

ANGUS HOUSING ASSOCIATION LIMITED



ANGUS HOUSING ASSOCIATION LIMITED

REPORT AND ACCOUNTS

31st March 2018

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

REPORT AND FINANCIAL STATEMENTS
For the period ended 31st March 2018

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ANGUS HOUSING ASSOCIATION LIMITED



Registered No. 1665R(S)
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MEMBERS OF COMMITTEE OF MANAGEMENT

Mrs E M G Whitson (Chairman)
Ms H Farquhar (Vice Chairman)
C MacDougall (Treasurer)
S Welsh (Secretary)
R Fraser
A Gibson
A Jack
J Nicoll
I Laird
W Gibson
R Colquhoun
B Morris
Mrs E Curtis

KEY MANAGEMENT PERSONNEL

Bruce Forbes (Director)

SECRETARY AND REGISTERED OFFICE

Mrs S Welsh, 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 & Co., 11 Dudhope Terrace, Dundee

INTERNAL AUDITORS

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

CHAIRMAN'S STATEMENT

During the course of Financial Year 2017/18, the Association only took handover of one new development at Hill Place, Montrose.

This very small increase in our housing stock is, however, only the tip of an iceberg of activity in new house-building as we continue our efforts to assist the Scottish Government in achieving its target of building 35,000 new affordable homes for rent by 2021.

Building new houses, and delivering the quality our tenants aspire to, within strict budgets, is attributable to much more than the bricks and mortar when developments are on site. A great deal of planning and preparatory work goes into the development process which needs the valuable expertise and experience of our staff, consultants and development partners.

Thankfully, we have these skills and relationships available to us and their efforts will soon come to fruition with a major boost to our housing stock as the more than 150 homes we have on site reach completion in the near future. This will see new homes completed at Mid Craigie, Dundee, East Muirlands, Arbroath, the village of Inverkeilor, the Maltings in Carnoustie and at Victoria Grange, Monifieth.

The project with Taylor Wimpey at Victoria Grange will see the Association owning its first ever homes in the Burgh of Monifieth and will mean that we will, after 48 years, have homes to let in all seven of the Angus Burghs along with our stock in Dundee.

Preparatory work for the next tranche of development activity is also moving ahead in order to maintain this momentum. New developments will soon be moving from the drawing board to site starts with our valued partners Guild Homes, DJ Laing and Taylor Wimpey. This should see around a further 120 new build completions each year in 2019/20 and 2020/21.

Significantly, we are also now pursuing development of the house types most of our tenants aspire to, as for the first time, none of our developments include common close, tenement flats.

While this new house-building activity is extremely important in meeting the housing needs of future, prospective tenants, it is also very important that we, as a responsible landlord, keep our eye on the ball in delivering improvement to the homes and services to our 1,800 existing tenants.

Major investment in our existing stock continued to be maintained at very high levels during 2017/18 with over £1million again 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 while the modernisation of the houses built in Mid Craigie, Dundee in the late 90s entered a second phase. 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 recruiting new front line staff to deal with the demands that continued growth has brought. A comprehensive overhaul of our first point of contact with our customer service staff was also undertaken. Expanding use of our new I.T. systems has helped to improve our contact with tenants without putting the distance of a call centre style arrangement between tenants and the staff they need to speak to.

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

The continuing roll-out of Universal Credit has impacted at its most pervasive level on our tenants but has also created huge challenges and pressures for our staff who have faced this challenge with a combination of compassion and practical help and advice.



CHAIRMAN'S STATEMENT (Cont'd)

Most importantly, we have once again been able to maintain our income streams as UC is 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 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 year as Chairman.

Elizabeth M. G. Whitson



Chairman

REPORT OF THE COMMITTEE OF MANAGEMENT

Report by the Committee of Management to the Twenty Ninth Annual General Meeting of the amalgamated Angus Housing Association Limited to be held at Angus Housing Association Limited, Dundee Office, Ormiston Crescent, Dundee on Wednesday 26th September 2018 at 9.45am.

The Committee submit to the Meeting their Twenty Ninth Annual Report and Statement of Accounts duly audited for the year ended 31st March 2018.

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 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. Members of the Committee of Management receive no remuneration for their services except for reasonable out of pocket expenses.

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 £ 1,150,571 (2017: £2,323,908). The Association continues to contribute towards the Scottish Government's target of building 35,000 new affordable homes for rent by 2021. Ten properties were completed at Hill Street, Montrose during the year with a further 152 properties in development including 71 properties at East Muirlands, Arbroath, which are being developed in partnership with Cairn Housing Association. On completion 36 of these homes will be transferred to Cairn Housing Association and the remaining 35 will form part of the Association's stock. The properties transferred to Cairn will be managed by the Association as it continues its collaboration with Cairn, entering into a Management Agreement for the day to day management of the Cairn stock. A total of £3,470,769 has been spent on Development, Major and Planned Repairs, of which £763,203 has been charged to the Statement of Comprehensive Income..

The Statement of Financial Position shows a net asset position of £12,708,576 (2017 restated: £11,548,953).

ELECTION OF COMMITTEE OF MANAGEMENT

In terms of the Rules of the Association, 4 members of the Committee of Management, Mr Laird, Mr Jack, Mr W Gibson and Ms Farquhar retire from office at this time and offer themselves for re-election. Mr Nicoll and Mr Colquhoun also retire from office at this time and do not 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 on-going 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 2018. 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 Findlays as auditors will be submitted at the Annual General Meeting.

By Order of the Committee

A solid black rectangular box used to redact the signature of the Secretary to the Committee of Management.

Secretary to the Committee of Management

19 September 2018



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 2018 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 2018 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.

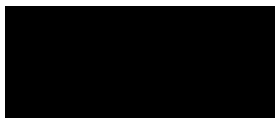
**INDEPENDENT AUDITORS' REPORT
to the Members of Angus Housing Association Limited (continued)**

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
FINDLAYS
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS**

19 September 2018



**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
FINDLAYS
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

19 September 2018

STATEMENT OF COMPREHENSIVE INCOME
For the reporting period 31st March 2018

	Notes	2018 £	2017 (restated) £
TURNOVER	2	8,787,550	8,528,954
Operating costs	2	<u>(6,466,694)</u>	<u>(5,985,197)</u>
OPERATING SURPLUS		2,320,856	2,543,757
Profit / (loss) on Sale of Fixed Assets	5	(18,961)	23,568
Interest receivable and other income		7,654	11,445
Interest payable and similar charges	6	(1,158,978)	(1,259,862)
Pension re-measurement	15	<u>-</u>	<u>1,005,000</u>
SURPLUS FOR YEAR		<u>1,150,571</u>	<u>2,323,908</u>
Actuarial gain / (loss) in respect of pension schemes		<u>9,000</u>	<u>(36,000)</u>
Total comprehensive income for the year		<u>1,159,571</u>	<u>2,287,908</u>

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

ANGUS HOUSING ASSOCIATION LIMITED




STATEMENT OF FINANCIAL POSITION At 31st March 2018

	Notes	2018 £	2017 (restated) £
PLANT, PROPERTY & EQUIPMENT			
Housing properties	9a	97,044,262	94,554,667
Fixed Asset Investment	9b	216,868	216,868
Other Fixed Assets	9c	840,090	1,017,399
		<u>98,101,220</u>	<u>95,788,934</u>
CURRENT ASSETS			
Debtors	10	1,132,813	1,076,138
Cash & Deposits		4,099,987	3,710,276
Property Held for Sale	11	289,997	366,671
Stock of Maintenance Supplies	12	7,511	7,233
		<u>5,530,308</u>	<u>5,160,318</u>
CREDITORS: amounts falling due within one year	13	<u>(3,353,574)</u>	<u>(2,197,098)</u>
NET CURRENT ASSETS		<u>2,176,734</u>	<u>2,963,220</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100,277,954</u>	<u>98,752,154</u>
CREDITORS: amounts falling due after more than one year	14	(86,815,829)	(86,198,601)
Pension Provision	15	(753,549)	(1,004,549)
TOTAL ASSETS LESS LIABILITIES		<u>12,708,576</u>	<u>11,549,004</u>
CAPITAL AND RESERVES			
Share Capital	16	52	51
Revenue reserve	17	12,708,524	11,548,953
		<u>12,708,576</u>	<u>11,549,004</u>

The financial statements on pages 11 to 28 were approved by the Committee of Management on 19 September 2018 and were signed on its behalf by:


Chairman of Committee of Management


Secretary to Committee of Management


Member of Management

The notes on pages 15 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Share Capital	Revenue Reserve	Total
	£	£	£
As at 31 March 2017 as previously stated	51	11,298,633	11,298,684
Prior year adjustment (note 25)		250,320	250,320
As at 31 March 2017 restated	51	11,548,953	11,549,004
Surplus / (deficit) for the year	-	1,150,571	1,150,571
Re-measurement gain / (loss) on defined benefit	-	9,000	9,000
Total Comprehensive Income	-	1,159,571	1,159,571
Share capital addition	1		1
As at 31 March 2018	52	12,708,524	12,708,576

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



STATEMENT OF CASH FLOWS For the reporting date 31st March 2018

	Notes	2018 £	2017 £
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	18	<u>4,624,847</u>	<u>2,555,185</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(4,623,377)	(3,668,489)
Purchase of investments		-	-
Proceeds from sale of tangible fixed asset		265,000	34,850
Grants received		2,248,575	650,421
Grants repaid		-	-
Interest receivable		<u>7,654</u>	<u>11,445</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		(2,102,148)	(2,971,773)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		1	-
Interest payable		(1,146,979)	(1,155,862)
New secured loans		-	3,000,000
Repayment of borrowings		<u>(986,010)</u>	<u>(903,410)</u>
NET CASH FLOW FROM FINANCING ACTIVITIES		(2,132,988)	940,728
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>389,711</u>	<u>524,140</u>
CASH AND CASH EQUIVALENTS AS AT 1 ST April 2017		<u>3,710,276</u>	<u>3,186,136</u>
CASH AND CASH EQUIVALENTS AS AT 31 ST March 2018		<u>4,099,987</u>	<u>3,710,276</u>

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

NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

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	15 Years
- Electric	15 Years
- Radiators	25 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 2018

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 2018 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 re-payable 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
For the reporting date 31st March 2018

2 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover £	Operating Costs £	2018 Operating Surplus/ (Deficit) £	2017 Operating Surplus/ (Deficit) (Restated) £
Income & Expenditure From Lettings	8,540,821	6,265,121	2,275,700	2,586,795
Other Activities	246,729	201,573	45,156	(43,038)
TOTAL	8,787,550	6,466,694	2,320,856	2,543,757
Total for 2017 (restated)	8,528,954	5,985,197		

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

	General Needs Housing £	Sheltered Housing £	Shared Ownership £	2018 Total £	2017 Total (restated) £
Rent Receivable net of Service Charges	7,528,248	298,051	9,332	7,835,631	7,575,558
Service Charges Receivable	60,401	98,809	1,493	160,703	172,978
Gross Rent Receivable	7,588,649	396,860	10,825	7,996,334	7,748,536
LESS: Rent Losses from Voids	(58,982)	(7,327)	Nil	(66,309)	(39,984)
Net Income from Rents and Service Charges	7,529,667	389,533	10,825	7,930,025	7,708,552
Amortised Government Grants	610,795	Nil	Nil	610,795	609,330
Revenue Grants	Nil	Nil	Nil	Nil	Nil
Total Turnover from Social Letting	8,140,462	389,533	10,825	8,540,821	8,317,882
Management Services	2,041,576	63,047	15,407	2,120,030	1,642,767
Planned and Cyclical Maintenance	77,029	105,717	Nil	182,746	306,543
Reactive Maintenance	758,555	4,648	Nil	763,203	871,041
Rent Losses from Bad Debts	839,418	31,916	Nil	871,334	786,061
Depreciation of Social Housing	49,310	2,758	Nil	52,068	41,571
	2,226,045	49,695	Nil	2,275,740	2,083,104
Total Operating Costs	5,991,933	257,781	15,407	6,265,121	5,731,087
Operating Surplus / (Deficit)	2,148,529	131,752	(4,582)	2,275,700	2,586,795
Operating Surplus / (Deficit) for 2017 (restated)	2,476,657	112,224	(2,086)		

Note: All Major Repair costs not capitalised are included in Planned and Cyclical Maintenance. There was no impairment of social housing.



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

3 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS (continued)

The number of units of housing under development and in management at 31st March 2018 was:

	Units under Development		Units in Management	
	2018	2017	2018	2017
Housing accommodation for letting				
New build – Shared Ownership	Nil	Nil	5	5
New build – Rented	116	10	1,363	1,350
Rehabilitation – Rented	Nil	Nil	417	416
Rehabilitation – Sheltered	Nil	Nil	80	83
	<u>116</u>	<u>10</u>	<u>1,865</u>	<u>1,854</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 £	2018 Operating Surplus/ (Deficit) £	2017 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	9,000	9,000	Nil	Nil	9,000	Nil
Grant Funded Disabled Adaptations	75,301	Nil	Nil	75,301	Nil	72,807	2,494	(2,996)
Supporting People	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Factoring	Nil	Nil	67,284	67,284	3,259	37,650	26,375	(31,751)
Other Activities	Nil	Nil	95,144	95,144	Nil	87,857	7,287	(8,291)
TOTAL	75,301	Nil	171,428	246,729	3,259	198,314	45,156	(43,038)
Total 2017	86,950	Nil	124,122	211,072	Nil	254,110	(43,038)	

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 2018:

- 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

NOTES TO THE ACCOUNTS
For the reporting date 31st March 2018

5 GAIN / (LOSS) ON SALE OF FIXED ASSET

	Shared Ownership Properties	Other Properties	2018 Total	2017
	£	£	£	£
Proceeds	Nil	265,000	265,000	34,850
Cost of Disposal	Nil	283,961	283,961	(11,282)
Gain / (Loss)	Nil	(18,961)	(18,961)	23,568

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Bank loans and overdrafts	1,146,978	1,207,862
Interest on defined benefit pension liability	12,000	52,000
	<u>1,158,978</u>	<u>1,259,862</u>

7 SURPLUS FOR THE YEAR

a) This is stated after charging:	2018	2017
	£	£
Auditors' remuneration (including VAT) - external audit	17,340	12,300
- other services	36,867	43,227
- internal audit	-	6,390
Donations to Local Charities	-	505
Operating Leases	24,709	25,024
(Gain) / loss on disposal of fixed asset	-	-
Depreciation of housing properties	2,275,740	2,083,104

8 STAFF COSTS

At the year-end there were 42 full time equivalent employees (2017 : 43). Staff costs during the year amounted to :

	£	£
Wages and Salaries	1,333,117	1,219,785
National insurance	128,610	125,204
Pensions	128,235	111,565
	<u>1,589,962</u>	<u>1,456,554</u>
	No.	No.
The average number of persons directly employed by the Association during the year was	<u>42</u>	<u>43</u>



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

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.

	2018 £	2017 £
The total emoluments payable to key management personnel and former key management personnel amount to:-		
Emoluments excluding employers pension	82,475	80,831
Employers pension contributions	22,158	20,270
	104,633	101,101
	No.	No.
The emoluments (including pension contributions but excluding redundancy payments) of the Officers were in the following ranges:		
£60,000 - £70,000	-	1
£70,001 - £80,000	3	2
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,00	1	1
	4	4

No emoluments were paid to any member of the Committee.

NOTES TO THE ACCOUNTS
For the reporting date 31st March 2018

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 2017	116,808,490	1,927,108	134,231	118,869,829
Additions during year	1,463,355	5,704,557	Nil	7,167,912
Transfer to current assets	Nil	(2,402,577)	Nil	(2,402,577)
Transfer	1,208,468	(1,208,468)	Nil	Nil
Disposals in year	(571,065)	Nil	Nil	(571,065)
At 31 March 2018	<u>118,909,248</u>	<u>4,020,620</u>	<u>134,231</u>	<u>123,064,099</u>
Depreciation:				
At 1 st April 2017 (restated)	24,263,960	Nil	51,202	24,315,162
Transfer to current assets	Nil	Nil	Nil	Nil
Disposals in year	(430,106)	Nil	Nil	(430,106)
Charge for year	2,133,923	Nil	858	2,134,781
At 31 st March 2018	<u>25,967,777</u>	<u>Nil</u>	<u>52,060</u>	<u>26,019,837</u>
Net book value:				
At 31 st March 2018	<u>92,941,471</u>	<u>4,020,620</u>	<u>82,171</u>	<u>97,044,262</u>
At 31 st March 2017	<u>92,544,530</u>	<u>1,927,108</u>	<u>83,029</u>	<u>94,554,667</u>

Total works carried out on housing properties for the year ended 31st March 2018 was £3,470,769 (2017- £4,893,140). Of this total £2,707,566 (2017 - £4,022,099) was capitalised above and £763,203 (2017 - £871,041) was expensed in the income and expenditure statement in line with recommended practice.

During the year the Association had capitalised salary costs of £273,596 (2017 - £285,873).

b) Fixed Asset Investments	Homestake £	Subsidiary £	Total £
Cost:			
As 1 st April 2017	216,867	1	216,868
Additions during the year	Nil	Nil	Nil
As at 31 st March 2018	<u>216,867</u>	<u>1</u>	<u>216,868</u>
Net book value At 31st March 2018	<u>216,867</u>	<u>1</u>	<u>216,868</u>

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



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

9 TANGIBLE FIXED ASSETS (continued)

c) Other

	Office & Lounges	Computer Equipment	Office Equipment	Total
Cost:	£	£	£	£
At 1st April 2017	1,092,918	448,566	171,962	1,713,446
Additions during year	Nil	-	-	-
Disposals during year	Nil	(26,704)	(24,500)	(51,204)
At 31st March 2018	1,092,918	421,862	147,462	1,662,242
Depreciation:				
At 1st April 2017	289,159	241,392	165,496	696,046
Disposals during year	Nil	(26,704)	(24,500)	(51,204)
Provided during year	73,481	100,257	3,572	177,310
At 31st March 2018	362,640	314,944	144,568	822,152
Net book value:				
At 31st March 2018	730,278	106,918	2,894	840,090
At 31st March 2017	803,759	207,174	6,466	1,017,399

10 DEBTORS

	2018	2017
Amounts falling due within one year:	£	£
HAG receivable	715,690	710,860
Rental debtors	172,777	157,675
Recharge Account Debtors	34,529	38,338
Other debtors	143,777	154,737
Prepayment and accrued income	66,040	14,528
	1,132,813	1,076,138

The Rental and Recharge Debtors figures shown above are net of the current Provision for Bad Debts of £130,999 (2017: £113,525). The provision ensures that 50% of the outstanding Ex-Tenant Rent and 100% of the Ex-Tenant Recharge Balances were provided for. £33,238 of the provision has been deducted from the Rental Debtors with the remaining £97,761 deducted from the Recharge Account Debtors.

11 PROPERTY HELD FOR SALE

	Net Book Value
	£
As at 1 st April 2017	366,671
Additions in year	289,997
Sold during the year	(366,671)
At 31 st March 2018	289,997

NOTES TO THE ACCOUNTS
For the reporting date 31st March 2018

12 STOCK OF MAINTENANCE SUPPLIES

	2018 £	2017 £
Stock of Various Items of Ironmongery	7,511	7,233
The stock has been valued at the lower of cost and net realisable value		

13 CREDITORS : amounts falling due within one year

	2018 £	2017 £
Loans (note 14)	1,014,921	903,411
Trade creditors	1,718,148	653,392
HAG Repayable	3,859	42,343
Lead Tenancies Major Repairs Provisions	125,744	99,904
Furnishings Provisions	8,039	8,039
Pension Provision	254,000	246,160
Rent in advance	193,877	201,731
Other creditors	34,986	42,118
	<u>3,353,574</u>	<u>2,197,098</u>

14 CREDITORS : amounts falling due after more than one year

	2018 £	2017 £
Loans	29,364,284	30,461,804
Deferred income	765,216	765,216
Housing association grants	56,686,329	54,971,581
	<u>86,815,829</u>	<u>86,198,601</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:

	2018 £	2017 £
Within one year	1,014,921	903,411
Between one and two years	1,023,050	931,784
Between two year and five years	3,258,015	2,991,018
After five years	25,083,219	26,539,002
	<u>30,379,205</u>	<u>31,365,215</u>
Included in creditors: amounts falling due within one year	<u>(1,014,921)</u>	<u>(903,411)</u>
	<u>29,364,284</u>	<u>30,461,804</u>



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

14 CREDITORS : amounts falling due after more than one year (cont'd)

Analysis of changes in loan financing during the year:

	2018	2017
	£	£
At 1 st April 2017	31,365,215	29,268,626
New loans taken out	-	3,000,000
Amounts repaid	(986,010)	(903,411)
At 31 st March 2018	30,379,205	31,365,215

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 2018 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)

	2018	2017
	£	£
Provision at 1 April 2017	1,250,709	2,369,000
Unwinding of discount factor (interest expense)	12,000	52,000
Deficit contribution paid	(246,160)	(201,291)
Remeasurement – impact of change in assumptions	(9,000)	36,000
Remeasurement – amendments to the contributions schedule	-	(1,005,000)
Provision at 31 March 2018	1,007,549	1,250,709
Due within one year	254,000	246,160
Due after more than one year	753,549	1,004,549
	1,007,549	1,250,709

16 SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each		
At 1 st April 2017	51	51
Issued	1	Nil
Cancelled	Nil	Nil
At 31 st March 2018	52	51

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 2018

18 CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	(restated) £
Surplus for year	2,320,856	2,543,757
Depreciation and impairment of tangible fixed assets	2,312,091	2,211,308
Amortisation of housing association grant	(610,795)	(609,330)
Proceeds of sale of tangible fixed assets	-	(34,850)
Carry amount of tangible fixed asset disposal	(283,961)	11,282
(Increase) / decrease in stock	76,396	1,688
(Increase) / decrease in trade and other debtors	(56,676)	79,049
Increase / (decrease) in trade and other creditors	1,122,096	(1,699,719)
Unwinding of pension discount	(9,000)	52,000
Pension contribution paid	(246,160)	
Share capital written off	Nil	Nil
Government Grants utilised in year	Nil	Nil
Net cash flow from operating activities	4,624,847	2,555,185

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:



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

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

	2018 £	2017 £
Present value of provision	1,007,549	1,250,709

Assumptions

Rate of discount - % per annum	1.51%	1.06%
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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

	2018 £	2017 £
Interest expense	(12,000)	(52,000)
Re-measurements – impact of any changes in assumptions	9,000	(36,000)
Re-measurements – amendments to the contribution schedule	-	1,005,000
Contributions in respect of future service	-	-
Costs recognised in statement of comprehensive income	(3,000)	917,000

NOTES TO THE ACCOUNTS

For the reporting date 31st March 2018

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 £12,464 (2017 - £12,274). As at 31 March 2018 £Nil (2017 - £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 £1,663 (2017 - £1,313).

21 CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted less certified	8,100,751	658,594
Authorised but not contracted	1,508,000	7,273,000

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:

	2018 £	2017 £
Other operating leases		
Within one year	8,679	25,024
Between one and five years	24,709	45,819
	33,388	70,843

ANGUS HOUSING ASSOCIATION LIMITED



NOTES TO THE ACCOUNTS For the reporting date 31st March 2018

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 £9,205,054 as at September 2017. At this time, there is no plan for leaving the scheme.

25 PRIOR YEAR ADJUSTMENT

The prior year adjustment relates an accounting error in calculating depreciation on land. The Associations policy is to not charge depreciation on land however due to a calculation error, land was depreciated over 15 years. There is therefore an adjustment to be made to housing property depreciation, and reserves brought forward as noted below :

	Previously reported 31 March 2017	Prior year adjustment 31 March 2017	Restated 31 March 2016
Housing depreciation	£ 2,333,424	£ (250,320)	£ 2,083,104
Surplus/(deficit) for the year	£ 2,073,588	£ 250,320	£ 2,323,908

Reserves

	Previously reported at 31 March 2017	Cumulative prior year adjustment to 31 March 2017	Restated reserves at 31 March 2017
Share Capital	£ 51	Nil	£ 51
Revenue Reserve	£ 11,298,633	£ 250,320	£ 11,548,953
Total Reserves at 31 March 2017	£ 11,298,684	£ 250,320	£ 11,549,004

