



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2017

ANGUS HOUSING ASSOCIATION LIMITED



REPORT AND FINANCIAL STATEMENTS **For the period ended 31st March 2017**

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

MEMBERS OF COMMITTEE OF MANAGEMENT

S Welsh	(Chairman)
Ms H Farquhar	(Vice Chairman)
C MacDougall	(Treasurer)
Mrs E M G Whitson	(Secretary)
R Fraser	
A Gibson	
A Jack	
J Nicoll	
I Laird	
W Gibson	
R Colquhoun	
B Morris	
Mrs E Curtis (appointed 19 April 2017)	
R B H Young MBE (resigned 26 October 2016)	

KEY MANAGEMENT PERSONNEL

Bruce Forbes	(Director)
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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

EXTERNAL AUDITORS

Findlay & Company, 11 Dudhope Terrace, Dundee

INTERNAL AUDITORS

TIAA, Conference House, 152 Morrison Street, The Exchange, Edinburgh



CHAIRMAN'S STATEMENT

2016/17 has been another year of steady growth while continuing to improve the Association's financial stability

Once again, the headline figure for the year is a surplus of £2,037,588.

As we have geared up to help the Scottish Government to achieve its target of building 35,000 new affordable homes for rent by 2021, it has also been a return to a much busier period for the staff and the Committee of Management.

Over the past 22 years, we have become used to cycles of funding feasts being followed by funding famines. This does not, however, make it any easier to respond and gear up to changes in investment priorities, especially since the last famine when we were forced to dispense with the services of our development team.

It is, therefore, a testament to the staff team that with severe resource limitations, they have managed, during 2016/17, to deliver both new houses and a forward development programme which will see a return to significant levels of growth through new build in the short to medium term.

New developments were completed in 2016/17 at Hill Place in Montrose and Andrew Barton Street in Arbroath.

Just as importantly, the lead-in work has progressed on some major new developments. At East Muirlands Road in Arbroath, a site was progressed in an exciting partnership with Persimmon Homes and Cairn Housing Association. Acquired before the end of 2016/17, 71 homes for affordable rent are being developed by us with these being evenly split with Cairn on completion. This has brought another Housing Association provider into the Angus market to assist the Council in extending development capacity for the very busy years ahead.

It is also the start of what we hope will be a continuing relationship with Cairn Housing Association in both developing and managing stock for them in Angus and Dundee.

Other development opportunities that have progressed at Railwayfield, Inverkeilor, Grange Road, Monifieth and the former Mid Craigie Primary school site in Dundee should see almost 150 new homes on site being built in 2017/18.

Major investment in our existing stock has also been maintained at very high levels during 2016/17 with over £1million spent on major improvements despite nearly all of our houses now meeting the Scottish Housing Quality Standard.

New doors, windows, kitchens, replacement central heating and bathrooms were provided at various schemes in Arbroath, Forfar and Brechin while the modernisation of the houses built in Ormiston Crescent, Dundee in the mid 90s was completed. Progress also continues to have all our stock meet the Energy Efficiency Standard for Social Housing by 2020.

During the past year, we have also made progress in resourcing our staff to deal with the demands that future growth will bring. Use of our new I.T. systems has expanded and options for improving and increasing our office accommodation have been progressed.

All of this has been achieved against the backdrop and uncertainty as to the challenges which Westminster's Welfare Reform agenda will have on our income, cash-flow and housing management workloads.

We have already experienced the initial migration of some of our tenants on to Universal Credit. This has shown us that there is no doubting the scale of the problems that we will face at rollout of the "full" service by DWP in Dundee and Angus in November 2017.

We are, however, well prepared for this with an updated Welfare Reform Strategy in place and a huge amount of engagement with tenants having already been done by our Financial Inclusion team.

Most importantly, we have once again been able to maximise our income in advance of UC being introduced by having our rent arrears again at record low levels and well below the Scottish average.

Along with continued excellent performance in the management of void properties and an excellent repairs service, we continue to deliver in the areas that are of most importance to our tenants.

All of this is, of course, a team effort based on a full commitment by everyone involved with Angus Housing Association to delivering our Aims and Objectives and to provide affordable homes to rent for those in need.

I would, therefore, once again like to conclude by thanking all of my fellow committee members and all of the staff of Angus Housing Association for their tireless efforts and hard work.

As this is also the last year of my tenure as Chairman, I want to extend those thanks to all those who have contributed to our continued success during some difficult times and for all the support I have received in my time as Chairman.

Sheena Welsh

Chairman

ANGUS HOUSING ASSOCIATION LIMITED



REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Twenty Eighth Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Angus Housing Association Limited, Russell Square, Arbroath, on Wednesday 20th September 2017 at 9.45am.

The Committee submit to the Meeting their Twenty Eighth Annual Report and Statement of Accounts duly audited for the year ended 31st March 2017.

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 six 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 £2,037,588 (2016 restated: £1,704,738). A total of £4,893,140 has been spent on Development, Major and Planned Repairs, of which £871,041 has been charged to the Income & Expenditure Account. Over the course of the year the Association made £505 in charitable donations.

The Association has continued to develop new housing during the year, with 52 new build completions at Ormiston Crescent, Dundee. Development of further properties at East Muirlands, Arbroath is ongoing at the financial year end.

The Balance Sheet shows a net asset position of £11,298,684 (2016 restated: £9,261,096).

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association, Mr B Morris, Mr J Nicoll, Mr R Colquhoun and Mr A Gibson, 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 misstatement 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.

ANGUS HOUSING ASSOCIATION LIMITED



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 2017. 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 M G Winton

Secretary to the Committee of Management

20 September 2017



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 2017 which comprise the Statements of Comprehensive Income, Financial Position, Changes in Reserves, Cash Flows, 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 April 2014 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of the Board's Responsibilities set out on pages 5 & 6, the Board is responsible for the preparation of 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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Directors 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 the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 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, Schedule 1, the Housing (Scotland) Act 2010, and the Scottish Housing Regulator's Determination of Accounting Requirements 2014.

ANGUS HOUSING ASSOCIATION LIMITED



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 by the Association in accordance with the requirements of the legislation; 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.

ALEXANDER SQUIRES CA (SENIOR STATUTORY AUDITOR)

For and on behalf of

FINDLAY & COMPANY

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS

11 DUDHOPE TERRACE

DUNDEE

DD3 6TS

20 September 2017

ANGUS HOUSING ASSOCIATION LIMITED



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 5 and 6 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 5 and 6 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.

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

20 September 2017

ANGUS HOUSING ASSOCIATION LIMITED



STATEMENT OF COMPREHENSIVE INCOME For the reporting period 31st March 2017

	Notes	2017 £	Restated 2016 £
TURNOVER	2	8,528,954	8,077,317
Operating costs	2	<u>(6,235,517)</u>	<u>(5,143,611)</u>
OPERATING SURPLUS		2,293,437	2,933,706
Profit/(loss) on Sale of Fixed Assets	5	23,568	10,422
Interest receivable and other income		11,445	21,585
Interest payable and similar charges	6	(1,259,862)	(1,269,975)
Pension re-measurement	15	<u>1,005,000</u>	-
SURPLUS FOR YEAR		<u>2,073,588</u>	<u>1,695,738</u>
Actuarial gain / (loss) in respect of pension schemes		<u>(36,000)</u>	<u>9,000</u>
Total comprehensive income for the year		<u>2,037,588</u>	<u>1,704,738</u>

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



STATEMENT OF FINANCIAL POSITION At 31st March 2017

	Notes	2017 £	Restated 2016 £
PLANT, PROPERTY & EQUIPMENT			
Housing properties	9a	94,304,347	92,626,954
Fixed Asset Investment	9b	216,868	216,868
Other Fixed Assets	9c	1,017,399	1,106,345
		<u>95,538,614</u>	<u>93,950,167</u>
CURRENT ASSETS			
Debtors	10	1,076,138	702,961
Cash & Deposits		3,710,276	3,186,136
Property Held for Sale	11	366,671	366,671
Stock of Maintenance Supplies	12	<u>7,233</u>	<u>8,921</u>
		5,160,318	4,264,689
CREDITORS: amounts falling due within one year	13	<u>(2,197,098)</u>	<u>(3,145,784)</u>
NET CURRENT ASSETS		2,963,220	<u>1,118,905</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		98,501,834	95,069,072
CREDITORS: amounts falling due after more than one year	14	(86,198,601)	(83,640,424)
Pension Provision	15	<u>(1,004,549)</u>	<u>(2,167,552)</u>
TOTAL ASSETS LESS LIABILITIES		<u>11,298,684</u>	<u>9,261,096</u>
CAPITAL AND RESERVES			
Share Capital	16	51	51
Revenue reserve	17	<u>11,298,633</u>	<u>9,261,045</u>
		<u>11,298,684</u>	<u>9,261,096</u>

The financial statements on pages 10 to 28 were approved by the Committee of Management on 20 September 2017 and were signed on its behalf by:

Shiraz M. Welsh.

Chairman of Committee of Management

Elizabeth M. G. Whitson

Secretary to Committee of Management

[Signature]

Member of Committee of Management

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

ANGUS HOUSING ASSOCIATION LIMITED



STATEMENT OF CHANGES IN RESERVES

	Share Capital	Revenue Reserve	Total
	£	£	£
As at 1 April 2015 as previously stated	<u>56</u>	<u>7,751,483</u>	<u>7,751,539</u>
Prior year adjustment (Note 25)	-	(195,176)	(195,176)
As at 1 April 2015 restated	<u>56</u>	<u>7,556,307</u>	<u>7,556,363</u>
Surplus/(deficit) for the year	-	1,704,738	1,704,738
Share capital cancelled	(5)	-	(5)
As at 31 March 2016 and 1 April 2016	<u>51</u>	<u>9,261,045</u>	<u>9,261,096</u>
Surplus/(deficit) for the year	-	2,073,588	2,073,588
Re-measurement gain/(loss) on defined benefit	-	(36,000)	(36,000)
Total Comprehensive income	-	<u>2,037,588</u>	<u>2,037,588</u>
Share capital cancelled	-	-	-
As at 31 March 2017	<u>51</u>	<u>11,298,633</u>	<u>11,298,684</u>

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



STATEMENT OF CASH FLOWS
For the reporting date 31st March 2017

	Notes	2017	Restated 2016
		£	£
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	<u>2,555,185</u>	<u>5,325,580</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(3,668,489)	(7,727,554)
Purchase of investments		-	-
Proceeds from sale of tangible fixed asset		34,850	34,000
Grants received		650,421	1,943,378
Grants repaid		-	-
Interest receivable		<u>11,445</u>	<u>21,585</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		(2,971,773)	(5,728,591)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	-
Interest payable		(1,155,862)	(1,216,975)
New secured loans		3,000,000	2,750,000
Repayment of borrowings		<u>(903,410)</u>	<u>(1,128,684)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES		<u>940,728</u>	<u>404,341</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>524,140</u>	<u>1,330</u>
CASH AND CASH EQUIVALENTS AS AT 1 ST April 2016		<u>3,186,136</u>	<u>3,184,806</u>
CASH AND CASH EQUIVALENTS AS AT 31 ST March 2017		<u>3,710,276</u>	<u>3,186,136</u>

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



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

1. ACCOUNTING POLICIES

Accounting basis

These accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards 102 (FRS102) and the Statement of Recommended Practice for Social Housing Providers 2014 (SORP 2014) and the Scottish Housing Regulator Determination of Accounting Requirements 2014.

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



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

1. ACCOUNTING POLICIES (continued)

Grants

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

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 which is held as Deferred Income within Other Creditors.

Subsidiary

The subsidiary Musselcrag Limited is a dormant company as at 31st March 2017 and accordingly the Association has not prepared consolidated statements.

Supporting People Funding

The Association no longer receives Supporting People funding to fund part of the Sheltered Housing Service.

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

For the reporting date 31st March 2017

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	2017 Operating Surplus/ (Deficit) £	Restated 2016 Operating Surplus/ (Deficit) £
	£	£	£	£
Income & Expenditure From Lettings	8,317,882	5,981,407	2,336,475	3,010,142
Other Activities	<u>211,072</u>	<u>254,110</u>	<u>(43,038)</u>	<u>(76,436)</u>
TOTAL	<u>8,528,954</u>	<u>6,235,517</u>	<u>2,293,437</u>	<u>2,933,706</u>
Total for 2016	<u>8,077,317</u>	<u>5,143,611</u>		

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

	General Needs Housing	Sheltered Housing	Shared Ownership	2017 Total	Restated 2016 Total
	£	£	£	£	£
Rent Receivable net of Service Charges	7,274,382	292,207	8,969	7,575,558	7,073,486
Service Charges Receivable	<u>137,016</u>	<u>35,569</u>	<u>393</u>	<u>172,978</u>	<u>107,748</u>
Gross Rent Receivable	7,411,398	327,776	9,362	7,748,536	7,181,234
LESS: Rent Losses from Voids	<u>(39,373)</u>	<u>(611)</u>	<u>Nil</u>	<u>(39,984)</u>	<u>(32,128)</u>
Net Income from Rents and Service Charges	7,372,025	327,165	9,362	7,708,552	7,149,106
Amortised Government Grants	609,330	Nil	Nil	609,330	593,208
Revenue Grants	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>60,000</u>
Total Turnover from Social Letting	7,981,355	327,165	9,362	8,317,882	7,802,314
Management Services	1,559,827	72,350	10,590	1,642,767	1,349,332
Planned and Cyclical Maintenance	253,647	52,896	Nil	306,543	170,488
Reactive Maintenance	869,013	2,028	Nil	871,041	758,509
Rent Losses from Bad Debts	752,341	33,720	Nil	786,061	690,465
Depreciation of Social Housing	41,571	Nil	Nil	41,571	36,025
	<u>2,278,619</u>	<u>53,947</u>	<u>858</u>	<u>2,333,424</u>	<u>1,787,353</u>
Total Operating Costs	<u>5,755,018</u>	<u>214,941</u>	<u>11,448</u>	<u>5,981,407</u>	<u>4,792,172</u>
Operating Surplus/(Deficit)	<u>2,226,337</u>	<u>112,224</u>	<u>(2,086)</u>	<u>2,336,475</u>	<u>3,010,142</u>
Operating Surplus/ (Deficit) for 2016	<u>2,882,168</u>	<u>128,213</u>	<u>(239)</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

For the reporting date 31st March 2017

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2017 was:

Housing accommodation for letting	Units under Development		Units in Management	
	2017	2016	2017	2016
New build – Shared Ownership	Nil	Nil	5	5
New build – Rented	10	59	1,350	1,301
Rehabilitation – Rented	Nil	Nil	416	416
Rehabilitation – Sheltered	<u>Nil</u>	<u>Nil</u>	<u>83</u>	<u>83</u>
	<u>10</u>	<u>59</u>	<u>1,854</u>	<u>1,805</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 £	2017 Operating Surplus/ (Deficit) £	2016 Operating Surplus/ (Deficit) £
Non RTB Property Sales	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Wider Role Activities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Development & Construction of Properties	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(14,823)
Grant Funded Disabled Adaptations	86,950	Nil	Nil	86,950	Nil	89,946	(2,996)	Nil
Supporting People	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(84,230)
Factoring	Nil	Nil	61,895	61,895	Nil	93,646	(31,751)	27,887
Other Activities	Nil	Nil	62,227	62,227	Nil	70,518	(8,291)	(5,270)
TOTAL	86,950	Nil	124,122	211,072	Nil	254,110	(43,038)	(76,436)
Total 2016	49,251	18,987	206,765	275,003	Nil	351,439	(76,436)	

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 2017:

- 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

For the reporting date 31st March 2017

5 GAIN/(LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2017 Total	2016
	£	£	£	£
Proceeds	Nil	34,850	34,850	34,000
Cost of Disposal	<u>Nil</u>	<u>(11,282)</u>	<u>(11,282)</u>	<u>(23,578)</u>
Gain/(Loss)	<u>Nil</u>	<u>23,568</u>	<u>23,568</u>	<u>10,422</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Bank loans and overdrafts	1,207,862	1,216,975
Interest on defined benefit pension liability	<u>52,000</u>	<u>53,000</u>
	<u>1,259,862</u>	<u>1,269,975</u>

7 SURPLUS FOR THE YEAR

	2017	Restated 2016
a) This is stated after charging:		
	£	£
Auditors' remuneration (including VAT) - external audit	12,300	12,000
- other services	43,227	Nil
- internal audit	6,390	4,831
Donations to Local Charities	505	3,069
Operating Leases	25,204	25,204
(Gain)/loss on disposal of fixed asset	-	(10,422)
Depreciation of housing properties	<u>2,333,424</u>	<u>1,787,353</u>

8 STAFF COSTS

At the year-end there were 42.92 full time equivalent employees (2016: 38.71). Staff costs during the year amounted to:

	£	£
Wages and Salaries	1,219,785	1,104,214
National insurance	125,204	106,448
Pensions	<u>111,565</u>	<u>113,144</u>
	<u>1,456,554</u>	<u>1,323,806</u>

The average number of persons directly employed by the Association during the year was

No.	No.
<u>43</u>	<u>41</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

8 STAFF COSTS (continued)

KEY MANAGEMENT PERSONNEL

As per the Scottish Housing Regulator's Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 per annum is required.

	2017	2016
	£	£
The total emoluments payable to key management personnel and former key management personnel amount to:-		
Emoluments excluding employers pension	80,831	78,839
Employers pension contributions	<u>20,270</u>	<u>27,959</u>
Total emoluments payable	<u>101,101</u>	<u>99,798</u>

	No.	No.
The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:		
£ 60,000 - £ 70,000	-	-
£ 70,001 - £ 80,000	-	-
£ 80,001 - £ 90,000	-	-
£ 90,001 - £ 100,000	-	1
£100,001 - £110,000	<u>1</u>	-
	<u>1</u>	<u>1</u>

No emoluments were paid to any member of the Committee.

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

9 TANGIBLE FIXED ASSETS

a) Housing properties	Wholly Owned Completed £	Wholly Owned in Course of Construction £	Shared Ownership Completed £	Total £
Cost:				
At 1 st April 2016	111,473,889	3,945,818	134,231	115,553,938
Additions during year	1,598,600	2,423,499	Nil	4,022,099
Transfer to current assets	Nil	Nil	Nil	Nil
Transfer	4,442,209	(4,442,209)	Nil	Nil
Disposals in year	<u>(706,208)</u>	<u>Nil</u>	<u>Nil</u>	<u>(706,208)</u>
At 31 March 2017	<u>116,808,490</u>	<u>1,927,108</u>	<u>134,231</u>	<u>118,869,829</u>
Depreciation:				
At 1 st April 2016 (restated)	22,876,640	Nil	50,344	22,926,984
Transfer to current assets	Nil	Nil	Nil	Nil
Disposals in year	(335,306)	Nil	Nil	(335,306)
Charge for year	<u>1,972,946</u>	<u>Nil</u>	<u>858</u>	<u>1,973,804</u>
At 31 st March 2017	<u>24,514,280</u>	<u>Nil</u>	<u>51,202</u>	<u>24,565,482</u>
Net book value:				
At 31 st March 2017	<u>92,294,210</u>	<u>1,927,108</u>	<u>83,029</u>	<u>94,304,347</u>
At 31 st March 2016	<u>88,597,249</u>	<u>3,945,818</u>	<u>83,887</u>	<u>92,626,954</u>

Total works carried out on housing properties for the year ended 31st March 2017 was £4,893,140 (2016- £8,152,773). Of this total £4,022,099 (2016 - £7,394,264) was capitalised above and £871,041 (2016 - £758,509) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £285,873 (2016 - £289,011).

b) Fixed Asset Investments	Homestake £	Subsidiary £	Total £
Cost:			
As 1 st April 2016	216,867	1	216,868
Additions during the year	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>
As at 31 st March 2017	<u>216,867</u>	<u>1</u>	<u>216,868</u>
Net book value At 31st March 2017	<u>216,867</u>	<u>1</u>	<u>216,868</u>

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

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

9 TANGIBLE FIXED ASSETS (continued)

c) Other

	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£
At 1 st April 2016	1,092,918	414,426	166,844	1,674,188
Additions during year	Nil	34,140	5,118	39,258
Disposals during year	Nil	Nil	Nil	Nil
At 31 st March 2017	<u>1,092,918</u>	<u>448,566</u>	<u>171,962</u>	<u>1,713,446</u>
Depreciation:				
At 1 st April 2016	268,301	141,260	158,282	567,843
Disposals during year	Nil	Nil	Nil	Nil
Provided during year	<u>20,858</u>	<u>100,132</u>	<u>7,214</u>	<u>128,204</u>
At 31 st March 2017	<u>289,159</u>	<u>241,392</u>	<u>165,496</u>	<u>696,047</u>
Net book value:				
At 31 st March 2017	<u>803,759</u>	<u>207,174</u>	<u>6,466</u>	<u>1,017,399</u>
At 31 st March 2016	<u>824,617</u>	<u>273,166</u>	<u>8,562</u>	<u>1,106,345</u>

10 DEBTORS

	2017	2016
Amounts falling due within one year:	£	£
HAG receivable	710,860	258,634
Rental debtors	157,675	199,089
Recharge Account Debtors	38,338	94,067
Other debtors	154,737	91,660
Prepayment and accrued income	<u>14,528</u>	<u>59,511</u>
	<u>1,076,138</u>	<u>702,961</u>

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £113,525 (2016:£73,130). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. £27,125 of the provision has been deducted from the Rental Debtors with the remaining £86,400 deducted from the Recharge Account Debtors.

11 PROPERTY HELD FOR SALE

	Net Book Value
	£
As at 1 st April 2016	366,671
Additions in year	Nil
Sold during the year	Nil
At 31 st March 2017	<u>366,671</u>



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

12 STOCK OF MAINTENANCE SUPPLIES

	2017	2016
	£	£
Stock of Various Items of Ironmongery	<u>7,233</u>	<u>8,921</u>

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

13 CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Loans (note 13)	903,411	871,681
Trade creditors	653,392	1,589,008
HAG Repayable	42,343	42,343
Lead Tenancies Major Repairs Provisions	99,904	86,585
Furnishings Provisions	8,039	5,639
Pension Provision	246,160	201,448
Rent in advance	201,731	182,469
Other creditors	<u>42,118</u>	<u>166,611</u>
	<u>2,197,098</u>	<u>3,145,784</u>

14 CREDITORS: amounts falling due after more than one year

	2017	2016
	£	£
Loans	30,461,804	28,396,945
Deferred income	765,216	765,216
Housing association grants	<u>54,971,581</u>	<u>54,478,263</u>
	<u>86,198,601</u>	<u>83,640,424</u>

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:

	2017	2016
	£	£
Within one year	903,411	871,681
Between one and two years	931,784	975,630
Between two year and five years	2,991,018	3,355,374
After five years	<u>26,539,002</u>	<u>24,065,941</u>
	31,365,215	29,268,626
Included in creditors: amounts falling due within one year	<u>(903,411)</u>	<u>(871,681)</u>
	<u>30,461,804</u>	<u>28,396,945</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

14 CREDITORS: amounts falling due after more than one year

Analysis of changes in loan financing during the year:

At 1 st April 2016	29,268,626	27,647,309
New loans taken out	3,000,000	2,750,000
Amounts repaid	<u>(903,411)</u>	<u>(1,128,683)</u>
At 31 st March 2017	<u>31,365,215</u>	<u>29,268,626</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 2017 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

15 PROVISION FOR LIABILITIES – PENSION PROVISION

Scottish Housing Associations' Pension Scheme (note 18)

	2017 £	2016 £
Provision at 1 April 2016	2,369,000	2,520,000
Unwinding of discount factor (interest expense)	52,000	53,000
Deficit contribution paid	(201,291)	(195,000)
Remeasurement – impact of change in assumptions	36,000	(9,000)
Remeasurement – amendments to the contributions schedule	<u>(1,005,000)</u>	-
Provision at 31 March 2017	<u>1,250,709</u>	<u>2,369,000</u>
Due within one year	246,160	201,448
Due after more than one year	<u>1,004,549</u>	<u>2,167,552</u>
	<u>1,250,709</u>	<u>2,369,000</u>

16 SHARE CAPITAL

	2017 £	2016 £
Shares of £1 each	£	£
At 1 st April 2016	51	56
Issued	Nil	Nil
Cancelled	<u>Nil</u>	<u>5</u>
At 31 st March 2017	<u>51</u>	<u>51</u>

17 REVENUE RESERVE

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments.



NOTES TO THE ACCOUNTS For the reporting date 31st March 2017

18 CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	Restated 2016 £
Surplus for year	2,293,437	2,933,706
Depreciation and impairment of tangible fixed assets	2,461,628	1,911,472
Amortisation of housing association grant	(609,330)	(593,208)
Proceeds of sale of tangible fixed assets	(34,850)	(34,000)
Carry amount of tangible fixed asset disposal	11,282	23,578
(Increase)/decrease in stock	1,688	251
(Increase)/decrease in trade and other debtors	79,049	171,399
Increase/(decrease) in trade and other creditors	(1,699,719)	919,387
Unwinding of pension discount	52,000	53,000
Share capital written off	Nil	(5)
Government Grants utilised in year	Nil	(60,000)
Net cash flow from operating activities	<u>2,555,185</u>	<u>5,325,580</u>

19 PENSION SCHEME

The Association participates in the Scottish Housing Associations' Pension Scheme (the "scheme"), a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

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

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

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

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

19 PENSION SCHEME (continued)

Deficit contributions

From 1 April 2014 to 30 September 2027: £26,304,000 per annum
(Payable monthly and increasing by 3% each on 1st April)

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

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

Reconciliation of the Association's opening and closing provisions is provided at note 14.

Present values of the Association's provision

	2017 £	2016 £
Present value of provision	<u>1,250,709</u>	<u>2,369,000</u>

Assumptions

Rate of discount - % per annum	1.06%	2.29%
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The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Statement of comprehensive income impact

	2017 £	2016 £
Interest expense	(52,000)	(53,000)
Re-measurements – impact of any changes in assumptions	(36,000)	9,000
Re-measurements – amendments to the contribution schedule	1,005,000	-
Contributions in respect of future service	-	-
Costs recognised in statement of comprehensive income	<u>917,000</u>	<u>(44,000)</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

20 RELATED PARTY TRANSACTIONS

Three members of the Committee are also tenants of the Association. The tenancies are on the same terms as for other tenants and no advantage can be gained from the position.

During the financial year, Committee members were charged rent totalling £12,274 (2016 - £11,665). As at 31 March 2017 £Nil (2016 - £Nil) was due to the Association.

Where members of the Committee are also councillors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

No Board members received remuneration however members of the management board were reimbursed for out of pocket expenses amounting to £1,313 (2016 - £1,375).

21 CAPITAL COMMITMENTS

	2017 £	2016 £
Contracted less certified	<u>658,594</u>	<u>2,399,234</u>
Authorised but not contracted	<u>7,273,000</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.

22 OTHER COMMITMENTS

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

	2017 £	2016 £
Other operating leases		
Within one year	25,024	25,204
Between one and five years	<u>45,819</u>	<u>34,776</u>
	<u>70,843</u>	<u>59,980</u>

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

23 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

24 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 £11,864,596 as at September 2016. At this time, there is no plan for leaving the scheme.

25 PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to an accounting error in calculating depreciation on the structure of housing properties since the introduction of component accounting. The Association's policy is to write this component off over 90 years, however, depreciation has been calculated over 100 years. There is therefore an adjustment to be made to housing property depreciation, and reserves brought forward as noted below :

Statement of comprehensive income

	Previously reported 31 March 2016	Prior year adjustment 31 March 2016	Restated 31 March 2016
Housing depreciation	£ 1,718,635	£ 68,718	£1,787,353
Surplus/(deficit) for the year	£ 1,773,456	£ (68,718)	£1,704,738

Reserves

	Previously reported at 31 March 2015	Cumulative prior year adjustment to 31 March 2015	Restated reserves at 31 March 2015
Share Capital	£ 56	Nil	£ 56
Revenue Reserve	£ 7,751,483	£ (195,176)	£ 7,556,307
Total Reserves at 31 March 2015	£ 7,751,539	£ (195,176)	£ 7,556,363



NOTES TO THE ACCOUNTS

For the reporting date 31st March 2017

25 PRIOR YEAR ADJUSTMENT (CONT'D)

	Previously reported at 31 March 2016	Cumulative prior year adjustment to 31 March 2016	Restated reserves at 31 March 2016
Share Capital	£ 51	Nil	£ 51
Revenue Reserve	£ 9,524,939	£ (263,894)	£ 9,261,045
Total Reserves at 31 March 2016	£ 9,524,990	£ (263,894)	£ 9,261,096