTCHISON

Secretary

20 August 2015

REPORT BY THE AUDITORS TO THE MEMBERS
ABRONHILL 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 within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
20 August 2015

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

We have audited the financial statements of Abrohill Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 Committee of Management and Auditors

As explained more fully in the Statement of Committee of Management's Responsibilities the Association's Committee of Management, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its profit 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 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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.

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

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

- 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 Income and Expenditure Account to which our report relates, and the Balance Sheet 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
20 August 2015

ABRONHILL HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		852,305		827,638
Operating Costs	2.		<u>(681,417)</u>		<u>(628,706)</u>
OPERATING SURPLUS	9.		170,888		198,932
Gain On Sale Of Housing Stock	7.	-		32,001	
Interest Receivable and Other Income		1,392		1,995	
Interest Payable and Similar Charges	8.	<u>(91,886)</u>		<u>(94,865)</u>	
			<u>(90,494)</u>		<u>(60,869)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			80,394		138,063
Tax on surplus on ordinary activities	10.		-		-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION			<u>80,394</u>		<u>138,063</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

ABRONHILL HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		4,987,861		4,952,846
Less: Social Housing Grant	11.(a)		(1,973,001)		(1,971,182)
: Other Public Grants	11.(a)		(122,628)		(122,628)
			<u>2,892,232</u>		<u>2,859,036</u>
Other fixed assets	11.(b)		3,025		5,760
			<u>2,895,257</u>		<u>2,864,796</u>
CURRENT ASSETS					
Debtors	14.	32,696		22,829	
Investments	27.	252,695		151,922	
Cash at bank and in hand		490,328		594,262	
			<u>775,719</u>	<u>769,013</u>	
CREDITORS: Amounts falling due within one year	15.	(264,651)		(214,099)	
NET CURRENT ASSETS			<u>511,068</u>		<u>554,914</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,406,325</u>		<u>3,419,710</u>
CREDITORS: Amounts falling due after more than one year	16.	(1,694,081)		(1,787,860)	
NET ASSETS			<u><u>1,712,244</u></u>		<u><u>1,631,850</u></u>
CAPITAL AND RESERVES					
Share Capital	18.		79		79
Designated Reserves	19.(a)		442,948		442,948
Revenue Reserves	19.(b)		1,269,217		1,188,823
			<u>1,712,244</u>		<u>1,631,850</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 20 August 2015.

Chairperson

Kimberly M. Black

Vice-Chairperson

D. Waters

Secretary

John Black

ABRONHILL HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	17.	314,811	356,718
Returns on Investment and Servicing of Finance			
Interest Received		1,392	1,995
Interest Paid		(91,886)	(94,865)
Net Cash Outflow from Investment and Servicing of Finance		(90,494)	(92,870)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(162,300)	(66,843)
Purchase of Other Fixed Assets		-	(6,051)
Social Housing Grant Received		19,598	14,664
Net Cash Outflow from Capital Expenditure and Financial Investment		(142,702)	(15,575)
Net Cash Inflow before use of Liquid Resources and Financing		81,615	248,273
Management of Liquid Resources			
Change in short term deposits with banks		(100,773)	(26,509)
Financing			
Loan Principal Repayments		(84,781)	(80,344)
Share Capital Issued		5	-
Net Cash Outflow from Financing		(84,776)	(80,344)
(Decrease) / Increase in Cash	17.	(103,934)	141,420

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

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

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Contribution Pension Scheme. Prior to 1 April 2014 the Association participated in the Scottish Housing Association Defined Benefit Pension Scheme.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and 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.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roof	50 years
Bathrooms	20 years
Kitchens	20 years
Windows	30 years
Doors	40 years
Heating Systems	40 years
Boilers	25 years
Rewiring	35 years
Medical Adaptions	15 years

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises	15%
Furniture and Fittings	25%

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

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	852,305	676,128	176,177	824,563	614,595	209,968
Other Activities	4.	-	5,289	(5,289)	3,075	14,111	(11,036)
Total		852,305	681,417	170,888	827,638	628,706	198,932

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General			2015 Total £	2014 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	857,721	-	-	857,721	829,776
Service Charges Receivable	3,480	-	-	3,480	1,807
Gross Rents Receivable	861,201	-	-	861,201	831,583
Less: Rent losses from voids	8,896	-	-	8,896	7,020
Net Rents Receivable	852,305	-	-	852,305	824,563
Revenue Grants from Scottish Ministers	-	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-	-
Total Income From Social Letting	852,305	-	-	852,305	824,563
Expenditure on Social Letting Activities					
Service Costs	3,480	-	-	3,480	1,807
Management and maintenance administration costs	355,552	-	-	355,552	338,123
Reactive Maintenance	151,916	-	-	151,916	144,400
Bad Debts - Rents and Service Charges	5,839	-	-	5,839	4,761
Planned and Cyclical Maintenance, including Major Repairs	49,835	-	-	49,835	14,236
Depreciation of Social Housing	109,506	-	-	109,506	111,268
Impairment of Housing	-	-	-	-	-
Operating Costs of Social Letting	676,128	-	-	676,128	614,595
Operating Surplus on Social Letting Activities	176,177	-	-	176,177	209,968
2014	209,968	-	-		

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	4,880	(4,880)	(6,837)
Other Income	-	-	-	-	-	-	-	-	3,075
Rechargeable repairs	-	-	-	-	-	91	-	(91)	(6,596)
Tenant participation	-	-	-	-	-	-	318	(318)	(678)
Total From Other Activities	-	-	-	-	-	91	5,198	(5,289)	(11,036)
2014	-	-	-	3,075	3,075	6,596	7,515	(11,036)	

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2015	2014
	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	<u>12,376</u>	<u>48,332</u>

No Officers, including the highest paid Officer, received emoluments (excluding pension contributions) over £60,000.

During the year the Housing Manager, who also acted as Chief Executive retired.

The Association then entered into a service level agreement with Garrion Peoples Housing Co-operative Limited and Forgewood Housing Co-operative Limited for director services.

During the 2014/15 year, Abronhill Housing Association incurred costs of £35,306 for director services

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>5</u>	<u>6</u>
Staff Costs were:	£	£
Wages and Salaries	133,244	168,264
Social Security Costs	11,048	7,951
Other Pension Costs	42,061	22,550
	<u>186,353</u>	<u>198,765</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	-	42,655
Cost of Sales	-	10,654
Gain On Sale Of Housing Stock	<u>-</u>	<u>32,001</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>91,886</u>	<u>94,865</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2014 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	109,970	110,346
Auditors' Remuneration - Audit Services	6,080	5,600
- Other Services	631	
Operating Lease Rentals - Other	<u>667</u>	<u>1,752</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2014	5,999,955	-	-	-	5,999,955
Additions	162,300	-	-	-	162,300
Disposals	(22,120)	-	-	-	(22,120)
Schemes Completed	-	-	-	-	-
As at 31st March 2015	<u>6,140,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,140,135</u>
DEPRECIATION					
As at 1st April 2014	1,047,109	-	-	-	1,047,109
Charge for Year	107,235	-	-	-	107,235
Disposals	(2,070)	-	-	-	(2,070)
As at 31st March 2015	<u>1,152,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152,274</u>
SOCIAL HOUSING GRANT					
As at 1st April 2014	1,971,182	-	-	-	1,971,182
Additions	19,598	-	-	-	19,598
Disposals	(17,779)	-	-	-	(17,779)
Schemes Completed	-	-	-	-	-
As at 31st March 2015	<u>1,973,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,973,001</u>
OTHER CAPITAL GRANTS					
As at 1st April 2014	122,628	-	-	-	122,628
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	-	-	-	-	-
As at 31st March 2015	<u>122,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,628</u>
NET BOOK VALUE					
As at 31st March 2015	<u>2,892,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,892,232</u>
As at 31st March 2014	<u>2,859,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,859,036</u>

Additions to housing properties includes capitalised development administration costs of £1,779 (2014 - £1,322) and capitalised major repair costs to existing properties of £142,704 (2014 £52,305)

All land and housing properties are freehold.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Premises £	Office Furniture & Equipment £	Total £
COST			
As at 1st April 2014	67,548	49,256	116,804
Additions	-	-	-
Eliminated on Disposals	-	-	-
As at 31st March 2015	<u>67,548</u>	<u>49,256</u>	<u>116,804</u>
AGGREGATE DEPRECIATION			
As at 1st April 2014	67,548	43,496	111,044
Charge for year	-	2,735	2,735
Eliminated on disposal	-	-	-
As at 31st March 2015	<u>67,548</u>	<u>46,231</u>	<u>113,779</u>
NET BOOK VALUE			
As at 31st March 2015	<u>-</u>	<u>3,025</u>	<u>3,025</u>
As at 31st March 2014	<u>-</u>	<u>5,760</u>	<u>5,760</u>

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>154,358</u>	<u>-</u>

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

13. COMMITMENTS UNDER OPERATING LEASES

	2015 £	2014 £
At the year end, the annual commitments under operating leases were as follows:-		
Other		
Expiring within one year	<u>667</u>	<u>1,752</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	27,184	27,884
Less: Provision for Doubtful Debts	<u>(16,175)</u>	<u>(14,444)</u>
	11,009	13,440
Other Debtors	<u>21,687</u>	<u>9,389</u>
	<u>32,696</u>	<u>22,829</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	78,492	69,494
Trade Creditors	46,942	20,276
Rent in Advance	21,131	35,774
Other Taxation and Social Security	3,091	3,081
Accruals and Deferred Income	<u>114,995</u>	<u>85,474</u>
	<u>264,651</u>	<u>214,099</u>

At the balance sheet date there were pension contributions outstanding of £4,371 (2014 £2,692)

16. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Housing Loans	<u>1,694,081</u>	<u>1,787,860</u>
<p>Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-</p>		
Within one year	78,492	69,494
Between one and two years	81,881	72,600
Between two and five years	268,119	238,408
In five years or more	<u>1,344,081</u>	<u>1,476,852</u>
	1,772,573	1,857,354
Less: Amount shown in Current Liabilities	<u>78,492</u>	<u>69,494</u>
	<u>1,694,081</u>	<u>1,787,860</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	170,888	198,932
Depreciation	112,241	110,346
Change in Debtors	(9,867)	46,468
Change in Creditors	41,554	975
Share Capital Written Off	(5)	(3)
Net Cash Inflow from Operating Activities	<u>314,811</u>	<u>356,718</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
(Decrease) / Increase in Cash	(103,934)		141,420	
Cash flow from management of liquid resources	100,773		26,509	
Cash flow from change in debt	<u>84,781</u>		<u>80,344</u>	
Movement in net debt during year		81,620		248,273
Net debt at 1st April 2014		(1,111,170)		(1,359,443)
Net debt at 31st March 2015		<u>(1,029,550)</u>		<u>(1,111,170)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	594,262	(103,934)		490,328
Bank Overdrafts	-	-		-
Liquid Resources	<u>594,262</u>	<u>(103,934)</u>		<u>490,328</u>
Debt: Due within one year	151,922	(100,773)		252,695
Due after more than one year	(69,494)	84,781	(93,779)	(78,492)
	<u>(1,787,860)</u>	<u>-</u>	<u>93,779</u>	<u>(1,694,081)</u>
Net Debt	<u>(1,111,170)</u>	<u>(119,926)</u>	<u>-</u>	<u>(1,029,550)</u>

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	79
Issued in year	5
Cancelled in year	<u>(5)</u>
At 31st March 2015	<u>79</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. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2014	53,940	389,008	442,948
Transfer to / (from) Revenue Reserves	-	-	-
At 31st March 2015	<u>53,940</u>	<u>389,008</u>	<u>442,948</u>

(b) Revenue Reserves	Total £
At 1st April 2014	1,188,823
Surplus for the year	80,394
Transfer (to) / from Designated Reserves	-
At 31st March 2015	<u>1,269,217</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	11	11
- Rehabilitation	218	218
	<u>229</u>	<u>229</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

Those members that 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.

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 with is made at arm's length and is under normal commercial terms.

22. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	252,695	151,922
	<u> </u>	<u> </u>

23. RETIREMENT BENEFIT OBLIGATIONS

General

Abronhill Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined contribution

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

[Abronhill Housing Association Limited has elected to operate the defined contribution scheme for all active members.](#)

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

Defined Contribution Scheme

[During the accounting period Abronhill Housing Association Limited paid contributions at the rate of 8% of pensionable salaries to the defined contribution scheme. Member contributions were 8% to the defined contribution scheme.](#)

[As at the balance sheet date there were 4 active members of the Scheme employed by Abronhill Housing Association Limited. The annual pensionable payroll in respect of these members was £119,651. Abronhill Housing Association Limited continues to offer membership of the Scheme to its employees.](#)

Scheme Assets and Liabilities

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

ABRONHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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

The Trustees have recently supplied Abronhill Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Abronhill Housing Association Limited will be required to pay £34,267 per annum as a contribution to the past service deficit. This will represent no change in Abronhill Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.