

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Registered Housing Association Number 64  
Financial Conduct Authority Number 1776 R (S)  
Charity Number SC027123

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**Registration Particulars**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014
Scottish Housing Regulator	Registration number – 1776 R (S)
	Housing (Scotland) Act 2010
	Registration number – 64
Charity Number	SC027123

**ALBYN HOUSING SOCIETY LIMITED**  
**BOARD, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**Board**

D Russell  
E Grant  
M Smith  
I McLaughlan  
J Convery  
G Sinclair  
K Williams  
A McMaster

**Executive Officers**

M Macaulay  
R Nairn

**Registered Office**

98-104 High Street  
Invergordon  
IV18 0DL

**Auditor**

RSM UK Audit LLP  
Third Floor Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

**Bankers**

Royal Bank of Scotland  
Fifth Floor Kirkstane House  
139 St Vincent Street  
Glasgow  
G2 5JF

**ALBYN HOUSING SOCIETY LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2016**

The Board presents its report and the audited financial statements for the year ended 31 March 2016.

**Principal Activities**

The principal activity of Albyn Housing Society Limited (“Albyn”) is the development, management and maintenance of housing in the Highlands of Scotland for people in housing need.

Albyn is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charities Regulator (“OSCR”) as a Scottish Charity and the Scottish Housing Regulator as a Registered Social Landlord (“RSL”).

**Our Strategic Aims**

Our Vision

Our vision is of everyone in the Highlands well housed within sustainable communities.

Our Mission

Our mission is to build, manage and maintain quality housing in the Highlands, and to support communities to thrive.

Our Strategic Objectives

Albyn has as its Strategic Objectives:

- Achieving successful tenancies through quality customer/landlord relationships
- Building and maintaining a sustainable, quality housing stock
- Supporting neighbourhoods and communities to thrive
- Providing access to housing and support in the Highlands
- Delivering good value for money in rents and other charges

Albyn also has a wholly owned subsidiary, Albyn Enterprises Limited (“AEL”), the objective of which is to undertake activities of a non-charitable nature that will help Albyn to meet its objectives.

The table below shows the homes that we manage:

Managed Property Numbers	2016	2015
Tenanted Properties	2,818	2,782
Managed on Behalf of Others	25	22
Shared Ownership Properties	151	157
Properties Leased to AEL for Mid Market Rent	21	9
<b>Total</b>	<b>3,015</b>	<b>2,970</b>



# ALBYN HOUSING SOCIETY LIMITED

## REPORT OF THE BOARD

### FOR THE YEAR ENDED 31 MARCH 2016

#### Financial Review

Albyn made a surplus of £1,884,000 (2015 – £2,008,000) during the year. All social registered landlords had to restate their accounts this year to take into account new financial reporting requirements. The biggest impact for Albyn is that the Capital Grants it has received to finance the construction of affordable homes have to be released to income much more quickly than before. As a result of this, our surplus for 2015 has increased from that reported last year as shown below:

	2015
	£'000
Surplus reported last year	890
Net effect of FRS102 adoption	1,118
<b>Restated Surplus for the year</b>	<b>2,008</b>

This does not however create any extra cash for the Society. The cash surplus generated continues to be reinvested in homes for our tenants through our new build programme and our investment in the quality of our existing homes.

Albyn remains in a strong financial position; we continue to have a substantial major repair investment programme with work to comply with the Scottish Housing Quality Standards (“SHQS”) and the Energy Efficiency Standard for Social Housing (“EESH”) by 2020, as well as maintaining the quality of our homes. We have budgeted for expenditure of £2.2m in the next financial year, and we continue to have a development programme for next year with plans to build an extra 500 homes by 2020.

Cash surpluses will continue to be made, subject to our planned major repair programme over the next few years and we will continue to make efficiency savings in our operational costs wherever possible.

The financial statements reflect the introduction of Financial Reporting Standard 102 (“FRS 102”) and the Statement of Recommended Practice for Registered Social Landlords 2014 (“SORP 2014”) for the first time. Last year’s figures have been updated accordingly as noted above. See note 31 to the financial statements for further detail.

#### Development and Performance

This report details developments that have occurred during the year relating to the main activities undertaken by Albyn and how we have performed.

#### Corporate Governance

Albyn has a Board (detailed on page 12) which is elected by the members of Albyn. It is the responsibility of the Board to undertake the strategy, setting of policy and overall direction for Albyn. They also monitor the operational activities of Albyn. The members of the Board undertake this work in a voluntary, unpaid capacity.

The Executive Team (listed on page 12) together with the managers has been responsible for achieving the set strategy and undertaking the operational activities in line with the agreed policies throughout the year.

The revised Regulatory Plan, issued in March 2016 by the Scottish Housing Regulator, defined their engagement with Albyn as Medium on the basis of their risk assessment. The plan identified Albyn’s level of new build development activity as a particular area of risk.

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Operational Review

During the past few years Albyn has implemented a review of the way that it operates internally. This review was undertaken to:

- improve our service to our customers
- improve our performance
- improve our staff satisfaction

We created a Customer Services Team, Asset Management & Investment Team and a Finance & Corporate Services Team. We implemented these changes during the last six months of 2013. We have continued to bed-in new operational and job processes, and performance reporting processes, with training tailored to individual requirements. All of these changes are now beginning to deliver the improvements listed above.

Customer Services Team

High quality customer service is central to the success of our business. Over the last few years, we have been developing new ways to improve our service delivery, both through changes to organisational structures and through building on the successful methods we currently use.

We have continued to restructure our Customer Services Team to push day to day decision making through to the front-line staff, enabling them to respond more effectively and efficiently to our customers' needs. During the year we increased the number of Housing Services Officers within the team to reduce the number of homes each Officer has to deal with, and allocated a dedicated Assistant to each Officer. We expect to see the benefit of this change being reflected in further improvements to our customer service and financial performance in the new financial year.

We are committed to ensuring our tenants have direct input into our service delivery and are continually looking for new ways to enable them to do this. We undertook a full customer satisfaction survey within the two last years, which allowed us to target issues and develop solutions more effectively. We have developed a number of specialist focus groups where tenants can participate and gain knowledge in areas of interest to them.

We have consulted with our tenants both through face to face meetings and questionnaires to ensure that we have understood what our tenants' main priorities are within The Scottish Social Housing Charter. We then worked in partnership with them to create a Tenants' Report Card that delivered that information in an easy to read format.

Working with the Tenant Participation Advisory Service Scotland, we have helped to create an on-line version of their tenant qualification modules which is being trialled with 10 of our tenants. This will assist our tenants who want to become more involved in the day to day running of the Society, to understand in more detail the services we provide and the legal requirements we must fulfil. This will be particularly useful if they want to join our more formal structures through sitting on our Performance Committee or Board.

*Allocations*

We continue to work on the time it takes us to let empty homes, to make sure that we maximise our effectiveness in housing people in need, and to reduce our costs. With the increase in development activity both within Albyn and our partner organisations in the Highlands, we re-housed more families in the year, and the increased activity means that our re-let times were not as good as in recent years. They were however still good overall:



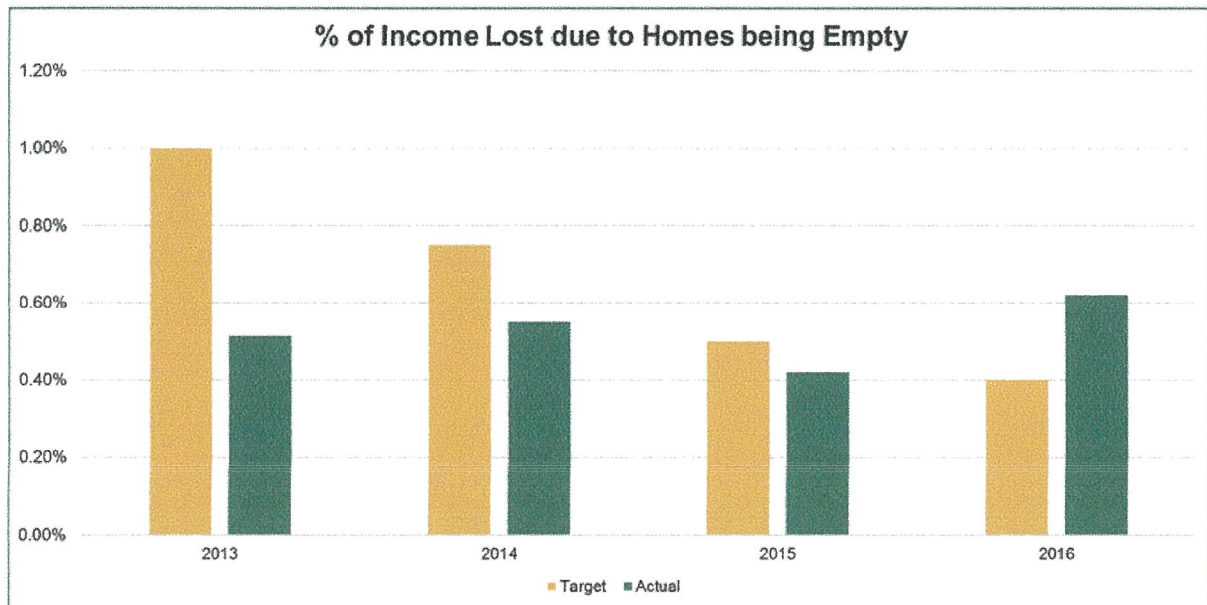
ALBYN HOUSING SOCIETY LIMITED

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FOR THE YEAR ENDED 31 MARCH 2016

Families re-homed in the year	2016	2015
Re-lets	232	255
New Build / other Acquisitions	43	4
Total	<b>275</b>	<b>259</b>
Average Days taken to fill an empty home	25	19

The increase in the average number of days taken to fill our empty homes has resulted in rents and other charges lost due to homes being empty increasing to 0.62% in the year (2015 - 0.42%) of collectable rent across the year as illustrated in the graph below:



Historically we have found that it takes us longer to allocate homes in Caithness and a handful of developments in the more rural parts of the Highlands. With experienced officers dealing with the homes in the areas, and the Choice Based Lettings initiative implemented in Caithness in 2015, we continue to work hard to keep our lost income as low as possible.

We achieve high levels of satisfaction with the condition of our homes, with 94% of tenants responding to new tenancy surveys indicating that they are satisfied with the condition of their home when they move in.

We constantly review the performance of our homes in terms of the amount of money they cost us and how happy our tenants are with them, so that we can be proactive in deciding the future use of our homes.

*Rent Arrears*

Rent arrears performance has held steady over the year. The allocation of arrears workload has been spread across the Officer and Assistant group and we have continued to improve our internal reporting and monitoring processes.

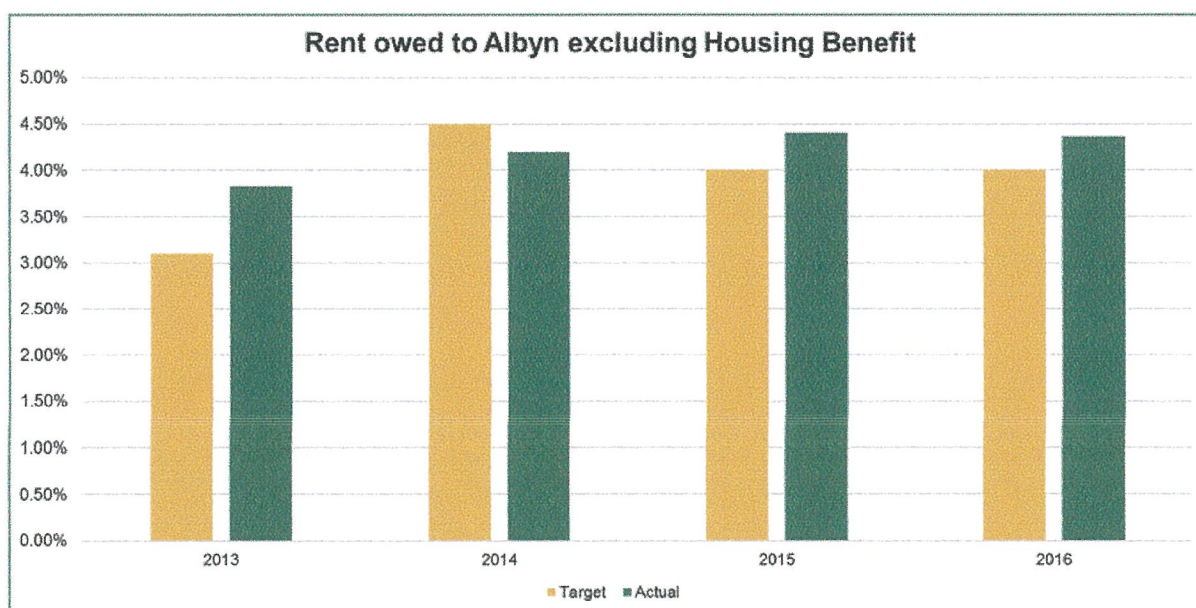
Many of our customers remain affected by the “bedroom tax”. Discretionary Housing Payments have been in place for those affected and this helped to alleviate the shortfall in Housing Benefit and the negative financial impact on the tenants concerned.

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At the end of the year a total of 84 tenants (2015 - 39) were claimants of Universal Credit (“UC”). This number will grow as UC is rolled out across the customer base in the Highlands. We have been working on a number of initiatives with local RSLs and the Highland Council to establish good working relationships and practices with the Department for Work and Pensions.

The Internal Audit Report from February 2015 identified a number of priorities for the management of our rent arrears. The Chief Operating Officer and the Customer Services team have continued their focus on arrears throughout the year and we are starting to see the benefits of the improved working practices and processes.

The graph below details our recent performance on rent arrears for tenants in our homes:



We have increased our recovery of former tenancy debts by 14% in value compared to the previous year through the targeted use of resources within the team.

Collected during 2014/15	£58,779
<b>Collected during 2015/16</b>	<b>£67,140</b>

#### *Tenancy Management*

We continue to work in partnership with other local agencies to tackle Anti-Social Behaviour (“ASB”) and to manage our estates.

Number of ASB Cases opened in the year		2016	2015
Category 1	Most serious and involves criminal activity	9	10
Category 2	Deliberate attempt to cause disturbance or annoyance	87	94
<b>Total</b>		<b>96</b>	<b>104</b>

The number of reported nuisance and anti-social behaviour cases we have to deal with at any one time remains fairly constant, a low percentage of all tenancies, and predominantly in the less serious category, Category 2. It is always worth noting that whilst the ASB cases can be small in numeric terms as a proportion of the overall number of homes we manage, the cases often require a



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## REPORT OF THE BOARD

### FOR THE YEAR ENDED 31 MARCH 2016

disproportionate amount of time and effort to find a resolution. These cases invariably require close customer liaison and support.

The number of tenancies created in the financial year that were still successfully in place after a year remains high at 89.9% (2015 – 89.7%).

#### *Reactive Repairs*

Our performance in Reactive Repairs remains good and is detailed in the following tables:

Category	Performance Measure	Target	2016	2015
Emergency	Average time to complete	8 hours	3.95 hrs	2.42 hrs
Non-Emergency	Average time to complete	10 days	4.50 days	4.73 days
Right First Time			98.97%	96.66%

The total number of reactive repairs completed during the reporting year was 6,673 (2015 - 7,520). 93.67% (2015 - 94.2%) of tenants who returned satisfaction slips were satisfied with the overall quality of our repairs service.

Category	Performance Measure	Target	2016	2015
Gas Servicing	Within 12 Mths of previous inspection	100%	100.0%	99.8%
	Within 13 Mths of previous inspection	100%	100.0%	100.0%

It is essential that all properties with Gas Central Heating are serviced within 12 months of the previous time, and we put in place procedures this year which ensured that we hit this target every month in the year. From February 2016, the management of this activity was passed from the Customer Services team to the Asset Management & Investment team.

#### *Communities*

Albyn is committed to working with our tenants and communities to develop innovative solutions to enable people to live in their own homes as long as it is safe for them to do so. During the year we have worked closely with our subsidiary company to assist it in achieving the following:

At the end of the last financial year, we were the lead partner in a successful funding bid for £880,000 from The Big Lottery to AEL in partnership with the four other main RSL's in Highland for a project entitled Money Matters Highland. This bid will enable us to deliver support to our tenants across the Highlands from 1 April 2015, specifically focusing on the negative impacts of the introduction of UC and the effects of fuel poverty in the area.

We have been successful in sustaining our positive outcomes through Making Advice Work. An additional bid to the Scottish Legal Aid Board last year secured an extension for a further 18 months, adding £200,000 grant to the £210,000 we have already received in AEL. This continuation funding allowed us to broaden the scope of the project targeting a larger number of vulnerable tenants. The project will come to an end during the new financial year.

We are continuing to develop our software platform to assist people to live safely in their homes, as well as working towards an innovative design for homes to enable people who are unwell to live at home for as long as is possible, rather than being in a bed in hospital. The software will support them to do this by giving them on-line access to the services they need. We continue to work with partners such as the NHS, Scottish Government and the Highland Council with financial and other support being given by Highlands & Islands Enterprise.

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Asset Management & Investment Team

During 2014 we received the results of our stock condition survey. The survey covered over 1000 properties, including all house types in all our estates. This has allowed us to fully assess our homes against the SHQS and EESSH standards, allowing us to plan our improvement programme through to 2020. The Board has approved a new build development programme of 100 units for rent per annum over the five years ending March 2020, based on their confidence in our ability to borrow at economic rates as we go forward.

During the year we incurred expenditure as follows:

Replacement Type	2016	2015
	£000's	£000's
Energy Efficiency Measures	454	926
Window and Door Replacements	203	114
Kitchen Replacements	123	17
Bathroom Replacements	284	69
Individual Property Upgrades and Other Costs	161	87
<b>Total</b>	<b>1,225</b>	<b>1,213</b>

Following the Board's commitment to build an extra 500 homes over five years to 2020, we started work on a number of development projects during the year. We completed 52 homes for rent during the year to 31 March 2016 (2015 - 2) and 12 LIFT homes (2015 - 0):

Developments completed in the year	Rented	LIFT	Total
Beith Place, Smithton, Inverness	17	8	25
Lawrie Drive, Nairn	14	4	18
The Corran Ph2, Kishorn	4	-	4
Wester Inshes Place, Inverness	8	-	8
Balvonie Street, Inverness (Mid Market Rent)	9	-	9
<b>Total</b>	<b>52</b>	<b>12</b>	<b>64</b>

In addition to the nine new properties we built above, we bought back three shared ownership properties to be rented out by AEL under the Mid Market Rent provisions.

The table below details our spend in the year on these completed projects together with projects that are currently being built:

Development Funding	2016	2015
	£000's	£000's
Expenditure	5,301	4,712
Grant	2,308	2,571
Loan	2,993	-
<b>Own resources</b>	<b>-</b>	<b>2,141</b>

During the year the Asset & Investment Officers worked closely with Scottish Water ("SW") to review grants which have been unpaid for a number of years, as well as water treatment plants which have not yet been adopted by SW. Great progress has been made, with £327,000 cash received from SW in the year.

During the year, work continued on the Biomass Plant at Aviemore to bring it to a standard which means that it is in good working order and providing reliable heat to its 100 customers. The Board



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#### FOR THE YEAR ENDED 31 MARCH 2016

approved the signing of a new management contract with a local renewables company towards the end of this financial year. As a result of this new agreement, a new boiler is being installed in the plant house which we hope will be more reliable than the older, bigger boiler we were using before. We have also paid for new smart meters which will be installed in all the customers' homes during the Summer 2016; these meters will be much more accurate and will also give customers more flexibility in how they pay for their heat.

#### Finance & Corporate Services Team

Albyn's Finance & Corporate Services Team which includes ICT and Human Resources continued to support the Albyn Group throughout the year. The team supported the Board in making further changes to the organisational structure and harmonising terms and conditions of employment during the year, together with the completion of a Society-wide Job Evaluation review.

The team has continued to work with the operational teams both in Albyn and AEL to provide up to date and streamlined processes and systems to help them provide good service to our customers on a day to day basis.

The Board approved a new ICT strategy in March 2016, and we will be working over the next two years to bring in the improvements for all users envisaged in this document.

#### Albyn Enterprises Limited

Albyn Enterprises Limited (AEL) is our wholly owned subsidiary.

Under the Low Cost Initiative for First Time Buyers programme AEL marketed 12 units for Albyn (2015 - 0), 6 units (2015 - 10) for The Highland Council and 6 units for Caledonia Housing Association (2015 - 0).

AEL also acts as agent for the Scottish Government under the Open Market Shared Equity (OMSE) and Help to Buy (HTB) initiatives which offer grants to individuals to help them buy property on the open market and from non-RSL developers. AEL helped 298 households (2015 - 319) by delivering grants to the value of £11,639,000 (2015 - £10,852,000).

As part of the Group's continuing drive to improve the customer experience, we passed control of the Factoring Services activities to the dedicated team in AEL with effect from 1 April 2015. This will enable the Albyn Group to focus on this activity so that a better service is delivered and a sustainable business is achieved.

During the year employees of AEL continued to support Albyn in its innovation activities and to further its aim to enable people to live in their own homes as long as it is safe for them to do so.

#### Other Matters

##### *Credit Payment Policy*

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

##### *Rental Income*

Albyn's Rent Policy is based on the size, type and facilities available to each home. The policy ensures that the rent structure is easy to administer and covers the wide variations of properties that



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we own and manage. The rent charged is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice / principles of the RSL Sector.

*Sales of Housing Properties*

We sold 3 (2015 - 4) homes to the sitting tenants under Right to Buy and 3 (2015 - 6) Shared Ownership properties in the year. We also sold 4 (2015 - nil) homes which had previously been bought under the Mortgage to Rent regulations when they became void.

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of the property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

**Management Structure**

The Board has overall responsibility for Albyn and there is a formal schedule of matters specifically reserved for decision by the Board.

**Risk Management Policy**

The Board has a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks Albyn faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of Albyn's current internal controls.

The Board has set policies on internal controls which cover the following:

- consideration of the type of risks Albyn faces
- the level of risks which they regard as acceptable
- the likelihood of the risks concerned materialising
- Albyn's ability to reduce the incidence and impact on the business of risks that do materialise
- management of the costs of operating particular controls relative to the benefit obtained

In order to ensure that these policies are adhered to, management has:

- clarified the responsibility of management to implement the Board's policies and to identify and evaluate risks for the Board's consideration
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives
- embedded the control system in the organisation's operations so that it becomes part of the culture of Albyn
- developed systems to respond quickly to evolving risks arising from factors within the charity and to changes in the external environment
- included procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

**Sustainability and Asset Management**

The Albyn Sustainability Strategy was revised in May 2011, with a focus on sustaining Albyn as a business whilst helping improve the quality of life for the residents in our communities. This Strategy is supported by an Asset Management Plan which identifies initiatives for sustaining / improving the

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performance of our property assets. A revised Asset Management Strategy is being prepared and will be completed in the Winter of 2016.

In addition, Albyn has a long term programme of major repairs to cover work which has become necessary since the original development was completed, including works required for subsequent legislative changes such as SHQS and EESSH. This includes replacement or repairs to parts of the properties which have come to the end of their useful economic lives. The costs of these repairs are charged to the Income and Expenditure Account, unless it is agreed they be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

### **Budgetary Process**

Each year the Board approves the five-year budgets and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year where necessary 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.

### **Treasury Management**

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

Albyn, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016, Albyn has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### **Going Concern**

Based on the budgetary processes detailed above, the Board has a reasonable expectation that Albyn has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **Quality and Integrity of Staff**

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

Our staff also have the opportunity to take part in a range of training opportunities to develop their skills and knowledge.

Albyn is committed to involving staff in decision-making and policy making. The Staff Consultative Forum ("SCF") includes both Board and staff members to enable employer and employee involvement in these decisions.

### **Employee Involvement and Health and Safety**

Albyn encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas.



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**Disabled Employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with Albyn may continue. It is the policy of Albyn that training, career development and promotion opportunities should be available to all employees.

**Future Prospects**

Albyn will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

The Board has approved ambitious plans to build 500 homes over five years between 2016 and 2020, to contribute to the government's overall targets for growth in affordable housing in Scotland. In the coming months, the Society will be approaching lenders to source long-term loan finance at the best possible interest rates. This will enable us to build the new homes while continuing to use our existing resources to refurbish and upgrade our existing homes, ensuring that all our tenants have good quality homes to live in.

Albyn was one of the first social landlords to experience the introduction of Universal Credit ("UC") for some of its tenants. This new system presents challenges to us and our tenants and so we have used the operational review and changes to the staffing structure in Customer Services to hopefully put us in a strong position to deal with new challenges as UC begins to be rolled out more widely in the next few years.

**Board**

The Board of Albyn during the year to 31 March 2016 was as follows:

		<b>Committees</b>
Mr D Russell	Chair Person	Performance, SHSE
Mrs E Grant	Vice Chair Person	Performance, SHSE
Ms M Smith	Secretary	SHSE
Mrs I McLaughlan		Performance, SHSE
Mr J A Convery		Audit, Performance
Mr G Sinclair		Audit
Ms K Williams		Audit, SHSE
Mr A McMaster		Audit
Mrs S Slimon	Resigned June 2015	
Ms G Linden	Resigned March 2016	
Mrs P Dingwall	Resigned May 2016	
Mr T Solle	Resigned May 2016	

**Committees**

Audit Committee  
 Performance Committee  
 Staffing Health & Safety and the Environment Committee ("SHSE")

Each member of the Board holds one fully paid share of £1.00 in Albyn. The executive officers of Albyn hold no interest in Albyn's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Board.

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**Board and Officers' Insurance**

Albyn has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of Albyn, as authorised by the Society's rules.

**Directors**

The Directors of Albyn at 31 March 2016 were as follows:

Mr Calum Macaulay	Chief Executive
Mr Robin Nairn	Chief Operating Officer

**Disclosure of Information to the Auditor**

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

**Auditor**

A resolution for the reappointment of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), as auditors of the Society, will be proposed at the Annual General meeting.

By order of the Board



Maxine Smith  
Secretary  
28 June 2016

## **ALBYN HOUSING SOCIETY LIMITED**

### **STATEMENT OF BOARD'S RESPONSIBILITIES**

#### **FOR THE YEAR ENDED 31 MARCH 2016**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Society's state of affairs and of the surplus or deficit of the Society for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Society will continue in business.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Society. The Board must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2014. It is responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.



## ALBYN HOUSING SOCIETY LIMITED

### BOARD'S STATEMENT OF INTERNAL FINANCIAL CONTROL

#### FOR THE YEAR ENDED 31 MARCH 2016

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives. Key elements of the Society'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 the Society's assets;
- experienced and suitably qualified staff take responsibility for the 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 Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Audit Committee receives 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 Society is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

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

By order of the Board



Maxine Smith  
Secretary  
28 June 2016

**REPORT BY THE AUDITOR TO THE MEMBERS OF  
ALBYN HOUSING SOCIETY LIMITED  
ON CORPORATE GOVERNANCE MATTERS  
FOR THE YEAR ENDED 31 MARCH 2016**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 15 concerning the Society's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board and Officers of the Society and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Society's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Controls on page 15 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditors  
Third Floor Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

12/7/16

Date



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**ALBYN HOUSING SOCIETY LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of Albyn Housing Society for the year ended 31 March 2016 on pages 18 to 37. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Society's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board and auditor**

As explained more fully in the Board's Responsibilities Statement set out on page 14, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014 .

**Matters on which we are required to report by exception**

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:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Society; or
- we have not received all the information and explanations we require for our audit.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditors  
Third Floor Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

12/7/16

Date

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £'000	2015 £'000
<b>Turnover</b>	2	16,003	14,260
Operating expenditure	2	(12,637)	(10,450)
<b>Operating Surplus</b>	7	<u>3,366</u>	<u>3,810</u>
Gain on disposal of fixed assets	6	271	161
Interest receivable	9	40	18
Interest and financing costs	10	(1,793)	(1,981)
<b>Surplus before tax</b>		<u>1,884</u>	<u>2,008</u>
Taxation	11	-	-
<b>Total Comprehensive Income for the year</b>	23	<u>1,884</u>	<u>2,008</u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2016**

	Notes	2016		2015	
		£'000	£'000	£'000	£'000
<b>Tangible Fixed Assets</b>					
Housing properties	12		200,689		198,324
Other fixed assets	13		2,158		2,180
Fixed asset investments	14		-		-
			<u>202,847</u>		<u>200,504</u>
<b>Current Assets</b>					
Properties for sale	15	4,423		4,300	
Trade and other debtors	16	2,841		1,656	
Cash and cash equivalents		<u>4,372</u>		<u>3,340</u>	
		11,636		9,296	
<b>Current Liabilities</b>					
Creditors due within one year	17	<u>(9,798)</u>		<u>(7,382)</u>	
<b>Net Current Assets</b>			1,838		1,914
<b>Total Assets Less Current Liabilities</b>			<u>204,685</u>		<u>202,418</u>
<b>Creditors:</b> amounts falling due after more than one year					
	18		(177,610)		(177,445)
Provisions for Liabilities	21		(5,181)		(4,963)
<b>Total Net Assets</b>			<u>21,894</u>		<u>20,010</u>
<b>Capital and Reserves</b>					
Share capital	22		1		1
Income and Expenditure Reserve	23		21,893		20,009
			<u>21,894</u>		<u>20,010</u>

The financial statements on pages 18 to 36 were approved by the Board and authorised for issue on 28 June 2016 and are signed on its behalf by:

Douglas Russell - Chair

Erin Grant - Vice Chair

Maxine Smith - Secretary

**ALBYN HOUSING SOCIETY LIMITED**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	2016		2015	
	£'000	£'000	£'000	£'000
<b>Surplus for the year</b>		1,884		2,008
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	3,708		3,484	
Amortisation of capital grants	(2,332)		(2,315)	
Increase in provisions	688		186	
Gain on disposal of tangible fixed assets	(271)		(161)	
Interest receivable	(40)		(18)	
Interest payable	1,793		1,981	
		<u>3,546</u>		<u>3,157</u>
<b>Operating cash flows before movements in working capital</b>		5,430		5,165
Increase in properties held for sale	(123)		(1,274)	
(Increase) / decrease in trade and other debtors	(656)		413	
Increase /(decrease) in trade and other creditors	210		(738)	
		<u>(569)</u>		<u>(1,599)</u>
<b>Cash generated from operations</b>		4,861		3,566
<b>Cash flow from investing activities</b>				
Development of own property	(6,497)		(5,493)	
Purchase of other fixed assets	(89)		(55)	
Proceeds from sale of tangible fixed assets	600		399	
Grants received	2,347		4,236	
Interest received	15		18	
Gift Aid donation received	25		-	
		<u>(3,599)</u>		<u>(895)</u>
<b>Net cash used in investing activities</b>		(3,599)		(895)
<b>Cash flow from financing activities</b>				
Interest paid	(1,896)		(1,981)	
Loans received for housing	3,000		-	
Loans repaid	(864)		(964)	
Payments to pension past service deficit	(470)		(424)	
		<u>(230)</u>		<u>(3,369)</u>
<b>Net cash from used in financing activities</b>		(230)		(3,369)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>1,032</u>		<u>(698)</u>

Note 24 should be read in conjunction with this statement.



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2016**

**1 Accounting Policies**

Albyn Housing Society Limited is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, and the Scottish Housing Regulator as a Registered Social Landlord under the Housing (Scotland) Act 2010. Albyn Housing Society Limited adopted Charitable Rules on 18 March 1997 and its Charity Number is SC 027123.

The Society's address is listed on page 1. Its principal activities and the nature of its operations are detailed on page 2.

**a Basis of Accounting**

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2015, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

**b Critical Accounting Estimates and Areas of Judgement**

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:

- i. Useful lives of properties  
Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.
- ii. Recoverable amount of rent arrears and debtors  
Management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Society in the future, the actual amounts which might be received are often outwith the Society's control.
- iii. Past Service Deficit for Defined Benefit Scheme  
The current provision is based on an estimate by SHAPS of the likely future payments needed to reduce the Society's share of the deficit to nil over a number of years. These future payments have then been discounted based on an estimated discount value to create a Net Present Value which is the liability reflected in the accounts. Both the payments needed and the discount percentage are estimates and assumed based on unknown future events. The final liability and the payments to clear this to £nil are therefore subject to change.

## ALBYN HOUSING SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

#### **c Change in Accounting Policy**

These financial statements are the first financial statements of Albyn Housing Society Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The financial statements of Albyn Housing Society Limited for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, the directors have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on:

- (i) reserves at the date of transition to FRS 102;
- (ii) reserves at the end of the comparative period; and
- (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 31.

#### **d Change in Accounting Estimate**

In the year, the assumptions made regarding the discount rate to be used in calculating the Provision for the Present Value of the Past Service deficit on the Defined Benefit Pension Fund were changed to those recommended by SHAPS. This change in estimate resulted in an additional amount added to the Provision total at 31 March 2016. Refer to notes 21 and 30 for further detail.

#### **e Going Concern**

Each year the Board approves the five-year budgets and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year where necessary together with information on the key risk areas.

On that basis the Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. As a result, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **f Consolidation**

Albyn and its subsidiary (Albyn Enterprises Limited) comprise a group. The Society does not prepare consolidated accounts due to the immateriality of the results of the subsidiary as detailed in note 26. The accounts represent the results of Albyn Housing Society Limited and not of the group.

#### **g Turnover and Revenue Recognition**

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2016**

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

**h Government Grants**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received, such as relevant costs being incurred and paid for.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

**i Other Grants**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**j Tangible Fixed Assets - Housing Properties**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2016**

**k Depreciation of Housing Properties**

Freehold land or assets under construction are not depreciated.

The Society separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years which are estimated lives for accounting purposes:

Land	Nil
Assets under Construction	Nil
Structure	100 Years
Roof	70 Years
Windows and Doors	30 Years
Heating	15 Years
Kitchen	20 Years
Bathroom	30 Years
Other Mechanical and Engineering Works	30 Years

**l Impairments of Fixed Assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Society estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**m Low Cost Initiatives for First Time Buyers ("LIFT")**

LIFT transactions are grants received from grant making body and passed on to an eligible beneficiary. Grant making body has a benefit of a fixed charge on the property entitling grant making body to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the LIFT asset.

Completed properties for outright sale (mainly LIFT Properties) and work in progress are valued at the lower of cost and net realisable value. Cost comprises the cost of land, development and interest. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.

**n Sales of Housing Accommodation**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the

**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2016**

proceeds of sale are abated and the grant removed from the financial statements.

**o Shared Ownership**

Proceeds from first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure account of the period in which the disposal occurs, with any surpluses on disposal recognised in the Income and Expenditure account as turnover. The cost of disposal of first tranche disposals is included within cost of sales. The first tranche element of any unsold properties is shown as a current asset.

**p Other Tangible Fixed Assets**

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	50 years
Computer equipment	4 years
Fixtures, fittings and equipment	7 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

**q Leases and Hire Purchase Contracts**

Rentals paid under operating leases are charged to income as incurred.

**r Borrowing Costs**

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

**s Taxation**

Albyn Housing Society Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

**t Value Added Tax**

The Society is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

**u Deposits and Liquid Resources**

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing



**ALBYN HOUSING SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2016**

or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

**v Employee Benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Society is demonstrably committed to terminating the employment of an employee or to provide termination benefits.

**w Retirement Benefits**

Defined contribution plans

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

Until 31 March 2014 the Society participated in a funded multi-employer defined benefit schemes the Scottish Housing Association Pension Scheme ("SHAPS").

A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the Society will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

**x Provisions**

Provisions are recognised when Albyn Housing Society Limited has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

ALBYN HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

2 Particulars of Turnover, Operating Costs and Operating Surplus	Notes	Turnover	Operating	2016	2015
		£'000	costs £'000	Operating surplus £'000	Operating surplus £'000
Affordable Letting Activities	3	14,188	(10,402)	3,786	4,319
Other Activities	4	1,815	(2,235)	(420)	(509)
<b>Total</b>		<b>16,003</b>	<b>(12,637)</b>	<b>3,366</b>	<b>3,810</b>
<b>2015</b>		<b>14,260</b>	<b>(10,450)</b>	<b>3,810</b>	

3 Particulars of Turnover, Operating Costs and Operating Surplus from Affordable Letting Activities

	General Needs Housing		Shared Ownership Housing		2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Rent Receivable Net of Service Charges	11,246	321	11,567		11,265	
Service Charges	360	-	360		369	
Gross Income from Rents and Service Charges	11,606	321	11,927		11,634	
Less Voids	(71)	-	(71)		(46)	
Net Income from Rents and Service Charges	11,535	321	11,856		11,588	
Grants Released from Deferred Income	2,281	51	2,332		2,315	
<b>Total Turnover from Affordable Letting Activities</b>	<b>13,816</b>	<b>372</b>	<b>14,188</b>		<b>13,903</b>	
Management and Maintenance Administration Costs	3,316	179	3,495		3,240	
Service Costs	693	-	693		515	
Planned and Cyclical Maintenance including Major Repairs Costs	725	-	725		675	
Reactive Maintenance Costs	1,676	-	1,676		1,568	
Bad Debts - Rents and Service Charges	216	-	216		206	
Depreciation of Affordable Let Properties	3,555	42	3,597		3,380	
<b>Operating Costs for Affordable Letting Activities</b>	<b>10,181</b>	<b>221</b>	<b>10,402</b>		<b>9,584</b>	
<b>Operating Surplus for Affordable Lettings Activities</b>	<b>3,635</b>	<b>151</b>	<b>3,786</b>		<b>4,319</b>	
<b>2015</b>	<b>4,159</b>	<b>130</b>	<b>4,289</b>			

4 Particulars of Turnover, Operating Costs and Operating Surplus from Other Activities

	Grants from			Operating Costs £'000	2016	2015
	Scottish Ministers £'000	Other Income £'000	Total Turnover £'000		Operating Surplus £'000	Operating Surplus £'000
Contracted out activities undertaken for registered social landlords	-	98	98	-	98	-
Contracted out activities undertaken for other organisations	-	87	87	-	87	-
Uncapitalised Development Administration Costs	-	-	-	(605)	(605)	(509)
LIFT Properties for Sale	595	1,035	1,630	(1,630)	-	-
<b>Operating Deficit</b>	<b>595</b>	<b>1,220</b>	<b>1,815</b>	<b>(2,235)</b>	<b>(420)</b>	<b>(509)</b>
<b>2015</b>	<b>-</b>	<b>357</b>	<b>357</b>	<b>(866)</b>	<b>(509)</b>	

The Accounting Order includes additional information lines to those shown in notes 3 and 4 above. The board does not feel that any additional information is required with regards to these notes.

ALBYN HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

5 Accommodation in Management	Tenanted	Managed on	Shared	2016	2015
		behalf of	Ownership	No	No
		others			
The number of properties in management were as follows:					
1 April 2015	2,791	22	157	2,970	2,977
Additions during the year	52	4		56	4
Conversion from Shared Ownership	3		(3)	-	-
Disposals	(7)	(1)	(3)	(11)	(11)
31 March 2016	<u>2,839</u>	<u>25</u>	<u>151</u>	<u>3,015</u>	<u>2,970</u>

6 a Surplus on Sale of Fixed Assets - Housing Properties

	2016	2015
	£'000	£'000
Sale proceeds	789	464
Carrying value of fixed assets	<u>(200)</u>	<u>(127)</u>
	589	337
Capital Grant repaid	<u>(258)</u>	<u>(162)</u>
	<u>331</u>	<u>175</u>

6 b Deficit on Replacement of Components

(60)      (14)

7 Operating surplus

Operating surplus is stated after charging:

Staff costs [note 8]	2,778	2,481
Auditors' remuneration	18	18
Operating lease rentals [note 28]	89	126
Surplus on disposal of tangible fixed assets [note 6]	271	161
Depreciation of housing properties	3,597	3,380
Depreciation of other fixed assets	<u>111</u>	<u>102</u>

RSM received £ nil (2015 - £ nil) for professional services other than audit.

8 Directors and Employees

[a] Staff costs including Directors' emoluments

Salaries	1,888	2,048
Social security costs	223	229
Defined contribution pension cost	194	204
Other pension costs	<u>473</u>	<u>-</u>
	2,778	2,481
Temporary, seconded and agency staff costs	56	12
Development administration capitalised	<u>(140)</u>	<u>(85)</u>
	<u>2,694</u>	<u>2,408</u>

Average monthly number of full time equivalent persons employed

	No	No
Customer Services	33	36
Asset Management and Investment	11	11
Finance and Corporate Services	15	11
	<u>59</u>	<u>58</u>



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**8 Directors and Employees - continued**

[b] Key Management Personnel

Key Management Personnel are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments excluding employers' pension contributions exceed £60,000 per year.

	Salary Bands		No	No
Number of Key Management Personnel earning:	60,001	70,000	2	3
			2016	2015
			£	£
Aggregate emoluments payable to key management personnel (excluding pension contributions but including benefits in kind)			154,717	217,747
Aggregate pension contributions in relation to the above key management personnel			12,091	21,927
Emoluments payable to the Chief Executive (excluding pension contributions)			85,434	87,897

No payment of fees or other remuneration was made to the Board members during the year. Expenses paid to Board Members totalled £4,777 (2015 - £6,847).

**9 Interest Receivable and Similar Income**

	2016	2015
	£'000	£'000
Interest receivable from banks	15	18
Gift Aid Donation from Subsidiary	25	-
	40	18

**10 Interest and Financing Costs**

Bank and Building Society loans and overdrafts	1,781	1,795
Defined Benefit pension charge	115	186
	1,896	1,981
Less: Interest Capitalised on housing properties constructed	(103)	-
	1,793	1,981

**11 Taxation**

Albyn Housing Society Limited was recognised as a Charity on 18 March 1997. Albyn Housing Society Limited does not undertake any activities outwith those associated with its charitable activities. Albyn Housing Society Limited has no liability to Corporation Tax.

ALBYN HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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12 Tangible Fixed Assets - Housing Properties

	Rented Occupation £'000	Shared Ownership £'000	Under Construction £'000	Total £'000
<b>Cost</b>				
1 April 2015	213,044	5,263	10,764	229,071
Additions	2,474	-	2,624	5,098
Transfers	4,403	-	(4,403)	-
Properties acquired	197	-	-	197
Works to existing properties	202	-	1,023	1,225
Schemes completed	1,857	-	(1,857)	-
Disposals	(827)	(191)	-	(1,018)
31 March 2016	<u>221,350</u>	<u>5,072</u>	<u>8,151</u>	<u>234,573</u>
<b>Depreciation</b>				
1 April 2015	29,985	762	-	30,747
Depreciation charged in year	3,555	42	-	3,597
Released on disposal	(451)	(9)	-	(460)
31 March 2016	<u>33,089</u>	<u>795</u>	<u>-</u>	<u>33,884</u>
<b>Net Book Value</b>				
31 March 2016	<u>188,261</u>	<u>4,277</u>	<u>8,151</u>	<u>200,689</u>
31 March 2015	<u>183,059</u>	<u>4,501</u>	<u>10,764</u>	<u>198,324</u>
			2016	2015
			£'000	£'000
<b>Expenditure on works to existing properties</b>				
Improvement work capitalised			-	63
Replacement component spend capitalised			1,225	1,150
Amounts charged to income and expenditure			51	16
Total major repairs spend			<u>1,276</u>	<u>1,229</u>
<b>Finance costs</b>				
Aggregate amount of finance costs included in the cost of housing properties			<u>103</u>	<u>-</u>

Albyn Housing Society Limited considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with Statement of Recommended Practice 2014.

13 Tangible Fixed Assets - Other Fixed Assets

	Offices £'000	Equipment £'000	Total £'000
<b>Cost</b>			
1 April 2015	2,435	591	3,026
Additions	1	88	89
Disposals	-	-	-
31 March 2016	<u>2,436</u>	<u>679</u>	<u>3,115</u>
<b>Depreciation</b>			
1 April 2015	370	476	846
Charge	39	72	111
Disposals	-	-	-
31 March 2016	<u>409</u>	<u>548</u>	<u>957</u>
<b>Net Book Value</b>			
31 March 2016	<u>2,027</u>	<u>131</u>	<u>2,158</u>
31 March 2015	<u>2,065</u>	<u>115</u>	<u>2,180</u>



**ALBYN HOUSING SOCIETY LIMITED**  
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**14 Fixed Assets Investments**

**Subsidiary Undertakings**

Albyn Housing Society Limited's subsidiary undertaking is:

<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>
Albyn Enterprises Ltd	Ordinary	100% (2015 - 100%)	Property related activities

**15 Properties for Sale**

	2016 £'000	2015 £'000
Work in progress	<u>4,423</u>	<u>4,300</u>

**16 Debtors**

**Amounts falling due within one year**

Rent and service charges receivable	1,158	1,287
Less: provision for bad and doubtful debts	<u>(461)</u>	<u>(566)</u>
	697	721
HAG receivable	1,105	228
Other debtors	316	353
Prepayments and accrued income	222	232
Amounts due from Group undertakings	<u>354</u>	<u>3</u>
	<u>1,997</u>	<u>816</u>

**Amounts falling due after more than one year**

Amounts due from Group undertakings	147	119
	<u>2,841</u>	<u>1,656</u>

**17 Creditors: amounts falling due within one year**

Debt [note 19]	1,363	1,336
Rent and service charges received in advance	230	266
Deferred capital grants [note 20]	3,901	2,332
Trade creditors	2,208	1,545
Other taxation and social security costs	56	92
Other creditors	1,783	1,167
Accruals and deferred income	257	581
Amounts due to Group undertakings	<u>-</u>	<u>63</u>
	<u>9,798</u>	<u>7,382</u>

Included in creditors is an amount of £1,833,000 (2015 - £986,000) relating to payments due to the Scottish Government. £1,289,000 (2015 - £986,000) relates to capital and £544,000 (2015 - £nil) to revenue activities.

**18 Creditors: amounts falling due after more than one year**

Debt	54,624	52,515
Deferred capital grants	<u>122,986</u>	<u>124,930</u>
	<u>177,610</u>	<u>177,445</u>

Included in creditors are:

Amounts repayable other than by instalments falling due after more than five years	139,395	115,687
Amounts repayable by instalments falling due after more than five years	<u>49,902</u>	<u>48,954</u>
	<u>189,297</u>	<u>164,641</u>

ALBYN HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2016

19 Debt Analysis - Borrowings	2016 £'000	2015 £'000
Creditors: amounts falling due within one year		
Bank Loans	<u>1,363</u>	<u>1,336</u>
Creditors: amounts falling due after more than one year		
Bank Loans	<u>54,624</u>	<u>52,515</u>
<p>The loans are secured by specific charges on Albyn Housing Society Limited's properties and the capital instalments are repayable over periods as indicated at varying rates of interest ranging from 0% to 5.47% (2015 - 0% to 5.47%).</p> <p>Based on the lender's earliest repayment date, borrowings are repayable as follows:</p>		
In the next year	1,363	1,336
In the second year	887	861
In the third to fifth year	3,835	2,700
In more than five years	<u>49,902</u>	<u>48,954</u>
	<u>55,987</u>	<u>53,851</u>
<p><b>20 Deferred Capital Grant</b></p>		
1 April 2015	127,262	126,504
Grants received in the year	2,863	3,210
Grant released in the year	<u>(3,238)</u>	<u>(2,452)</u>
31 March 2016	<u>126,887</u>	<u>127,262</u>
Amounts to be released within one year	3,901	2,332
Amounts to be released in more than one year	<u>122,986</u>	<u>124,930</u>
	<u>126,887</u>	<u>127,262</u>
<p>Capital Grants received to 31 March 2016 total £154,045,000 (2015 - £152,135,000); if the Society were to sell its assets this amount would be repayable from the proceeds.</p>		
<p><b>21 Provisions for liabilities and charges</b></p>		
SHAPS Pensions liability:		
Present Value of Past Service Deficit on Defined Benefit pension fund	5,081	4,963
Biomass Infrastructure Replacement Fund	100	-
	<u>5,181</u>	<u>4,963</u>
1 April 2015	4,963	5,201
Unwinding of the discount factor	115	186
Deficit contributions paid in the year	(470)	(424)
Added in the year	100	-
Remeasurements - impact of change in assumptions	473	-
31 March 2016	<u>5,181</u>	<u>4,963</u>

**ALBYN HOUSING SOCIETY LIMITED**  
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**22 Share Capital**

	2016		2015	
	No	£	No	£
Allocated, allotted, called up and fully paid Ordinary shares of £1 each				
1 April 2015	71	71	78	78
Joined during the year	1	1	2	2
Left during the year	(5)	(5)	(9)	(9)
31 March 2016	<u>67</u>	<u>67</u>	<u>71</u>	<u>71</u>

Each member of Albyn Housing Society Limited holds one share of £1 in Albyn Housing Society Limited. These shares carry no rights to dividends 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 Albyn Housing Society Limited. Each member has a right to vote at a members' meeting.

**23 Reserves**

	2016	2015
	£'000	£'000
1 April 2015	20,009	18,001
Surplus for the year	1,884	2,008
31 March 2016	<u>21,893</u>	<u>20,009</u>

**24 Cash and Cash Equivalents**

	2016	Change	2015
	£'000	£'000	£'000
Analysis of the balance of Cash as shown in the balance sheet.			
Bank and Cash in hand	4,372	1,032	3,340
	<u>4,372</u>	<u>1,032</u>	<u>3,340</u>

**25 Treasury Management**

Albyn Housing Society Limited has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board. In this way Albyn Housing Society Limited 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. At 31 March 2016 Albyn Housing Society Limited has a loan facility in place which is available to be drawn down. The amount available is £5m.

Albyn Housing Society Limited is self funding £1,432,000 (2015 - £1,211,000) which relates to Albyn Housing Society Limited's LIFT Activities.

Albyn Housing Society Limited, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016 Albyn Housing Society Limited has a mix of fixed and variable rate finance, which it considers appropriate at this time.



## ALBYN HOUSING SOCIETY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 26 Related Party Transactions

##### Board Members

No members of the Board of Albyn Housing Society Limited are tenants of Albyn.

##### Councillors

Ms M Smith is a councillor with the Highland Council. Any transactions with the Highland Council are made at arm's length, on normal commercial terms and Ms M Smith cannot use her position to her advantage.

##### Albyn Enterprises Limited

Albyn Enterprises Limited is a wholly owned subsidiary of Albyn Housing Society Limited, a company incorporated in Scotland. All of the directors of Albyn Enterprises Limited are Board Members of Albyn Housing Society Limited.

During the year Albyn Enterprises Limited made a Profit after Taxation of £73,000 retaining accumulated reserves of £188,000.

During the year Albyn Enterprises Limited marketed and sold 12 (2015 - 1) Low Cost Initiative for First Time Buyers properties on behalf of Albyn Housing Society Limited and was paid £16,000 for its services (2015 - £1,000). Albyn Enterprises Limited also marketed 6 (2015 - 10) Shared Ownership properties for Albyn Housing Society Limited and was paid £3,000 for its services (2015 - £5,000).

During the year Albyn Enterprises Limited provided a factoring service to Albyn Housing Society Limited around many of Albyn's tenanted homes; charges totalling £589,000 (2015 - £nil) were paid to Albyn Enterprises Limited for this service.

In the year ended 31 March 2015, Albyn Housing Society Limited funded part of the salary for the new Innovation Officer post, and the funding advanced to Albyn Enterprises Limited to 31 March 2016 totalled £7,000 (2015 - £2,000).

Albyn Enterprises Limited leased 20 (2015 - 8) properties for Mid Market Rent from Albyn Housing Society Limited during the year ended 31 March 2016 and paid a total of £49,000 (2015 - £25,000) in lease charges.

In 2012, Albyn Housing Society Limited advanced a loan of £128,000 to Albyn Enterprises Limited to enable it to purchase photovoltaic units installed on certain properties owned by Albyn Housing Society Limited. The Loan is being repaid over 25 years funded by receipts of Feed in Tariffs from the Government. The loan accrues interest at 5% per annum for the first 5 years and 3% over 3-month LIBOR thereafter. This debtor is included in other debtors in note 16.

In 2016, Albyn Housing Society Limited advanced a loan of £40,000 to Albyn Enterprises Limited to enable it to purchase software and computer equipment for the Factoring Services team, and to undertake a re-branding exercise as well as building a new dedicated website. The loan is repayable over 4 years and accrues interest at 4% per annum. This debtor is included in other debtors in note 16.

At the year end Albyn Enterprises Limited owed Albyn Housing Society Limited £501,000 (2015 - £122,000), which is included in other debtors in note 16, and Albyn Housing Society Limited owed Albyn Enterprises Limited £nil (2015 - £63,000) which is included in other creditors in note 17. This amount will be reviewed and repaid to Albyn Housing Society Limited during the course of 2017.

#### 27 Capital Commitments

	2016	2015
	£'000	£'000
Capital expenditure contracted for but not provided in the financial statements	5,362	6,501

All developments in progress have been approved by Scottish Government for payment of HAG. Albyn Housing Society Limited expects that the Scottish Government will finance most of the expenditure by HAG with the remaining expenditure being financed by loans from lenders.

ALBYN HOUSING SOCIETY LIMITED

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**28 Obligations under Operating Leases**

2016  
£'000

2015  
£'000

The total future minimum lease payments under non-cancellable operating leases for fixed assets are as follows:

Land and Buildings	Expiring		
	In the next year	60	49
	In the second year	26	35
	In the third to fifth year	42	19
	In more than five years	231	-
		<u>359</u>	<u>103</u>
Other assets	Expiring		
	In the next year	-	5
	In the second year	-	-
	In the third to fifth year	-	-
	In more than five years	-	-
		<u>-</u>	<u>5</u>

**29 Big Lottery Funded Project**

On 1 April 2015 Albyn Housing Society Limited and Albyn Enterprises Limited commenced a project with a number of partner organisations, entitled Money Matters Highland. This project is funded by The Big Lottery and payments are receivable by Albyn Housing Society Limited as follows:

	£'000
Year ended 31 March 2016	189
Year ended 31 March 2017	178
Year ended 31 March 2018	182
Year ended 31 March 2019	186
Year ended 31 March 2020	124
	<b>859</b>

At 31 March 2016, we had received £36,000 of funding which had not yet been allocated against specific cost and is recorded as a creditor in the accounts of Albyn Enterprises Limited, due to be distributed to our working partners on the project.



**ALBYN HOUSING SOCIETY LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2016**

**30 Retirement Benefits**

With effect from 1 April 2014 Albyn Housing Society Limited closed the Defined Benefit pension option to all employees and now offers only the Defined Contribution option. During the accounting period Albyn Housing Society Limited paid contributions at the rate of 2% to 8% of pensionable salaries. Member contributions varied between 1% and 9.6%. As at the balance sheet date there were 59 active members of the Defined Contribution Scheme employed by Albyn Housing Society Limited.

The assets of the scheme are held separately from those of the Society in an independently administered fund. The contributions payable by the Society charged to income and expenditure amounted to £194,000 (2015 - £207,000). Contributions totalling £nil (2015 - £nil) were payable to the fund at the year end and are included in creditors.

**Scottish Housing Associations' Pension ("SHAPS") Scheme - Defined Benefit**

Until 31 March 2014 Albyn Housing Society Limited participated in the SHAPS UK defined benefit scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions payable:

From 1 April 2014 to 30 September 2027: (payable monthly and increasing by 3% each on 1st April)	£26,304,000 per annum
Rate of discount assumed based on a full AA corporate bond yield	2.29% (2015 – 2.22%)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

In the year, the assumptions made regarding the discount rate to be used were changed to those recommended by SHAPS. This change in estimate resulted in an additional amount added to the Provision total at 31 March 2016. Refer to note 21 above for the net result of all of the above.



**ALBYN HOUSING SOCIETY LIMITED**  
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**FOR THE YEAR ENDED 31 MARCH 2016**

**31 First Time Adoption of FRS102**

The financial statements have been prepared in accordance with FRS102 for the year ended 31 March 2016. The transition to FRS102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

**A Grant Accounting**

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of the housing property structure and its individual components (excluding land) on a pro-rata basis.

**B Depreciation of Housing Properties**

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

**C Holiday Pay Accrual**

FRS102 requires the Society to recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period. Therefore at 31 March 2015 a provision has been made of £30,000 reflecting the value of holiday pay entitlement which had not been taken as at that date by employees.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

	Notes	2015 £'000	2014 £'000
<b>Reconciliation of Reserves</b>			
Reserves as previously reported under UK GAAP		8,775	7,885
Grant Accounting	A	24,870	22,555
Depreciation	B	(13,607)	(12,406)
Holiday Pay Accrual	C	(29)	(33)
Reserves reported under FRS 102		20,009	18,001
<b>Reconciliation of Surplus</b>			
Surplus as previously reported under UK GAAP		890	
Grant Accounting	A	2,315	
Depreciation	B	(1,201)	
Holiday Pay Accrual	C	4	
Surplus reported under FRS 102		2,008	