



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2014

ANGUS HOUSING ASSOCIATION LIMITED



REPORT AND FINANCIAL STATEMENTS **For the period ended 31st March 2014**

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ANGUS HOUSING ASSOCIATION LIMITED



Registered No. 1665R(S)
Scottish Charity No. SC020981
The Scottish Housing Regulator No. HAL65

MEMBERS OF COMMITTEE OF MANAGEMENT

Cllr S Welsh	(Chairman)
R B H Young MBE	(Vice Chairman)
C MacDougall	(Treasurer)
Mrs E M G Whitson	(Secretary)
Ms H Farquhar	
Mr J Ogg	(retired 26 th August 2013)
R Fraser	
A Gibson	
A Jack	
J Nicoll	
R Wright	
I Laird	
W Gibson	
R Colquhoun	

SECRETARY AND REGISTERED OFFICE

Mrs E M G Whitson, 93 High Street, Arbroath, DD11 1DP

SOLICITOR

Thorntons Law LLP, Whitehall House, 33 Yeaman Street, Dundee

BANKERS

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath

AUDITORS

Findlay & Company, 11 Dudhope Terrace, Dundee



CHAIRMAN'S STATEMENT

2013/14 turned out to be a very good year for Angus Housing Association with a surplus of £850,000 being achieved.

Behind this headline figure, however, it was also a year of transition and change which presented the Committee of Management and the Staff with many challenges and difficult decisions.

At the outset of the year, we set ourselves two principle objectives for the future. These were, and remain, to keep our rents as affordable to our tenants in these difficult economic times while also maintaining our independence as a locally controlled organisation.

It is our view that these two objectives are inextricably linked.

To maintain tenant confidence that we are doing everything we can to keep their rents affordable, it is our view that we need to maintain as close as possible a distance between our tenants and the ultimate decision making processes of the Association.

Over many years, we believe we have achieved this by reaching a broad consensus with tenants over the quality and level of service we provide, the investment in quality of our existing homes and the level of rents we charge.

In less challenging economic times, we were also able to supplement this contract with our tenants with investment in new housing provision.

Fundamentally, tenants have supported this as they know that it was only through our commitment to increasing supply that we were able to provide many of them with their current homes.

With, however, the twin spectres of reduced subsidy for new build homes, and the reduced income of our tenants as a result of both wage freezes and Welfare Reform, maintaining this consensus has proved more difficult.

In the last year, the concession of increased subsidies from the Scottish Government of £16,000 per house has allowed us to maintain a small development programme.

No new homes were completed in 2013/14, or indeed, in 2012/13. 2014/15 will see 94 new homes built by the Association. While this would normally be a reasonable size of development programme, it is in effect delivering three years of supply in one – another issue of inconsistency of investment timescales that needs to be addressed.

There is also no certainty that even with the new, increased, Scottish Government Subsidy Levels that we will have the future borrowing capacity to develop more new homes. This is further intensified as we also face up to the additional investment pressures of meeting the Energy Efficiency Standard for Social Housing by 2020.

Much more needs to be done before we can confidently confirm the continued consensus we have with our tenants on the future investment priorities the Association will pursue.

Both the Association and our tenants need to be confident that our rents can remain truly fair and affordable to those on the lowest incomes.

To that end, a priority for 2014/15 will be to complete a rent harmonisation and affordability assessment that fully engages our tenants.



In other key areas, performance in 2013/14 was excellent.

Despite the challenges of the "bedroom tax" and the Department of Work and Pensions continuing with seemingly unwarranted sanctioning of tenants' benefits, rent arrears have been maintained at very close to our 2% target.

Management of voids continued to improve as did performance on the delivery of our repairs service. Progress continued towards SHQS compliance with £1.4million invested in improvements to the quality of our housing stock including major works to re-configure older stock at Hospitalfield Farm Steading in Arbroath and Kirkton Road, Dundee.

All of this was achieved in a year that also saw a major change in the Management Team and some medium and long term illness among key staff members. It is testament to the commitment of all of the staff that they pulled together through these difficult times to continue to deliver the highest possible service to our tenants and prospective tenants.

I wish to record here my personal thanks to them and the gratitude of the Committee of Management.

Finally, I wish to record my thanks to all of my fellow Committee members for their continuing support and encouragement to myself, the Management Team and all the staff.

There are a great many platitudes used about team work but when faced with the difficulties we have encountered in the last year, the togetherness and constructive working relationship between staff and governing body members is really tested to the utmost. I am glad to say that I think we passed that test in 2013/14 with flying colours.

Sheena Welsh
Chairman



REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Twenty Fifth Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Angus Housing Association Limited, The Square, Ormiston Crescent, Dundee, DD4 0UD on the Wednesday 25th June 2014 at 10.00am.

The Committee submit to the Meeting their Twenty Fifth Annual Report and Statement of Accounts duly audited for the year ended 31st March 2014.

OBJECTIVES AND STRUCTURE

The Association's broad objective is to contribute to providing high quality, affordable housing for all those individuals, families and communities in Angus and Dundee who are in need of the fundamental human right of a decent, secure home to call their own.

The Association aims to achieve this objective by providing good quality homes for rent and shared ownership at an affordable cost to our tenants, ensuring the criteria we use to control access to our houses is based solely on the housing needs of applicants and providing an efficient, responsive and personal housing management and maintenance service of the highest possible quality.

The Association's Committee now comprises thirteen registered members and has two sub-committees, which deal with service delivery and finance & audit. The committees are made up of specialist consultants from relevant differing professions with a variety of skills. The Committee of Management meets eight times per annum, whilst the sub-committees meet at least four times per annum.

The Committee of Management receives reports from the sub-committees, receives information on current developments in progress and also on possible future sites, considers budgets and management accounts, all policy matters and other relevant business. The day to day management of the Association is delegated to the Director and the Management Team.

REVIEW OF THE YEAR

The Association's results for the year show a surplus of £850,020 (2013: £861,748). A total of £3,744,644 has been spent on Development, Major and Planned Repairs, of which £688,753 has been charged to the Income & Expenditure Account. Over the course of the year the Association made £2,276 in charitable donations.

The Association has continued to develop new housing during the year, with work underway on 74 new units at North Brown Street, Carnoustie, Great Michael Road, Arbroath, Montrose Road, Arbroath and Ormiston, Dundee.

The Balance Sheet shows a net asset position of £6,655,623 (2013: £5,805,610).

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association Mr R Young, Mr J Nicoll, Ms H Farquhar, Mr R Fraser and Mr R Wright, Members of the Committee of Management, retire from office at this time and offer themselves for re-election.

ANGUS HOUSING ASSOCIATION LIMITED



REPORT OF THE COMMITTEE OF MANAGEMENT

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

Industrial and Provident Society and Registered Housing Association Law requires the Committee Members to prepare Accounts for each financial period 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 Accounts, the Committee Members are required to:

- ❖ Select suitable accounting policies and then apply them consistently;
- ❖ Make judgements and estimates that are reasonable and prudent;
- ❖ Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee Members are 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 Accounts comply with the Industrial and Provident Societies Acts, the Housing (Scotland) Act 2010, the Accounting Determination 2012, and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010 issued by the Accounting Standards Board. 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.

INTERNAL CONTROL

The Committee of Management is responsible for the Association's system of internal financial control.

The approach adopted by the Committee of Management to provide effective financial control can be summarised as follows:

- a. An appropriate control environment has been created by careful recruitment and training of both Committee and Staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association.
- b. Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management Accounts comparing actual results against budget are presented to the Committee of Management or relevant Sub Committee regularly.
- c. Major business risks and their financial implications are assessed systemically by reference to established criteria.
- d. The financial implications of major business risks are controlled by means of delegated authorities who reserve significant matters to the Committee of Management or relevant Sub Committee for decision, segregation of duties in appropriate areas and physical controls over assets and access to records.
- e. The Committee of Management monitors the operation of the internal financial control system by considering regular reports from management and the external and internal auditors and ensures appropriate corrective action is taken to address any reported weaknesses.

ANGUS HOUSING ASSOCIATION LIMITED



REPORT OF THE COMMITTEE OF MANAGEMENT

INTERNAL CONTROL (Cont'd)

The Committee of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year for the year ended 31 March 2014 and up until 25th June 2014. Such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

In so far as the Committee are aware:

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

RELATED PARTY TRANSACTIONS

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

Cllr Sheena Welsh is a councillor with Angus Council who sit on the Committee of Management, the committee can confirm that all transactions with Angus Council are made on normal commercial terms and councillors cannot use their position to any advantage.

RE-ELECTION OF AUDITORS

A resolution to re-appoint Findlay & Company as auditors will be submitted at the Annual General Meeting.

By Order of the Committee

Elizabeth MG Whitson

Secretary to the Committee of Management



INDEPENDENT AUDITORS' REPORT to the Members of Angus Housing Association Limited

We have audited the financial statements of Angus Housing Association Limited for the year ended 31 March 2014 which comprise income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the 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 section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 5, the Committee of Management is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of 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 Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee of Management to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010, and the Accounting Determination 2012.

ANGUS HOUSING ASSOCIATION LIMITED



INDEPENDENT AUDITORS' REPORT

to the Members of Angus Housing Association Limited (cont'd)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

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

ALEXANDER SQUIRES CA (SENIOR STATUTORY AUDITOR)

For and on behalf of

FINDLAY & COMPANY

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS

11 DUDHOPE TERRACE

DUNDEE

DD3 6TS

Date: 18/06/14



REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed the committee's statement on internal controls set out on page 6. The object of our review is to draw attention to any non-compliance with the section on Internal Financial Control within the Scottish Federation of Housing Association (SFHA) publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not express any opinion on the effectiveness of either the Associations system of internal financial control or its corporate governance procedures.

With respect to the committee's statements on internal control on page 6, in our opinion the committee has provided the disclosures required under the section on Internal Financial Control within the SFHA publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain committee members and officers of the Association and examination of relevant documents, in our opinion the committee's statement on page 6 appropriately reflects the Associations compliance with the section on Internal Financial Control within the SFHA publication "Raising Standards in Housing" specified for our review.

ALEXANDER SQUIRES CA (SENIOR STATUTORY AUDITOR)
For and on behalf of
FINDLAY & COMPANY
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date: 18/06/14

ANGUS HOUSING ASSOCIATION LIMITED



INCOME AND EXPENDITURE ACCOUNT For the year ended 31st March 2014

	Notes	2014	2013
		£	£
TURNOVER	2	7,155,671	6,632,808
Operating costs	2	<u>(4,911,646)</u>	<u>(4,437,038)</u>
OPERATING SURPLUS/ (DEFICIT)		2,244,025	2,195,770
Profit/(loss) on Sale of Fixed Assets	5	30,933	5,730
Interest receivable and other income		20,370	34,589
Interest payable and similar charges		<u>(1,445,308)</u>	<u>(1,374,341)</u>
SURPLUS/ (DEFICIT) FOR YEAR		<u>850,020</u>	<u>861,748</u>

There are no recognised gains or losses other than the surplus noted for the above two financial years.

ANGUS HOUSING ASSOCIATION LIMITED



BALANCE SHEET At 31st March 2014

	Notes	2014	2013
		£	£
FIXED ASSETS			
Housing properties	7a	89,290,157	87,765,159
Less: Housing Association Grant		(57,041,284)	(56,066,019)
Other Grants		<u>(462,064)</u>	<u>(462,064)</u>
		31,786,809	31,237,076
Fixed Asset Investment	7b	1	1
Other	7c	<u>455,336</u>	<u>430,939</u>
		<u>32,242,146</u>	<u>31,668,016</u>
CURRENT ASSETS			
Debtors	8	1,039,625	465,913
Cash & Deposits	17	1,316,896	1,986,428
Property Held for Sale	9	Nil	3,630
Stock of Maintenance Supplies	10	<u>10,497</u>	<u>10,493</u>
		2,367,018	2,466,464
CREDITORS: amounts falling due within one year	11	<u>(2,358,085)</u>	<u>(1,557,852)</u>
NET CURRENT ASSETS		<u>8,933</u>	<u>908,612</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,251,079	32,576,628
CREDITORS: amounts falling due after more than one year	12	<u>(25,595,456)</u>	<u>(26,771,018)</u>
		<u>6,655,623</u>	<u>5,805,610</u>
CAPITAL AND RESERVES			
Share Capital	13	56	63
Revenue reserve	14	<u>6,655,567</u>	<u>5,805,547</u>
		<u>6,655,623</u>	<u>5,805,610</u>

The financial statements on pages 10 to 28 were approved by the Committee of Management on 18th June 2014 and were signed on its behalf by:

Shirone M. Welsh
Chairman of Committee of Management

Elizabeth M. G. Brown
Treasurer

Elizabeth M. G. Brown
Secretary to Committee of Management

The notes on pages 14 to 28 form part of these financial statements.



STATEMENT OF CASH FLOWS for the year ended 31st March 2014

	Notes	2014 £	2013 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	<u>3,791,892</u>	<u>3,468,167</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		20,370	34,589
Interest paid		<u>(1,445,308)</u>	<u>(1,374,341)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(1,424,938)</u>	<u>(1,339,752)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Acquisition and construction of housing properties		(2,479,837)	(1,300,427)
Purchase of other tangible fixed assets		(58,489)	(16,786)
Receipts from sale of housing properties (Right to Buy)		42,000	19,500
Receipts/(Costs) of shared ownership properties sales		<u>25,000</u>	<u>Nil</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(2,471,326)</u>	<u>(1,297,713)</u>
MANAGEMENT OF LIQUID RESOURCES			
Transfer (to)/from short term deposits		<u>784,488</u>	<u>(257,500)</u>
FINANCING			
Share capital issued		2	2
Capital grants received		463,566	188,121
Capital grants repaid		(9,288)	Nil
Housing loans received		Nil	Nil
Housing loans repaid		<u>(1,019,440)</u>	<u>(976,128)</u>
NET CASH OUTFLOW FROM FINANCING		<u>(565,160)</u>	<u>(788,005)</u>
INCREASE/ (DECREASE) IN CASH	18	<u>114,956</u>	<u>(214,803)</u>

The notes on pages 14 to 28 form part of these financial statements.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2014

1. ACCOUNTING POLICIES

Accounting basis

These accounts have been prepared under the historical cost convention and in accordance with the Accounting Determination 2012 and the Statement of Recommended Practice: Registered Social Housing Providers Update (SORP) 2010 issued by the Accounting Standards Board and applicable financial reporting standards.

Fixed assets – housing land and buildings

Housing properties are stated at cost. The development costs of housing properties include the following:

- i. Cost of acquiring land and buildings;
- ii. Development expenditure;
- iii. Capital acquisition and development administration costs
- iv. Capital clerk of works costs

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

The proceeds arising from first tranche “sales” of Housing Association Grant funded shared ownership properties are recorded through the Income & Expenditure Account, with any subsequent sales treated as a disposal of fixed assets.

In accordance with the SORP, where a housing property comprises two or more major components with substantially different useful economic lives, each component has been accounted for separately and depreciated over its useful life. The following components have been identified:

<u>Component</u>	<u>Useful Economic Life</u>
Land	Not Applicable
Main Structure	90 Years
Roof	50 Years
Windows & Doors	50 Years
Guttering/Woodwork	25 Years
External Fencing	25 Years
Heating System Gas	20 Years
Electric	15 Years
Kitchen	15 Years
Bathroom	15 Years
Electrical Installation	10 Years
Controlled Entry Systems	12 Years

The Association will capitalise the replacement of these components in line with its Lifecycle Replacement Programme. One off main component replacements will not be capitalised unless the replacement is within a timeframe which means that the component will not be replaced again at the next scheduled cycle.

Depreciation

Depreciation is provided for at rates calculated to write off the cost of each asset evenly over its expected useful life as shown above except for the following:

Housing properties (shared ownership)	- over 50 years
Office building	- over 50 years
Computer and office equipment	- over 4 years
Office and Furnished Flat Furnishings	- over 4 years

As useful lives of some assets are in excess of 50 years, FRS 11 requires an annual impairment review to be carried out. This has been done, and no impairment has been noted.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2014

1. ACCOUNTING POLICIES (continued)

Grants

Housing Association Grants (HAG) received from ministers of the Scottish Government in respect of capital expenditure of approved schemes are deducted from the costs of acquisition of the assets. The HAG obtained will be allocated to the land costs in full with the remaining Hag allocated against structure. This may create negative Net Book Values for some structures and accordingly negative depreciation annually will be applied to bring the Net Book Value back to zero. Revenue grants are credited to income in the period to which they relate.

The Association has also received a National Lotteries Charities Board Grant in order to build the Sheltered Housing Lounge at Russell Square, Arbroath. This is a restricted fund and has been shown separately in the Fixed Asset note 7. There may be circumstances where grants received may be repayable.

Homestake

Grants are received from ministers of the Scottish Government for the purchase of properties under the Homestake scheme. The element of the property not owned by the Homestake owner will be accounted for as a Fixed Asset Investment. The cost is offset by a grant of the same amount. The unsold element of the most recent Homestake properties remain in the name of the Scottish Government therefore they are not recognised in the Association's Balance Sheet. The proceeds and costs of the sold elements have been expensed through the Income and Expenditure Account and are detailed in Note 4.

Subsidiary

The subsidiary Musselcrag Limited is a dormant company as at 31st March 2014 and accordingly the Association has not prepared consolidated statements.

Supporting People Funding

The Association receives Supporting People funding to fund the majority of the Sheltered Housing Service. The income and expenditure for this service is shown separately with Other Activities in Note 4.

Lead Tenancies Major Repair Provision

A provision is made for each lead tenancy property at a rate which has been agreed as part of the Lease Agreement with the Owner of the Property. This provision is released to cover major repairs to these properties when they take place. At the end of the lease any monies left in the provision would be repayable to the Owner.

Operating Leases

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Income and Expenditure Account on a straight line basis over the term of the lease.

Pensions

The Association participates in a pension scheme providing benefits based on final pensionable salary. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over the employees working lives with the Association.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2014

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2014 Operating Surplus/ (Deficit)	2013 Operating Surplus/ (Deficit)
	£	£	£	£
Income & Expenditure From Lettings	6,678,250	4,632,055	2,046,195	2,218,376
Other Activities	<u>477,421</u>	<u>279,591</u>	<u>197,830</u>	<u>(22,606)</u>
TOTAL	<u>7,155,671</u>	<u>4,911,646</u>	<u>2,244,025</u>	<u>2,195,770</u>
Total for 2013	<u>6,632,808</u>	<u>4,437,038</u>		

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Sheltered Housing	Shared Ownership	2014 Total	2013 Total
	£	£	£	£	£
Rent Receivable net of Service Charges	6,278,891	257,903	13,203	6,549,997	6,284,318
Service Charges Receivable	<u>161,091</u>	<u>34,027</u>	<u>436</u>	<u>195,554</u>	<u>191,996</u>
Gross Rent Receivable	6,439,982	291,930	13,639	6,745,551	6,476,314
LESS: Rent Losses from Voids	<u>(66,699)</u>	<u>(602)</u>	<u>Nil</u>	<u>(67,301)</u>	<u>(53,190)</u>
Net Income from Rents and Service Charges	6,373,283	291,328	13,639	6,678,250	6,423,124
Management Services	1,425,809	43,173	8,282	1,477,264	1,438,517
Planned and Cyclical Maintenance	126,300	17,284	Nil	143,584	175,037
Reactive Maintenance	681,938	6,815	Nil	688,753	712,820
Rent Losses from Bad Debts	781,133	22,197	Nil	803,330	678,604
Depreciation of Social Housing	64,023	Nil	Nil	64,023	46,950
	<u>1,401,024</u>	<u>53,665</u>	<u>412</u>	<u>1,455,101</u>	<u>1,152,820</u>
Total Operating Costs	<u>4,480,227</u>	<u>143,134</u>	<u>8,694</u>	<u>4,632,055</u>	<u>4,204,748</u>
Operating Surplus/(Deficit)	<u>1,893,056</u>	<u>148,194</u>	<u>4,945</u>	<u>2,046,195</u>	<u>2,218,376</u>
Operating Surplus/ (Deficit) for 2013	<u>2,097,209</u>	<u>118,654</u>	<u>2,513</u>		

Note: There were no grants from Scottish Ministers or other revenue grants.
All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance.
There was no impairment of social housing.



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

At 31st March 2014

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

(continued)

The number of units of housing under development and in management at 31st March 2014 was:

	Units under Development		Units in Management	
Housing accommodation for letting	2014	2013	2014	2013
New build – Shared Ownership	Nil	Nil	6	8
New build – Rented	74	4	1,255	1,260
Rehabilitation – Rented	Nil	Nil	413	409
Rehabilitation – Sheltered	<u>Nil</u>	<u>Nil</u>	<u>85</u>	<u>92</u>
	<u>74</u>	<u>4</u>	<u>1,759</u>	<u>1,769</u>

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

	Grants from Scottish Ministers £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs- Bad Debts £	Other Operating Costs £	2014 Operating Surplus/ (Deficit) £	2013 Operating Surplus/ (Deficit) £
Non RTB Property Sales	Nil	Nil	200,500	200,500	Nil	30,521	169,979	Nil
Wider Role Activities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Development & Construction of Properties	Nil	Nil	Nil	Nil	Nil	12,813	(12,813)	(48,832)
Grant Funded Disabled Adaptations	79,475	Nil	Nil	79,475	Nil	78,587	888	Nil
Supporting People	Nil	83,896	Nil	83,896	Nil	97,708	(13,812)	(9,871)
Factoring	Nil	Nil	72,247	72,247	4,333	31,051	36,863	36,097
Other Activities	Nil	Nil	41,303	41,303	Nil	24,578	16,725	Nil
TOTAL	79,475	83,896	314,050	477,421	4,333	275,258	197,830	(22,606)
Total 2013	49,541	86,192	73,951	209,684	2,410	229,880	(22,606)	

Note: There were no other revenue grants received for the above activities.

The following operating costs are not applicable for the year ended 31st March 2014:

- Care & Repair of Property
- Care Activities
- Agency/Management Services for Registered Social Landlords
- Other Agency/Management Services
- Development for Sale to Registered Social Landlords
- Development and Improvement for Sale to Non Registered Social Landlords
- Homestake



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

At 31st March 2014

5 GAIN/(LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2014 Total	2013
	£	£	£	£
Proceeds	25,000	42,000	67,000	19,500
Cost of Disposal	(12,381)	(23,686)	(36,067)	(13,770)
Gain/(Loss)	<u>12,619</u>	<u>18,314</u>	<u>30,933</u>	<u>5,730</u>

6 SURPLUS/(DEFICIT) FOR THE YEAR

	2014	2013
a) This is stated after charging:		
	£	£
Auditors' remuneration (including VAT) - external audit	9,840	11,460
- other services	20,561	7,620
- internal audit	11,736	10,908
Donations to Local Charities	2,276	50
Operating Leases	40,367	35,259
(Gain)/loss on disposal of fixed assets	30,933	5,730
Depreciation	<u>1,489,193</u>	<u>1,184,020</u>

At the year-end there were 34.42 full time equivalent employees (2013: 34.42). Staff costs during the year amounted to:

	£	£
Wages and Salaries	1,035,350	1,010,683
National insurance	75,497	83,989
Pensions	<u>201,409</u>	<u>195,663</u>
	<u>1,312,256</u>	<u>1,290,335</u>

Pension costs include £127,068 (2013: £121,596) in respect of past service pension deficit.

	No.	No.
The average number of persons directly employed by the Association during the year was	<u>39</u>	<u>39</u>

	2014	2013
	£	£

The total emoluments (excluding pension contributions) of the Director, who was also the highest paid Officer, amounted to:	<u>75,913</u>	<u>73,757</u>
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The Director is the only employee whose emoluments (excluding pension contributions) exceeded £60,000. The Director is an ordinary member of the Association's Pension Scheme. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association contributions for the Director, the highest paid officer, in the year amounted to £ 15,397 (2013 £ 13,665). Included in this year's figure is £9,501 in respect of pension deficit contributions.

	No.	No.
The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:		
£ 60,000 - £ 70,000	2	2
£ 70,001 - £ 80,000	-	-
£ 80,001 - £ 90,000	-	1
£ 90,001 - £ 100,000	<u>1</u>	<u>-</u>
	<u>3</u>	<u>3</u>



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS At 31st March 2014

7 TANGIBLE FIXED ASSETS

a) Housing properties	Wholly Owned Completed £	Wholly Owned in Course of Construction £	Shared Ownership Completed £	Total £
Cost:				
At 1 st April 2013	99,941,696	339,137	255,496	100,536,329
Additions during year	1,813,239	1,242,652	Nil	3,055,891
Transfer to Current Assets	Nil	Nil	Nil	Nil
Transfer	386,700	(323,328)	(63,372)	Nil
Disposals in year	<u>(757,299)</u>	<u>Nil</u>	<u>(12,687)</u>	<u>(769,986)</u>
At 31 March 2014	<u>101,384,336</u>	<u>1,258,461</u>	<u>179,437</u>	<u>102,822,234</u>
Depreciation:				
At 1 st April 2013	12,745,149	Nil	26,021	12,771,170
Transfer	6880	Nil	(6880)	Nil
Disposals in year	(371,645)	Nil	(1,224)	(372,869)
Charge for year	<u>1,133,364</u>	<u>Nil</u>	<u>412</u>	<u>1,133,776</u>
At 31 st March 2014	<u>13,513,748</u>	<u>Nil</u>	<u>18,329</u>	<u>13,532,077</u>
Housing Association Grant:				
At 1 st April 2013	55,695,590	182,000	188,429	56,066,019
Additions during year	57,917	968,233	Nil	1,026,150
Transfer to Current Assets	Nil	Nil	Nil	Nil
Transfers	223,872	(182,000)	(41,872)	Nil
Disposals during year	(41,597)	Nil	Nil	(41,597)
Repaid during year	<u>Nil</u>	<u>Nil</u>	<u>(9,288)</u>	<u>(9288)</u>
At 31 st March 2014	<u>55,935,782</u>	<u>968,233</u>	<u>137,269</u>	<u>57,041,284</u>
Other Grants:				
At 1 st April 2013	462,064	Nil	Nil	462,064
Transfers	Nil	Nil	Nil	Nil
Additions in Year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31 st March 2014	<u>462,064</u>	<u>Nil</u>	<u>Nil</u>	<u>462,064</u>
Net book value:				
At 31 st March 2014	<u>31,472,742</u>	<u>290,228</u>	<u>23,839</u>	<u>31,786,809</u>
At 31 st March 2013	<u>31,038,893</u>	<u>157,137</u>	<u>41,046</u>	<u>31,237,076</u>

Total works carried out on housing properties for the year ended 31st March 2014 was £3,744,644 (2013- £1,967,886). Of this total £3,055,891 (2013 - £1,255,066) was capitalised above and £688,753 (2013 - £712,820) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £257,241 (2013 - £196,900).



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS At 31st March 2014

7 TANGIBLE FIXED ASSETS (continued)

b) Fixed Asset Investments	Homestake	Subsidiary	Total
Cost:	£	£	£
As 1 st April 2013	216,867	1	216,868
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2014	<u>216,867</u>	<u>1</u>	<u>216,868</u>
Grant:			
As 1 st April 2013	216,867	Nil	216,867
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2014	<u>216,867</u>	<u>Nil</u>	<u>216,867</u>
Net book value At 31st March 2014	<u>Nil</u>	<u>1</u>	<u>1</u>

The wholly owned subsidiary Musselcrag Limited was dormant throughout the financial year.

c) Other

	Furnished Property Contents	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£	£
At 1 st April 2013	4,766	1,058,335	110,785	210,251	1,384,137
Additions during year	Nil	34,583	9,558	14,349	58,490
Disposals during year	<u>(4,766)</u>	<u>Nil</u>	<u>(9,433)</u>	<u>(1,892)</u>	<u>(16,091)</u>
At 31st March 2014	<u>Nil</u>	<u>1,092,918</u>	<u>110,910</u>	<u>222,708</u>	<u>1,426,536</u>
HAG					
At 1 st April 2013	906	229,685	Nil	Nil	230,591
Disposals during year	<u>(906)</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>(906)</u>
At 31st March 2014	<u>Nil</u>	<u>229,685</u>	<u>Nil</u>	<u>Nil</u>	<u>229,685</u>
National Lottery Grant					
At 1 st April 2013	Nil	257,000	Nil	Nil	257,000
Additions during year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31st March 2014	<u>Nil</u>	<u>257,000</u>	<u>Nil</u>	<u>Nil</u>	<u>257,000</u>
Depreciation:					
At 1 st April 2013	3,860	176,346	86,490	198,912	465,608
Disposals during year	<u>(3,860)</u>	<u>Nil</u>	<u>(9,433)</u>	<u>(1,892)</u>	<u>(15,185)</u>
Provided during year	<u>Nil</u>	<u>11,992</u>	<u>13,257</u>	<u>8,843</u>	<u>34,092</u>
At 31st March 2014	<u>Nil</u>	<u>188,338</u>	<u>90,314</u>	<u>205,863</u>	<u>484,515</u>
Net book value:					
At 31st March 2014	<u>Nil</u>	<u>417,895</u>	<u>20,596</u>	<u>16,845</u>	<u>455,336</u>
At 31st March 2013	<u>Nil</u>	<u>395,304</u>	<u>24,296</u>	<u>11,339</u>	<u>430,939</u>



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

At 31st March 2014

8 DEBTORS

	2014	2013
	£	£
Amounts falling due within one year:		
HAG receivable	520,987	Nil
Rental debtors	146,282	143,031
Recharge Account Debtors	117,098	128,392
Other debtors	110,415	144,318
Prepayment and accrued income	<u>144,843</u>	<u>50,172</u>
	<u>1,039,625</u>	<u>465,913</u>

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £92,497 (2013:£73,444). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. £18,062 of the provision has been deducted from the Rental Debtors with the remaining £74,435 deducted from the Recharge Account Debtors.

9 PROPERTY HELD FOR SALE

	Cost	HAG	Net Book Value
	£	£	£
As at 1 st April 2013	183,658	180,028	3,630
Sold during the year	<u>(183,658)</u>	<u>(180,028)</u>	<u>(3,630)</u>
At 31 st March 2014	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

10 STOCK OF MAINTENANCE SUPPLIES

	2014	2013
	£	£
Stock of Various Items of Ironmongery	<u>10,497</u>	<u>10,493</u>

The stock has been valued at the lower of cost and net realisable value.

11 CREDITORS: amounts falling due within one year

	2014	2013
	£	£
Loans (note 12)	896,187	740,065
Trade creditors	1,114,336	499,724
HAG Repayable	31,978	Nil
Lead Tenancies Major Repairs Provisions	78,435	70,903
Furnishings Provisions	4,967	54,224
Rent in advance	169,785	149,134
Other creditors	<u>62,397</u>	<u>43,802</u>
	<u>2,358,085</u>	<u>1,557,852</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2014

12 CREDITORS: amounts falling due after more than one year

Housing property loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments due as follows:

	2014	2013
	£	£
Within one year	896,187	740,065
Between one and two years	905,194	772,682
Between two year and five years	2,893,779	2,514,674
After five years	<u>21,796,483</u>	<u>23,483,662</u>
	26,491,643	27,511,083
Included in creditors: amounts falling due within one year	<u>(896,187)</u>	<u>(740,065)</u>
	<u>25,595,456</u>	<u>26,771,018</u>
Analysis of changes in loan financing during the year:		
At 1 st April 2013	27,511,083	28,487,210
New loans taken out	Nil	Nil
Amounts repaid	<u>(1,019,440)</u>	<u>(976,127)</u>
At 31 st March 2014	<u>26,491,643</u>	<u>27,511,083</u>

Derivatives - The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by underlying loans. As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty. At 31st March 2014 the Association has three interest rate SWAPs as follows:-

Institution	Notional Amount	Rate	Start	End
Clydesdale Bank plc	£3.1 million	5.23%	21/02/02	21/02/32
Royal Bank of Scotland plc	£1.2 million	5.46%	10/09/04	10/09/14
Royal Bank of Scotland plc	£7.8 million	5.70%	04/11/02	04/11/32

13 SHARE CAPITAL

	2014	2013
	£	£
Shares of £1 each		
At 1 st April 2012	63	71
Issued	1	2
Cancelled	<u>(8)</u>	<u>(10)</u>
At 31 st March 2013	<u>56</u>	<u>63</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2014

14 REVENUE RESERVE

	2014	2013
	£	£
At 1 st April 2013	5,805,547	4,943,799
Surplus/(deficit) for the Year	<u>850,020</u>	<u>861,748</u>
At 31 st March 2014	<u>6,655,567</u>	<u>5,805,547</u>

15 RECONCILIATION OF FUNDS

	2014	2013
	£	£
Total recognised gains and losses	850,020	861,748
Decrease in share capital	<u>(7)</u>	<u>(8)</u>
Total movement during the year	850,013	861,740
Funds at 1 st April 2013	<u>5,805,610</u>	<u>4,943,870</u>
Funds at 31 st March 2014	<u>6,655,623</u>	<u>5,805,610</u>

16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating surplus/(deficit) for year	2,244,025	2,195,770
Net Depreciation charge	1,489,193	1,184,020
Share capital surrendered	(8)	(10)
Increase/(decrease) in stock	(4)	Nil
Decrease/(increase) in debtors	(54,507)	20,960
Increase/(decrease) in creditors	<u>113,193</u>	<u>67,427</u>
	<u>3,791,892</u>	<u>3,468,167</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2013	Cashflows	At 31 March 2014
	£		£
Cash at Bank and in Hand	328,928	114,956	443,884
Short Term Deposits	<u>1,657,500</u>	<u>(784,488)</u>	<u>873,012</u>
	1,986,428	(669,532)	1,316,896
Debt Due within one year	(740,065)	(156,122)	(896,187)
Debt Due after one year	<u>(26,711,018)</u>	<u>279,375</u>	<u>(26,491,643)</u>
Total	<u>(25,524,655)</u>	<u>(546,279)</u>	<u>(26,070,934)</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2014

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014	2013
	£	£
Increase/ (Decrease) in cash in the year	114,956	(214,803)
Increase/(Decrease) in Short term deposits in the year	(784,488)	257,500
	(669,532)	42,697
Cash Inflow from increase in net debt	123,253	976,127
	(546,279)	1,018,824
Net Debt at 1 st April 2013	(25,524,655)	(26,543,479)
Net Debt at 31 st March 2014	(26,070,934)	(25,524,655)

19 PENSION SCHEME

Angus Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension 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 (DC) option.

An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Angus Housing Association Limited has elected to operate the career average revalued earnings with a 1/60th accrual rate benefit option for active members as at 1st April 2013 and also for new entrants from 1st April 2013.

During the accounting period Angus Housing Association Limited paid contributions at the rate of 8.6% of pensionable salaries. Member contributions were paid at the rate of 8.5%.

As at the balance sheet date there were 32 active members of the Scheme employed by Angus Housing Association Limited. The annual pensionable payroll in respect of these members was £899,122.

Angus Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer 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.

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 last formal valuation of the Scheme was performed as at 30 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 £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2014

19 PENSION SCHEME (cont.)

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 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

Following a change in legislation in September 2005 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 buy-out 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 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.

Angus Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Association's Pension Scheme based on the financial position of the Scheme as at 30th September 2013. As of this date the estimated employer debt for Angus Housing Association Limited was £5,292,617.30.

Financial assumptions underlying the 2012 Valuation were:	% pa
- 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 pension increases	
Pension accrued pre 6 April 2005 in excess of GMP	2.0
Pension accrued from 6 April 2005	1.7
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.5% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.5% p.a. for males and 1.25% for females.



ANGUS HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

At 31st March 2014

19 PENSION SCHEME (cont.)

Contribution Rates for Future Service	%
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

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

Growth Plan

Angus Housing Association Ltd also participates in the Pensions Trust's Growth Plan ("The Plan"). The Plan is funded and is not contacted out of the state scheme. The Plan is a multi-employer pension Plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them. Angus Housing Association paid contributions at the rate of nil% during the accounting period. As at the balance sheet date there was one active member of the Plan employed by Angus Housing Association Limited. This member paid contributions at the rate of 2% during the accounting period. Angus Housing Association continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable. The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS At 31st March 2014

19 PENSION SCHEME (Cont'd)

Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148m, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% per annum
- Investment return pre-retirement	4.9
- Investment return post-retirement	
Actives/deferred	4.2
Pensioners	4.2
- Bonuses on accrued benefits	0.0
- Inflation: Retail Price Index	2.9
- Inflation: Consumer Price Index	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30th September 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

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 Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012 as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and the Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out 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 Plan. 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 Plan liabilities, Plan 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.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2014

19 PENSION SCHEME (Cont'd)

Angus Housing Association Ltd has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30th September 2013. As of this date the estimated employer debt for Angus Housing Association Ltd was £ 1,785.

20 CAPITAL COMMITMENTS

	2014	2013
Contracted less certified	<u>3,543,660</u>	<u>558,196</u>
Authorised but not contracted	<u>Nil</u>	<u>Nil</u>

The Committee of Management expects the majority of the expenditure they have authorised to be fully financed by Housing Association Grant from The Scottish Government or by mortgages from private sector lenders.

21 OTHER COMMITMENTS

The Association's annual commitments under non-cancellable operating leases are as follows:

	2014	2013
Other operating leases	£	£
Within one year	Nil	Nil
Between one and five years	<u>20,887</u>	<u>46,515</u>
	<u>20,887</u>	<u>46,515</u>

22 SUBSIDIARIES INFORMATION

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
Subsidiary Undertakings				
Musselcrag Limited	Scotland	19/08/2010	Wholly Controlled	Dormant since incorporation

23 CONTINGENT LIABILITY

The Association participates in a multi-employer pension scheme. Should the Association leave the scheme, the amount of employer debt has been estimated at £5,262,617 as at September 2013. At this time, there is no plan for leaving the scheme.