



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2015



REPORT AND FINANCIAL STATEMENTS For the period ended 31st March 2015

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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	
R Fraser	
A Gibson	
A Jack	
J Nicoll	
R Wright	
I Laird	
W Gibson	
R Colquhoun	
B Morris	(first elected 25/06/2014)

SECRETARY AND REGISTERED OFFICE

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

SOLICITOR

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

BANKERS

The Royal Bank of Scotland plc, Brothock Bridge, Arbroath

AUDITORS

Findlay & Company, 11 Dudhope Terrace, Dundee



CHAIRMAN'S STATEMENT

I do not think it would be an exaggeration to say that 2014/15 was probably, in overall terms, the most successful in the more than 40 years of the history of Angus Housing Association.

Unfortunately, for other reasons, it was also, undoubtedly, the saddest in our history due to the untimely loss of Lee Kubicki, a much loved and respected long standing member of staff for nearly 20 years. Her death in December 2014, just before she reached 50, hit everyone at Angus Housing Association very hard and it is only right that we should remember her again as we reflect on the year past.

From a purely financial perspective, reporting a surplus of over £2.4 million in the annual accounts is always a positive start. This was, of course, around £1.3 million more than had been projected due to our successful challenge of the Clydesdale Bank for mis-selling us a loan product around 10 years ago. This is, therefore, a windfall to some extent but one which gives us greater financial security than anticipated in facing what look to be five more years of austerity ahead as the British Government continues its commitment to huge cuts in public expenditure. These will no doubt impact on the Association but will also affect our tenants' ability to afford our rents as even more unidentified cuts in the welfare budget hit harder and harder.

With these cuts on the horizon and the impending introduction of Universal Credit, we took an important step during 2014/15 of starting the process of re-structuring our rents to make them fairer, easier to explain and more understandable for all tenants. While rents will go up for around half the tenants, they also reduced for the other half, hopefully bringing all the charges to a more logical starting point for future reviews.

It was also a return during 2014/15 to growth through development with new houses being built at Monarch's Rise, Arbroath and North Brown Street, Carnoustie. Our commitment to the continuing regeneration of the Clifftown estate in Arbroath was demonstrated by our demolition of more former M.O.D. flats in Great Michael Road and their replacement with new homes. The last of the old M.O.D. properties will be demolished in 2015/16 with more modern, warm, energy efficient and affordable rented homes replacing them.

Also very pleasing was the start to a new 32 house development in Ormiston Crescent in Dundee's Whitfield estate – the last phase of regenerating Ormiston more than 20 years after it was first started by the former Ormiston People's Housing Co-operative. The demolition of the last Council blocks and their replacement will at long last see residents there get some peace from "having the builders in".

This will actually be no exaggeration for many of the tenants in the original houses built between 1992 and 1994 as they have also been going through the trauma of having their homes modernised with new doors, kitchens, bathrooms and central heating.

In total, we invested more than £2.5 million in our existing stock during 2014/15 and I believe that it speaks volumes for how far advanced we are in investing in the assets that are our housing stock that we are modernising homes comprehensively that are only around 20 years old. More significantly, we are now able to commit this level of investment from our rental income streams without the need for subsidy or borrowing and have budgeted for all future investment on this basis.

To do this, of course, we need to bring in our rental income and once again, even in the face of the current economic climate, we have surpassed our 2% target for current tenant rent arrears by achieving a figure of 1.82%. Coupled with very efficient turnaround of re-lets, which has also kept void loss well below our 1% target, we continue to maximise our income.

It is a great credit to all of the Association staff and to my fellow Committee members that we have managed to maintain this level of performance during a turbulent year when we have been forced into a very quick timetable to completely renew our I.T. systems and we have undertaken a major staffing re-structure.

ANGUS HOUSING ASSOCIATION LIMITED



It is my firm belief that the fundamental underlying reason why we continue to grow and succeed is the mutual respect and understanding between our staff and the members of the Committee of Management.

I would, therefore, like to conclude by thanking them all for their hard work and commitment and for their support for me in my role as Chairman of Angus Housing Association.

Sheena M. Welsh

Sheena Welsh
Chairman



REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Twenty Sixth Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Angus Housing Association Limited, Russell Square Sheltered Lounge, Russell Square, Arbroath, DD11 3DQ on Wednesday 24th June 2015 at 10.00am.

The Committee submit to the Meeting their Twenty Sixth Annual Report and Statement of Accounts duly audited for the year ended 31st March 2015.

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 fourteen 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 Management Team.

REVIEW OF THE YEAR

The Committee of Management is pleased to report a surplus for the year of £2,421,423 (2014: £850,020). A total of £7,877,187 has been spent on Development, Major and Planned Repairs, of which £791,601 has been charged to the Income & Expenditure Account. Over the course of the year the Association made £324 in charitable donations.

Following a review of an interest rate swap taken out in 2002 the Association received a full refund of sums paid under this arrangement plus interest on those sums. The total sum repaid to the Association was £1,371,159.

The Association has continued to develop new housing during the year, with 42 new build completions at Monarch's Rise, Arbroath, Great Michael Road, Arbroath and North Brown Street, Carnoustie. Development of a further 52 properties at Ormiston Crescent, Dundee and Restenneth Fields, Forfar is ongoing.

The Balance Sheet shows a net asset position of £9,077,046 (2014: £6,655,623).

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association

Mr R Colquhoun, Mr A Gibson, Mr W Gibson, Mr A Jack and Mr I Laird, Members of the Committee of Management, retire from office at this time and offer themselves for re-election.



REPORT OF THE COMMITTEE OF MANAGEMENT

STATEMENT OF COMMITTEE MEMBERS' RESPONSIBILITIES

Co-operative and Community Benefit 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 Co-operative and Community Benefit Societies Act 2014, 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 FINANCIAL CONTROL

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

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

- formal policies and procedures are in place, including the ongoing documentation of key system and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared, which allow the management team and the Committee of Management to monitor 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 financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management
- the Audit Committee received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.



REPORT OF THE COMMITTEE OF MANAGEMENT

INTERNAL FINANCIAL CONTROL (Cont'd)

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

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 sits 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 McGowan

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 2015, 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, the Scottish Housing Regulator's Determination of Accounting Requirements 2012 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 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of board and the auditor

As explained more fully in the Statement of Committee of Management's Responsibilities set out on pages 6 and 7, 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 2015 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Scottish Housing Regulator's Determination of Accounting Requirements 2012.



INDEPENDENT AUDITORS' REPORT

to the Members of Angus Housing Association Limited (continued)

Matters on which we are required to report by exception

We are required 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.

We have nothing to report in respect of these matters.

Joan Williamson

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

Date: *17 June 2015*



REPORT BY THE AUDITORS TO ANGUS HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

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

Date: 17 June 2015



INCOME AND EXPENDITURE ACCOUNT
For the year ended 31st March 2015

	Notes	2015	2014
		£	£
TURNOVER	2	7,383,556	7,155,671
Operating costs	2	<u>(5,093,655)</u>	<u>(4,911,646)</u>
OPERATING SURPLUS/ (DEFICIT)		2,289,901	2,244,025
Profit/(loss) on Sale of Fixed Assets	5	35,182	30,933
Interest receivable and other income		348,206	20,370
Interest payable and similar charges		<u>(251,866)</u>	<u>(1,445,308)</u>
SURPLUS/ (DEFICIT) FOR YEAR		<u>2,421,423</u>	<u>850,020</u>

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



BALANCE SHEET At 31st March 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Housing properties	7a	94,993,084	89,290,157
Less: Housing Association Grant		(61,016,816)	(57,041,284)
Other Grants		<u>(507,064)</u>	<u>(462,064)</u>
		33,469,204	31,786,809
Fixed Asset Investment	7b	1	1
Other	7c	<u>457,193</u>	<u>455,336</u>
		<u>33,926,398</u>	<u>32,242,146</u>
CURRENT ASSETS			
Debtors	8	1,101,035	1,039,625
Cash & Deposits	17	3,184,806	1,316,896
Property Held for Sale	9	Nil	Nil
Stock of Maintenance Supplies	10	<u>9,172</u>	<u>10,497</u>
		4,295,013	2,367,018
CREDITORS: amounts falling due within one year	11	<u>(2,347,341)</u>	<u>(2,358,085)</u>
NET CURRENT ASSETS		<u>1,947,672</u>	<u>8,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,874,070	32,251,079
CREDITORS: amounts falling due after more than one year	12	<u>(26,797,024)</u>	<u>(25,595,456)</u>
		<u>9,077,046</u>	<u>6,655,623</u>
CAPITAL AND RESERVES			
Share Capital	13	56	56
Revenue reserve	14	<u>9,076,990</u>	<u>6,655,567</u>
		<u>9,077,046</u>	<u>6,655,623</u>

The financial statements on pages 11 to 29 were approved by the Committee of Management on 17th June 2015 and were signed on its behalf by:

Elizabeth MG Wilson

Secretary to Committee of Management

RBH

Member of Committee of Management

[Signature]

Member of Committee of Management

The notes on pages 14 to 29 form part of these financial statements.



STATEMENT OF CASH FLOWS for the year ended 31st March 2015

	Notes	2015	2014
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	<u>3,702,725</u>	<u>3,791,892</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		348,206	20,370
Interest paid		<u>(251,866)</u>	<u>(1,445,308)</u>
NET CASH INFLOW/ (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>96,340</u>	<u>(1,424,938)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Acquisition and construction of housing properties		(7,129,775)	(2,479,837)
Purchase of other tangible fixed assets		(37,249)	(58,489)
Receipts from sale of housing properties		Nil	42,000
Receipts/(Costs) of shared ownership properties sales		<u>78,750</u>	<u>25,000</u>
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		<u>(7,088,274)</u>	<u>(2,471,326)</u>
MANAGEMENT OF LIQUID RESOURCES			
Transfer (to)/from short term deposits		<u>(741,246)</u>	<u>784,488</u>
FINANCING			
Share capital issued		-	2
Capital grants received		4,043,795	463,566
Capital grants repaid		(42,343)	(9,288)
Housing loans received		2,000,000	Nil
Housing loans repaid		<u>(844,334)</u>	<u>(1,019,440)</u>
NET CASH INFLOW/ (OUTFLOW) FROM FINANCING		<u>5,157,118</u>	<u>(565,160)</u>
INCREASE IN CASH	18	<u>1,126,663</u>	<u>114,956</u>

The notes on pages 14 to 29 form part of these financial statements.



NOTES TO THE ACCOUNTS At 31st March 2015

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.



NOTES TO THE ACCOUNTS

At 31st March 2015

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 2015 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 within 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.



NOTES TO THE ACCOUNTS At 31st March 2015

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2015 Operating Surplus/ (Deficit)	2014 Operating Surplus/ (Deficit)
	£	£	£	£
Income & Expenditure From Lettings	7,027,883	4,779,133	2,248,750	2,046,195
Other Activities	<u>355,673</u>	<u>314,522</u>	<u>41,151</u>	<u>197,830</u>
TOTAL	<u>7,383,556</u>	<u>5,093,655</u>	<u>2,289,901</u>	<u>2,244,025</u>
Total for 2014	<u>7,155,671</u>	<u>4,911,646</u>		

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

	General Needs Housing	Sheltered Housing	Shared Ownership	2015 Total	2014 Total
	£	£	£	£	£
Rent Receivable net of Service Charges	6,573,556	264,668	8,638	6,846,862	6,549,997
Service Charges Receivable	<u>115,641</u>	<u>35,182</u>	<u>360</u>	<u>151,183</u>	<u>195,554</u>
Gross Rent Receivable	6,689,197	299,850	8,998	6,998,045	6,745,551
LESS: Rent Losses from Voids	<u>(45,422)</u>	<u>(3,985)</u>	<u>Nil</u>	<u>(49,407)</u>	<u>(67,301)</u>
Net Income from Rents and Service Charges	6,643,775	295,865	8,998	6,948,638	6,678,250
Revenue Grants	<u>79,245</u>	<u>Nil</u>	<u>Nil</u>	<u>79,245</u>	<u>Nil</u>
Total Turnover from Social Letting	6,723,020	295,865	8,998	7,027,883	6,678,250
Management Services	1,641,789	62,472	7,965	1,712,226	1,477,264
Planned and Cyclical Maintenance	111,585	44,709	Nil	156,294	143,584
Reactive Maintenance	789,758	1,843	Nil	791,601	688,753
Rent Losses from Bad Debts	735,059	33,291	Nil	768,350	803,330
Depreciation of Social Housing	53,720	Nil	Nil	53,720	64,203
	<u>1,242,137</u>	<u>53,947</u>	<u>858</u>	<u>1,296,942</u>	<u>1,455,101</u>
Total Operating Costs	<u>4,574,048</u>	<u>196,262</u>	<u>8,823</u>	<u>4,779,133</u>	<u>4,632,055</u>
Operating Surplus/(Deficit)	<u>2,148,972</u>	<u>99,603</u>	<u>175</u>	<u>2,248,750</u>	<u>2,046,195</u>
Operating Surplus/ (Deficit) for 2014	<u>1,893,056</u>	<u>148,194</u>	<u>4,945</u>		

Note: 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 2015

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2015 was:

Housing accommodation for letting	Units under Development		Units in Management	
	2015	2014	2015	2014
New build – Shared Ownership	Nil	Nil	5	6
New build – Rented	52	74	1,297	1,255
Rehabilitation – Rented	1	Nil	415	413
Rehabilitation – Sheltered	<u>Nil</u>	<u>Nil</u>	<u>83</u>	<u>85</u>
	<u>53</u>	<u>74</u>	<u>1,800</u>	<u>1,759</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 £	2015 Operating Surplus/ (Deficit) £	2014 Operating Surplus/ (Deficit) £
Non RTB Property Sales	Nil	Nil	47,500	47,500	Nil	27,559	19,941	169,979
Wider Role Activities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Development & Construction of Properties	Nil	Nil	Nil	Nil	Nil	13,533	(13,533)	(12,813)
Grant Funded Disabled Adaptations	42,543	Nil	Nil	42,543	Nil	42,543	Nil	Nil
Supporting People	Nil	76,624	Nil	76,624	Nil	75,489	1,135	(13,812)
Factoring	Nil	Nil	134,174	134,174	522	95,600	38,052	36,863
Other Activities	Nil	Nil	54,832	54,832	Nil	59,276	(4,444)	16,725
TOTAL	42,543	76,624	236,506	355,673	522	314,000	41,151	197,830
Total 2014	79,475	83,896	314,050	477,421	4,333	275,258	197,830	

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 2015:

- 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 2015

5 GAIN/(LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2015 Total	2014
	£	£	£	£
Proceeds	78,750	Nil	78,750	67,000
Cost of Disposal	(43,568)	Nil	(43,568)	(36,067)
Gain/(Loss)	<u>35,182</u>	<u>Nil</u>	<u>35,182</u>	<u>30,933</u>

6 SURPLUS/(DEFICIT) FOR THE YEAR

	2015	2014
a) This is stated after charging:		
	£	£
Auditors' remuneration (including VAT) - external audit	9,960	9,840
- other services	Nil	20,561
- internal audit	7,542	11,736
Donations to Local Charities	324	2,276
Operating Leases	17,935	40,367
(Gain)/loss on disposal of fixed assets	(35,182)	(30,933)
Depreciation	<u>1,332,334</u>	<u>1,489,193</u>

At the year-end there were 35.45 full time equivalent employees (2014: 34.42). Staff costs during the year amounted to:

	£	£
Wages and Salaries	1,111,248	1,035,350
National insurance	85,930	75,497
Pensions	<u>296,525</u>	<u>201,409</u>
	<u>1,493,703</u>	<u>1,312,256</u>

Pension costs include £195,776 (2014: £127,068) in respect of past service pension deficit.

	No.	No.
The average number of persons directly employed by the Association during the year was	<u>42</u>	<u>39</u>

	2014	2014
	£	£

The total emoluments (excluding pension contributions) of the Director, who was also the highest paid Officer, amounted to:	<u>77,823</u>	<u>75,913</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 £ 22,266 (2014 £ 15,397). Included in this year's figure is £14,412 in respect of pension deficit contributions.

	No.	No.
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The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:

£ 60,000 - £ 70,000	3	2
£ 70,001 - £ 80,000	-	-
£ 80,001 - £ 90,000	-	-
£ 90,001 - £ 100,000	<u>1</u>	<u>1</u>
	<u>4</u>	<u>3</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

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 2014	101,384,336	1,258,461	179,437	102,822,234
Additions during year	4,817,484	2,268,101	Nil	7,085,585
Transfer to Current Assets	Nil	Nil	Nil	Nil
Transfer	996,233	(996,233)	Nil	Nil
Disposals in year	<u>(543,825)</u>	<u>Nil</u>	<u>(45,206)</u>	<u>(589,031)</u>
At 31 March 2015	<u>106,654,228</u>	<u>2,530,329</u>	<u>134,231</u>	<u>109,318,788</u>
Depreciation:				
At 1 st April 2014	13,513,748	Nil	18,329	13,532,077
Transfer	Nil	Nil	Nil	Nil
Disposals in year	(364,086)	Nil	(2,285)	(366,371)
Charge for year	<u>1,159,140</u>	<u>Nil</u>	<u>858</u>	<u>1,159,998</u>
At 31 st March 2015	<u>14,308,802</u>	<u>Nil</u>	<u>16,902</u>	<u>14,325,704</u>
Housing Association Grant:				
At 1 st April 2014	55,935,782	968,233	137,269	57,041,284
Additions during year	1,725,722	2,309,485	Nil	4,035,207
Transfer to Current Assets	Nil	Nil	Nil	Nil
Transfers	968,233	(968,233)	Nil	Nil
Disposals during year	(17,332)	Nil	Nil	(17,332)
Repaid during year	<u>(3,859)</u>	<u>Nil</u>	<u>(38,484)</u>	<u>(42,343)</u>
At 31 st March 2015	<u>58,608,546</u>	<u>2,309,485</u>	<u>98,785</u>	<u>61,016,816</u>
Other Grants:				
At 1 st April 2014	462,064	Nil	Nil	462,064
Transfers	Nil	Nil	Nil	Nil
Additions in Year	<u>Nil</u>	<u>45,000</u>	<u>Nil</u>	<u>45,000</u>
At 31 st March 2015	<u>462,064</u>	<u>45,000</u>	<u>Nil</u>	<u>507,064</u>
Net book value:				
At 31 st March 2015	<u>33,274,816</u>	<u>175,844</u>	<u>18,544</u>	<u>33,469,204</u>
At 31 st March 2014	<u>31,472,742</u>	<u>290,228</u>	<u>23,839</u>	<u>31,786,809</u>

Total works carried out on housing properties for the year ended 31st March 2015 was £7,877,187 (2014- £3,744,644). Of this total £7,085,586 (2014 - £3,055,891) was capitalised above and £791,601 (2014 - £688,753) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £225,776 (2014 - £257,241).

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

7 TANGIBLE FIXED ASSETS (continued)

b) Fixed Asset Investments	Homestake	Subsidiary	Total
Cost:	£	£	£
As 1 st April 2014	216,867	1	216,868
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2015	<u>216,867</u>	<u>1</u>	<u>216,868</u>
Grant:			
As 1 st April 2014	216,867	Nil	216,867
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2015	<u>216,867</u>	<u>Nil</u>	<u>216,867</u>
Net book value At 31st March 2015	<u>Nil</u>	<u>1</u>	<u>1</u>

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

c) Other

	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£
At 1 st April 2014	1,092,918	110,910	222,708	1,426,536
Additions during year	<u>Nil</u>	<u>30,432</u>	<u>6,817</u>	<u>37,249</u>
Disposals during year	<u>Nil</u>	<u>(1,846)</u>	<u>(607)</u>	<u>(2,453)</u>
At 31st March 2015	<u>1,092,918</u>	<u>139,496</u>	<u>228,918</u>	<u>1,461,332</u>
HAG				
At 1 st April 2014	229,685	Nil	Nil	229,685
Disposals during year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31st March 2015	<u>229,685</u>	<u>Nil</u>	<u>Nil</u>	<u>229,685</u>
National Lottery Grant				
At 1 st April 2014	257,000	Nil	Nil	257,000
Additions during year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31st March 2015	<u>257,000</u>	<u>Nil</u>	<u>Nil</u>	<u>257,000</u>
Depreciation:				
At 1 st April 2014	188,338	90,314	205,863	484,515
Disposals during year	<u>Nil</u>	<u>(1,846)</u>	<u>(607)</u>	<u>(2,453)</u>
Provided during year	<u>11,992</u>	<u>13,151</u>	<u>10,249</u>	<u>35,392</u>
At 31st March 2015	<u>200,330</u>	<u>101,619</u>	<u>215,505</u>	<u>517,454</u>
Net book value:				
At 31st March 2015	<u>405,903</u>	<u>37,877</u>	<u>13,413</u>	<u>457,193</u>
At 31st March 2014	<u>417,895</u>	<u>20,596</u>	<u>16,845</u>	<u>455,336</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2014

8 DEBTORS

	2015	2014
	£	£
Amounts falling due within one year:		
HAG receivable	512,399	520,987
Rental debtors	151,234	146,282
Recharge Account Debtors	108,430	117,098
Other debtors	216,762	110,415
Prepayment and accrued income	<u>112,210</u>	<u>144,843</u>
	<u>1,101,035</u>	<u>1,039,625</u>

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £80,680 (2014:£92,497). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. £20,374 of the provision has been deducted from the Rental Debtors with the remaining £60,306 deducted from the Recharge Account Debtors.

9 PROPERTY HELD FOR SALE

	Cost	HAG	Net Book Value
	£	£	£
As at 1 st April 2014	Nil	Nil	Nil
Sold during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
At 31 st March 2015	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

10 STOCK OF MAINTENANCE SUPPLIES

	2015	2014
	£	£
Stock of Various Items of Ironmongery	<u>9,172</u>	<u>10,497</u>

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

11 CREDITORS: amounts falling due within one year

	2015	2014
	£	£
Loans (note 12)	850,285	896,187
Trade creditors	1,087,284	1,114,336
HAG Repayable	42,343	31,978
Lead Tenancies Major Repairs Provisions	89,411	78,435
Furnishings Provisions	5,639	4,967
Rent in advance	179,809	169,785
Other creditors	<u>92,570</u>	<u>62,397</u>
	<u>2,347,341</u>	<u>2,358,085</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

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:

	2015	2014
	£	£
Within one year	850,285	896,187
Between one and two years	876,801	905,194
Between two year and five years	2,815,533	2,893,779
After five years	<u>23,104,690</u>	<u>21,796,483</u>
	27,647,309	26,491,643
Included in creditors: amounts falling due within one year	<u>(850,285)</u>	<u>(896,187)</u>
	<u>26,797,024</u>	<u>25,595,456</u>
Analysis of changes in loan financing during the year:		
At 1 st April 2014	26,491,643	27,511,083
New loans taken out	2,000,000	Nil
Amounts repaid	<u>(844,334)</u>	<u>(1,019,440)</u>
At 31st March 2015	<u>27,647,309</u>	<u>26,491,643</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 2015 the Association has one interest rate SWAP as follows:-

Institution	Notional Amount	Rate	Start	End
Royal Bank of Scotland plc	£7.6 million	5.70%	04/11/02	04/11/32

13 SHARE CAPITAL

	2015	2014
	£	£
Shares of £1 each		
At 1 st April 2012	56	63
Issued	Nil	1
Cancelled	<u>Nil</u>	<u>(8)</u>
At 31st March 2013	<u>56</u>	<u>56</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

14 REVENUE RESERVE

	2015	2014
	£	£
At 1 st April 2014	6,655,567	5,805,547
Surplus/(deficit) for the Year	<u>2,421,423</u>	<u>850,020</u>
At 31 st March 2015	<u>9,076,990</u>	<u>6,655,567</u>

15 RECONCILIATION OF FUNDS

	2015	2014
	£	£
Total recognised gains and losses	2,421,423	850,020
Decrease in share capital	<u>Nil</u>	<u>(7)</u>
Total movement during the year	2,421,423	850,013
Funds at 1 st April 2014	<u>6,655,623</u>	<u>5,805,610</u>
Funds at 31 st March 2015	<u>9,077,046</u>	<u>6,655,623</u>

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

	2015	2014
	£	£
Operating surplus/(deficit) for year	2,289,901	2,244,025
Net Depreciation charge	1,334,063	1,489,193
Share capital surrendered	<u>Nil</u>	<u>(8)</u>
Increase/(decrease) in stock	1,325	(4)
Decrease/(increase) in debtors	(68,216)	(54,507)
Increase/(decrease) in creditors	<u>145,652</u>	<u>113,193</u>
	<u>3,702,725</u>	<u>3,791,892</u>

17 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2014	Cashflows	At 31 March 2015
	£	£	£
Cash at Bank and in Hand	443,884	1,126,663	1,570,547
Short Term Deposits	<u>873,012</u>	<u>741,247</u>	<u>1,614,259</u>
	1,316,896	1,867,910	3,184,806
Debt Due within one year	(896,187)	45,902	(850,285)
Debt Due after one year	<u>(26,491,643)</u>	<u>(305,381)</u>	<u>(26,797,024)</u>
Total	<u>(26,070,934)</u>	<u>1,608,431</u>	<u>(24,462,503)</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2015	2014
	£	£
Increase/ (Decrease) in cash in the year	1,126,663	114,956
Increase/(Decrease) in Short term deposits in the year	741,247	(784,488)
	1,867,910	(669,532)
Cash Inflow from increase in net debt	(259,479)	123,253
	1,608,431	(546,279)
Net Debt at 1 st April 2014	(26,070,934)	(25,524,655)
Net Debt at 31 st March 2015	(24,462,503)	(26,070,934)

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 11.2% of pensionable salaries. Member contributions were paid at the rate of 11.2%.

As at the balance sheet date there were 28 active members of the Scheme employed by Angus Housing Association Limited. The annual pensionable payroll in respect of these members was £906,767.

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



NOTES TO THE ACCOUNTS

At 31st March 2015

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 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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 2014. As of this date the estimated employer debt for Angus Housing Association Limited was £7,143,789.

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.



NOTES TO THE ACCOUNTS

At 31st March 2015

19 PENSION SCHEME (cont.)

Contribution Rates for Future Service (payable from 1 April 2014)	%
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 contracted 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 were no active members of the Plan employed by Angus Housing Association Limited. Angus Housing Association continues to offer membership of the Plan to its employees and enrolled a new member in the plan in April 2015.

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



NOTES TO THE ACCOUNTS

At 31st March 2015

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 is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013 the market value of the Plan's assets 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

At 31st March 2015

19 PENSION SCHEME (Cont'd)

basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.

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 2014. As of this date the estimated employer debt for Angus Housing Association Ltd was £2,094.

20 CAPITAL COMMITMENTS

	2015 £	2014 £
Contracted less certified	<u>4,754,026</u>	<u>3,543,660</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:

	2015 £	2014 £
Other operating leases		
Within one year	6,841	Nil
Between one and five years	<u>20,626</u>	<u>20,887</u>
	<u>27,467</u>	<u>20,887</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



NOTES TO THE ACCOUNTS

At 31st March 2015

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 £7,143,789 as at September 2014. At this time, there is no plan for leaving the scheme.