

ARDENGLLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Registered Housing Association No. HCB 219

Financial Conduct Authority No. 2339R(S)

Charity No. SC032542

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

ARDENGLLEN HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2339R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HCB219
Charity No.	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC032542

Professional Advisors

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

Bankers

Bank of Scotland
82 Main Street
Rutherglen
Glasgow
G73 2HZ

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

The Committee of Management present their report and audited financial statements for the year ended 31 March 2015.

Business Review

Principal Activity

The principal activity of Ardenglen is the provision of housing for let at rents affordable to the client group for whom it intends to provide.

Ardenglen is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charity Regulator (OSCR) as a Scottish Charity and the Scottish Housing Regulator as a Register Social Landlord.

Our Purpose

“Investing in our Community”

Our Mission

“To invest in your home and our community and deliver what matters most to our customers”

Our Key Goals

Everything we do flows from our purpose. Our focus and everybody’s efforts are on delivering high quality services and the regeneration of our community.

Our Purpose is delivered by the following Goals:

- **Doing what matters most to customers**
- **Investing in homes and our community**
- **Making us stronger for the future**

Our Values

We have core values on which all of our work is based:

- **We believe** in providing a caring, honest environment for customers and colleagues that promotes equality and diversity, tackles discrimination and values openness and accountability. We will treat others the way we would wish to be treated ourselves.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015 (Continued)

- **We value** and actively seek the views and opinions of customers and colleagues. Through active inclusion we will ensure best value and long term sustainability for our business, our communities and our environment.
- **We deliver** on our promises. We take pride in getting things right first time, every time and providing best value. We encourage innovation and pursue excellence in all that we do. Continuous improvement is part of everyone's job and customer satisfaction is everyone's responsibility.

Regulation

Ardenglen is primarily regulated by the Scottish Housing Regulator who publishes a Regulation Plan which sets out the level of engagement they will have for all social landlords on an annual basis.

In 2013/14 and for 2014/15, Ardenglen's level of engagement was set as "low" meaning the Regulator has no current concerns regarding Ardenglen's operations, governance and financial viability.

Corporate Governance

Ardenglen has a Management Committee who are elected by the members of the Association (see below for details). The Management Committee has the responsibility for setting and monitoring the strategy, policy and overall direction of the Association. The members of the Management Committee serve on a voluntary basis and are unpaid.

Ardenglen takes governance very seriously and has recently completed a full review of governance reporting, meeting and training structures. We believe the revised structure, which has removed sub committees and focuses reporting on strategic rather than operational outcomes, further strengthens our governance arrangements.

Achievements and Performance

The Association continued to focus on customer services, where we embraced a more radical long term agenda of rethinking of our housing systems and how we deliver services. This has included the incorporation of "Lean" management with an emphasis on removing waste or work activities which do not create customer value.

We looked at what matters most to our customers and rather than simply looking at "costs" in isolation, instead turned our attention on the cause of costs. It involved taking a fresh look through the eyes of our customer's at our services as a system and we designed policies and procedures to deliver that system in the most efficient way.

This is an ongoing process which we believe will continue to produce efficiencies which will assist in keeping rents affordable.

Overall satisfaction with Ardenglen's services increased from 90% in 2010 to 96% in 2013. Satisfaction with the Repairs Service has increased from 81% in 2010 to 95% in 2013 and over 98% of tenants in 2013 said Ardenglen was good at keeping them informed about services or decisions.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

(Continued)

These results are important as they emphasise that the incorporated changes are making a difference to customer outcomes.

The Accounts confirm the Association's commitment to maintaining our properties to the highest possible standard through the delivery of a comprehensive asset management plan. The Association's major and cyclical repair programme has been developed around delivering value for money and high quality through the use of longer term framework and partnership procurement arrangements.

We believe such arrangements have contributed to the Association achieving all our Second Stage Transfer commitments regarding the upgrading of the former GHA properties. The Association is now moving to exceed those standards through, for example, improving insulation and fitting new windows. This will ensure the long term popularity of these properties.

Scottish Housing Quality Standard

The Scottish Housing Quality Standard sets a minimum standard of housing quality in terms of energy efficiency, modern facilities and services and ensuring they are healthy, safe and secure. The standard must be met by 2015. The Association is pleased to confirm that 100% of our properties now meet the standard.

Welfare Reform

The decisive action from the Scottish Government to mitigate the worst excesses of the Bedroom Tax reduced a significant risk to the Association and our community and was most welcome.

The UK Government general Welfare Reform agenda however, and in particular the proposals for Universal Credit, continues to represent a clear and significant long term financial risk and will create a more demanding financial and cash flow environment for the Association in the future.

Pensions

Ardenglen has staff in the Scottish Housing Association Pension Scheme (SHAPS).

Recognising the risks associated with ongoing pension liabilities, the Management Committee, following appropriate consultation procedures, agreed to close the final salary scheme to new entrants. The Association now offers a defined contribution pension scheme, which will be available to new entrants and meet the requirements of auto enrolment.

The Management Committee will continue to review the pension position on an ongoing basis.

Regeneration Activities

Ardenglen are committed to being a key community anchor organisation, not only through the bricks and mortar of our properties but through an investment in the people who live, work and visit our area.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

(Continued)

We have developed a specific regeneration team which has continued to impact on the wider regeneration of our area through a variety of different projects which encompasses 5 key themes:

- A Working Ardenglen
- A Learning Ardenglen
- A Healthy Ardenglen
- A Safe Ardenglen
- A Vibrant Ardenglen

Working with a variety of partners and deliberately developed to encourage volunteer opportunities these projects are making a significant impact in improving the life chances of our community.

The Association has also been the lead partner in the development of a Commonwealth Games Legacy Project to create a state of the art activity centre to utilise the potential of the Cathkin Braes Mountain Bike Track to create job, volunteering and health opportunities.

Full details of these can be found on the Association's website www.ardenglen.org.uk.

Diversity

Ardenglen has an increasingly diverse community and we take a positive approach to promoting our services to everyone. Fairness and equality are key values for Ardenglen which is promoted through active inclusion and treating people as we would wish to be treated ourselves.

Accreditation

Ardenglen were the first Community Based Housing Association in Scotland to achieve the Investors in People standard and have retained this over many years.

We are now working toward our Healthy Working Lives Bronze award and retained our Positive about Disabled People status.

Future Developments

The Association has at least one development opportunity within our area and we will continue to examine innovative methods of delivering at least some new housing over the coming years.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 12.

Transfer to designated reserves:	£	£
Major Repairs Reserve	-	
FairSpace Reserve	4,294	
Transfer to revenue reserve		894,229
		<u>898,523</u>

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

(Continued)

Members of Committee of Management

The members of the Committee of Management of the Association who served during the year to 31 March 2015 and up to the date of signing of these financial statements were as follows:

Maureen Cope MBE	(Chairperson)	Bobby Mitchell
Carol Mitchell	(Secretary)	Karen McDonagh
Isa Brier	(Vice Chairperson)	Frank Young
Liz McKenzie	(Treasurer)	Isobel Pope
Sheena Cadden		Sandi Stone
Elaine MacPhail		Don Cope – resigned 20/08/2014
Ann Marie Docherty		Maureen Coyle – resigned 20/08/2014
Sharon Nelson		

Credit Payment Policy

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

Treasury Management

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

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2015, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Quality and Integrity of Personnel

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

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2010, replacements to building components (as identified in Note 1) are recognised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2015

(Continued)

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The points value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Disabled Employees

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

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Information for Auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Committee of Management

Date: 4/3/15

Name: Mawtem G m B F

ARDENGLLEN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

The Committee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Industrial and Provident Societies requires the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association for that period. In preparing these financial statements the Committee are required to:

- select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the RSL SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee confirm that the financial statements comply with the requirements.

The Management Committee 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 financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012. 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.

As far as the Management Committee members are aware there is no relevant audit information of which the auditors are unaware and the Management Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2015

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- the safeguarding of assets (against unauthorised use or disposition).

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

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, 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; annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- the Committee of Management review reports from management, from directors, staff and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2015

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015 and until the below date. 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 auditors' report on the financial statements.

By order of the Committee of Management

Name: *Maura Lynn Coyne Mrs*

Date: *4/8/15*

ARDENGLLEN HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
ARDENGLLEN HOUSING ASSOCIATION LIMITED ON
INTERNAL FINANCIAL CONTROLS

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 8 and 9 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 Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 8 and 9 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 13/8/15

ARDENGLLEN HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ARDENGLLEN HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Ardenglen Housing Association Limited for the year ended 31 March 2015 on pages 12 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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 Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on pages 7 and 8, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012 .

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

Date: 13/8/15

ARDENGLLEN HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	3,637,084	3,520,272
Less: Operating Costs	2	<u>(2,540,726)</u>	<u>(2,390,203)</u>
Operating Surplus	2	1,096,358	1,130,069
Loss on sale of Fixed Asset		(8,027)	(21,736)
Interest receivable and other income		16,800	16,552
Interest payable and other charges	4	<u>(206,608)</u>	<u>(212,420)</u>
Surplus on ordinary activities before tax		898,523	912,465
Taxation on surplus on ordinary activities	5	<u>-</u>	<u>-</u>
Surplus for the year	6	<u><u>898,523</u></u>	<u><u>912,465</u></u>

The results for the year relate wholly to continuing activities.

There are no recognised gains or losses for the period and in the previous period other than the surplus reported above.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015	2014
		£	£
Tangible Fixed Assets			
Housing properties			
- gross cost less depreciation	7	50,076,979	49,884,338
Less: Housing Association Grant	7	(39,290,647)	(39,145,378)
		10,786,332	10,738,960
 Other Assets	 7	 623,568	 661,104
		11,409,900	11,400,064
 Investments	 19	 1	 1
		11,409,901	11,400,065
Current Assets			
Debtors	8	486,445	321,308
Cash at hand and in bank		2,691,847	2,180,406
		3,178,292	2,501,714
Current Liabilities			
Creditors due within one year	9	(943,362)	(753,066)
Net current assets		2,234,930	1,748,648
		13,644,831	13,148,713
Creditors due after one year	10	(5,795,853)	(6,198,102)
Net Assets		7,848,978	6,950,611
Capital and Reserves			
Share capital	13	242	398
Designated reserves	6	2,181,597	2,347,769
Revenue reserve	6	5,667,139	4,602,444
		7,848,978	6,950,611

The financial statements on pages 12 to 31 were approved by the Committee of Management and authorised for issue on 31/3/15 and signed on their behalf by

Secretary: *[Signature]*

Member: *[Signature]* M B E

Member: *[Signature]*

ARDENGLLEN HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2015

	Notes	2015	2014
		£	£
Net cash inflow from operating activities	14	1,537,006	1,418,635
Returns on investments and servicing of finance			
Interest received		16,800	16,552
Interest paid		(206,608)	(212,420)
		(189,808)	(195,868)
Capital expenditure and financial investments			
Cash paid for construction and purchases		(688,626)	(466,089)
Housing association grant received		231,228	114,401
Proceeds of disposal		43,205	-
Purchase of other fixed assets		(6,822)	(59,778)
		(421,015)	(411,466)
Net cash (outflow) from investing activities		(421,015)	(411,466)
Net cash (outflow)/inflow before financing		926,183	811,301
Financing			
Loan principal repayments		(414,759)	(364,992)
Increase in share capital		17	33
Net cash inflow from financing		(414,742)	(364,959)
Increase/(Decrease) in cash and cash equivalents		511,441	446,342

Further details are given in note 14.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Principal accounting policies

a) Basis of Accounting

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The accounts have been prepared under the historical cost convention, and in compliance with The Determination of Accounting Requirements – April 2012 and The Statement of Recommended Practice (SORP), “Accounting by Registered Social Housing Providers Update 2010” and applicable Accounting Standards.

Turnover

Turnover represents rental income receivable from tenants, development administration and other income.

Housing Association Grants

Housing Association Grants (HAG) are made by the grant awarding body and are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme.

HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

d) Fixed Assets – Housing Land and Buildings

Housing land and buildings are stated at cost, less social housing grants less accumulated depreciation. The development cost of housing properties funded with HAG includes the following: -

Cost of acquiring land and buildings

- ii) Development expenditure
- iii) Interest charged on the loans during the development period of the Scheme
- iv) Development costs are capitalised to the extent that they are attributable to specific schemes, where such costs are not felt to be excessive.

Works to existing properties will generally be capitalised under the following circumstances:

- Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Principal accounting policies (Contd.)

e) Depreciation

i) Housing Land and Buildings

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Land	Not depreciated
Structure	Over 60 years
Window	Over 50 years
Bathroom	Over 30 years
Kitchen	Over 20 years
Boiler	Over 15 years

ii) Other Fixed Assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over their expected useful lives.

The following rates have been used: -

Office Equipment	-	25% per annum
Computers	-	25% per annum
Office Premises	-	3.33% per annum

f) Sale of Housing Properties

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

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the income and expenditure account, in accordance with the Statement of Recommended Practice.

g) Designated Reserves

i) Major Repairs Reserve

This reserve is based on the Association's liability to maintain housing properties in a state of repair, which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure and the actual cost of repairs is charged to this reserve.

ii) Fairspace Reserve

This reserve represents the equivalent of the annual charge to the subsidiary for the interest on the loan to them and capital repaid, and is being set aside for the replacement of the extension at a future date.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Principal accounting policies (Contd.)

h) Pensions

The Association participates in the centralised SHAPS Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

i) Value Added Tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

j) Consolidation

The Association and its subsidiary undertaking comprise a group. The FCA has granted exemption from preparing group accounts. The financial statements represent the results of the Association and not of the group.

k) Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net recognised value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the Income and Expenditure account.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

2. Particulars of turnover, operating costs and operating surplus or deficit

	Note	Turnover	Operating	Operating	Operating
		£	Costs	Surplus	Surplus
			£	£	2014
					£
Social lettings	3a	3,504,605	2,333,852	1,170,753	1,186,246
Other activities	3b	132,479	206,874	(74,395)	(56,177)
Total		<u>3,637,084</u>	<u>2,540,726</u>	<u>1,096,358</u>	<u>1,130,069</u>
2014		<u>3,520,272</u>	<u>2,390,203</u>	<u>1,130,069</u>	

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

3a. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Housing £	Needs Shared Ownership £	Supported Housing £	2015 Total £	2014 Total £
Rent receivable net of identifiable service charges	3,491,604	18,176	-	3,509,780	3,400,703
Service charges	-	-	-	-	-
Gross income from rents and service charges	3,491,604	18,176	-	3,509,780	3,400,703
Less: Rent loss from voids	(5,175)	-	-	(5,175)	(6,309)
Net income from rents and service charges	3,486,429	18,176	-	3,504,605	3,394,394
Grants from Scottish Ministers	-	-	-	-	-
Total turnover from social letting activities	3,486,429	18,176	-	3,504,605	3,394,394
Management and maintenance administration costs	1,002,314	5,070	-	1,007,384	946,219
Service costs	-	-	-	-	-
Planned and cyclical maintenance including major repairs costs	472,024	-	-	472,024	421,959
Reactive maintenance costs	479,140	-	-	479,140	476,769
Bad debts – rents and service charges	16,511	-	-	16,511	12,932
Depreciation of social housing	353,615	5,178	-	358,793	350,269
Total Expenditure on Lettings	2,323,604	10,248	-	2,333,852	2,208,148
Operating Surplus on Letting Activities	1,162,825	7,928	-	1,170,753	1,186,246
2014	1,175,052	11,194	-	1,186,246	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £-nil (2014- £nil).

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015
(Continued)

3b. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or (deficit)	Operating surplus or (deficit) for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	22,764	-	9,196	31,960	-	162,235	(130,275)	(116,656)
Tenant participation	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	1,824	1,824	-	1,731	93	100
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	25,743	25,743	-	19,962	5,781	13,746
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	72,952	72,952	-	22,946	50,006	46,633
Total from other activities	-	22,764	-	109,175	132,479	-	206,874	(74,395)	(56,177)
2014	-	9,054	-	116,824	125,878	-	182,055	-	-

Included within other activities is other rental income of £63,361 and the release of housing benefit received of £3,971.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

4. Interest payable

	2015	2014
	£	£
Interest paid in period	206,608	212,420
Less: interest capitalised	-	-
	206,608	212,420

5. Taxation

The Association was granted charitable status with effect from 30 November 2001, and no tax arises on its charitable activities.

6. Reserves

(a) Designated reserves

	At 31 March 2014 £	Transfer (to)/from Revenue Reserve £	At 31 March 2015 £
Major repairs reserve	2,285,619	(160,416)	2,125,203
Fairspace reserve	52,100	4,294	56,394
St Martins Capital reserve	10,050	(10,050)	-
	2,347,769	(166,172)	2,181,597

No restrictions are placed upon these reserves, but the Committee have designated their use for specific purposes.

(b) Revenue reserve

	2015	2014
	£	£
At 1 April	4,602,444	5,626,262
Surplus for year	898,523	912,465
Transfer from/(to) Major Repair reserve	160,416	(1,921,939)
Transfer (to) Fairspace reserve	(4,294)	(4,294)
Transfer from St Martins Capital reserve	10,050	(10,050)
Closing balance at 31 March	5,667,139	4,602,444

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

7. Tangible Fixed Assets

Cost	Housing properties held for letting £	Housing properties in course of construction £	Completed Shared ownership properties £	Total Housing Properties £	Office premises £	Furniture fittings & Equipment £	Total £
At 1 April 2014	51,649,638	78,589	615,950	52,344,177	947,718	272,174	53,564,069
Major Repairs	117,162	-	-	117,162	-	-	117,162
Additions during year	571,464	-	-	571,464	854	5,968	578,286
Transfers	25,125	-	(25,125)	-	-	-	-
Disposals	(192,247)	-	-	(192,247)	-	-	(192,247)
At 31 March 2015	52,171,142	78,589	590,825	52,840,556	948,572	278,142	54,067,270
Housing Association Grant							
At 1 April 2014	38,693,660	39,449	412,269	39,145,378	-	50,000	39,195,378
Additions during year	231,228	-	-	231,228	-	-	231,228
Repaid and abated during year	(85,959)	-	-	(85,959)	-	-	(85,959)
Transfers	30,338	-	(30,338)	-	-	-	-
At 31 March 2015	38,869,267	39,449	381,931	39,290,647	-	50,000	39,340,647
Depreciation							
At 1 April 2014	2,422,630	-	37,210	2,459,840	309,503	199,284	2,968,627
Provided during year	353,615	-	5,178	358,793	31,648	12,711	403,152
Transfers	5,809	-	(5,809)	-	-	-	-
Disposals in year	(55,056)	-	-	(55,056)	-	-	(55,056)
At 31 March 2015	2,726,998	-	36,579	2,763,577	341,151	211,995	3,316,723
Net book value							
As at 31 March 2015	10,574,877	39,140	172,315	10,786,332	607,421	16,147	11,409,900
As at 31 March 2014	10,533,348	39,140	166,471	10,738,959	638,215	22,890	11,400,064

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

7. Tangible Fixed Assets (contd)

Major repair costs incurred in the year were £285,372 (2014 - £472,789). Out of the total spend incurred, £117,162 (2014 - £351,050) was capitalised during the year. Of the amount capitalised £117,162 (2014 - £351,050) related to replacement components and £nil (2014 - £nil) related to improvements.

Development administration costs capitalised amounts to £3,959 (2014 - £6,855) for which Housing Association grants amounting to £3,959 (2014 - £6,855) were received in the year. Clerk of Works administration costs capitalised amounts to £nil (2014 - £nil) for which Housing Association grants amounting to £nil (2014 - £nil) were received in the year. Interest capitalised in the year amounted to £nil (2014 - £nil). None of the Association's land or property is held under a lease.

8. Debtors

	2015	2014
	£	£
Amounts falling due within one year:		
Gross Rent arrears	103,816	88,122
Less: bad debt provision	<u>(60,857)</u>	<u>(52,160)</u>
	42,959	35,962
Development funding receivable	270,697	111,929
Prepayments and accrued income	97,509	116,130
Balance owed by group company	21,359	34,693
Other debtors	<u>53,921</u>	<u>22,594</u>
	<u>486,445</u>	<u>321,308</u>

The level of technical arrears contained within the gross rent arrears total was £50,538 (2014 - £44,055). Included within amounts owed by group company is £nil (2014 - £11,146) which is due greater than one year.

9. Creditors due within one year

	2015	2014
	£	£
Bank loans and overdrafts (note 10)	303,622	316,132
Trade creditors	370,124	124,170
Other creditors – development	87,278	73,921
Other creditors	134,422	118,896
Taxation and social security	-	13,493
Accruals and deferred income	23,846	81,021
Rents in advance	<u>24,070</u>	<u>25,433</u>
	<u>943,362</u>	<u>753,066</u>

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

10.	Creditors due outwith one year	2015	2014
		£	£
	Loans	<u>5,795,853</u>	<u>6,198,102</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest ranging from 1.45% to 5.62% (2014 – 1.45% to 5.62%) in instalments due as follows:

In one year or less	303,622	316,132
Between one and two years	308,420	303,621
Between two and five years	971,850	958,326
In five years or more	<u>4,515,583</u>	<u>4,936,155</u>
	6,099,475	6,514,234
Less: Included in current liabilities (Note 9)	<u>(303,622)</u>	<u>(316,132)</u>
	<u>5,795,853</u>	<u>6,198,102</u>

11.	Employees	2015	2014
		£	£
	Staff costs during year		
	Wages and salaries	549,971	571,511
	Social security costs	45,537	45,866
	Other pension costs	213,771	89,080
	Temporary, agency and seconded staff	<u>21,000</u>	<u>19,260</u>
		<u>830,279</u>	<u>725,717</u>

The average full time equivalent number of persons employed by the Association during the year were as follows:

	No	No
Administration and maintenance	<u>18</u>	<u>17</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year (2014 - £60,000 per year).

	£	£
Aggregate Emoluments payable to Directors (1 Employee) (including pension contributions and benefits in kind)	<u>73,632</u>	<u>70,131</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>57,985</u>	<u>64,013</u>

The Association's pension contributions for the Director in the year amounted to £15,647 (2014 - £6,118).

There was one director (2014 – one) whose emoluments, including pension contributions, were over £60,000 were as follows:

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

11.	Employees (contd)	2015	2014
		No	No
	£70,001 to £80,000	1	1
		£	£
	Total expenses reimbursed insofar as not chargeable to UK Income Tax		
	Committee of Management	<u>1,219</u>	<u>2,032</u>
	No members of the Committee of Management received any emoluments in respect of their services to the Association.		
12.	Auditors' Remuneration	2015	2014
		£	£
	The remuneration of the auditors (including expenses and excluding VAT for the year)	8,154	9,048
	Remuneration of the auditors in respect of services other than those of auditors of Baker Tilly UK Audit LLP (including expenses and excluding VAT for the year)	<u>-</u>	<u>2,683</u>
		<u>8,154</u>	<u>11,731</u>
13.	Share Capital	2015	2014
		£	£
	Shares of £1 fully paid and issued at 1 April	398	383
	Shares issued during year	17	33
	Shares withdrawn	<u>(173)</u>	<u>(18)</u>
	Shares issued at 31 March	<u>242</u>	<u>398</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

14.	Notes to the Cash Flow Statement	2015	2014		
		£	£		
	(a) Reconciliation of surplus to net cash inflow from operating activities				
	Surplus for year	898,523	912,465		
	Net interest payable	<u>189,808</u>	<u>195,868</u>		
	Operating surplus for the year excluding interest and tax payable	1,088,331	1,108,333		
	Depreciation	403,152	399,992		
	Loss on sale of other Fixed Assets	8,027	21,736		
	Shares cancelled	(173)	(18)		
	(increase)/Decrease in debtors	(165,137)	(30,789)		
	Decrease in creditors	<u>202,806</u>	<u>(80,619)</u>		
	Net cash inflow from operating activities	<u><u>1,537,006</u></u>	<u><u>1,418,635</u></u>		
	(b) Reconciliation of net cash flow to movement in net debt				
	Increase in cash for the year	511,441	446,342		
	Loan repayments	<u>414,759</u>	<u>364,992</u>		
	Change in net debt	926,200	811,334		
	Net debt as at 1 April 2014	<u>(4,333,828)</u>	<u>(5,145,162)</u>		
	Net debt as at 31 March 2015	<u><u>(3,407,628)</u></u>	<u><u>(4,333,828)</u></u>		
	(c) Analysis of changes in net debt				
		As at 1	Cash	Other	As at 31
		April 2014	Flow	Changes	March
					2015
		£	£	£	£
	Cash at bank and in hand	2,180,406	511,441	-	2,691,847
	Debt due within one year	(316,132)	414,759	(402,249)	(303,622)
	Debt due after one year	<u>(6,198,102)</u>	-	402,249	<u>(5,795,853)</u>
		<u>(4,333,828)</u>	<u>926,200</u>	-	<u>(3,407,628)</u>

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

15. Pension Fund General

Ardenglen Housing Association Limited participates in the SHAPS Pension Scheme (the "Scheme"). The Scheme is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed at 30 September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets as at the valuation date was £394 million. The valuation showed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

**15. Pension Fund
General (continued)**

Ardenglen Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHAPS Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Ardenglen Housing Association Limited was £4,034,299.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted in.
- Defined Contribution (DC) option.

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

Ardenglen Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate.

During the accounting period Ardenglen Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 14 active members of the Scheme employed by Ardenglen Housing Association Limited. The annual pensionable payroll in respect of these members was £462,049.

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

The key valuation assumptions used to determine the assets and liabilities of the Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – Non pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

**Pension Fund
General (continued)**

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CHI – 2011 with a long term improvement of 1.50% pa for males and 1.25% pa for females.
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CHI – 2011 with a long term improvement of 1.50% pa for males and 1.25% pa for females.

Contribution Rates for Future Service (payable from 1 April 2011)	% p.a.
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

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

Ardenglen Housing Association Limited has been notified by the Pensions Trust of the Scottish Housing Association Pension Scheme that past service deficit contributions payable for the year to 31 March 2015 is £110,539. The deficit contribution will increase to £113,742 as from 1 April 2015 and will increase by 3% a year for the next 12.5 years. The calculated net present value of this contribution at 31 March 2015 using a 4% discount rate is £1,345,631.

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

16.	Capital Commitments	2015	2014
		£	£
	Expenditure authorised by the Committee of Management contracted less certified	-	-
17.	Housing Stock	2015	2014
	The number of units in Management at 31 March was as follows:		
		No	No
	New build	406	407
	Rehabilitation – leased	1	1
	Rehabilitation	256	256
	Shared ownership	10	11
	Mortgage to rent	10	9
	SST	293	291
		976	975

18. Related Parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.

19. Subsidiary Company

The Association has a subsidiary company Ardenglen Developments Limited. This company is intended to handle the activities that the Association cannot undertake due to its charitable status. The company is a company limited by shares with one hundred ordinary shares of which one £1 share has been issued to Ardenglen Housing Association, and is registered in Scotland. The company's activity in the year to 31 March 2013 related to the construction of and renting out of office space adjacent to the Association's own offices.

During the year ending 31 March 2015, a rent charge of £19,596 (2014: £19,596) was paid by Ardenglen Housing Association Limited to Ardenglen Developments Limited, the company's subsidiary company for the rental of office space.

Ardenglen Housing Association Limited charged a management fee of £600 (2014: £600) to Ardenglen Developments Limited in the year for the provision of administration services.

As at 31 March 2015, Ardenglen Housing Association had a loan due from its subsidiary company which totaled £nil (2014: £11,146). Repayments totaling £11,626 were made in the year. The loan accrues interest at 6.75% for which £479 (2014: £1,754) was charged in the year.

Amounts due to Ardenglen Housing Association Limited at the year-end totaled £21,359 (2014: £34,693) and amounts from Ardenglen Housing Association Limited to Ardenglen Developments Limited totaled £nil (2014: £1,200).

ARDENGLLEN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

(Continued)

20. Contingent Liability

Housing Association Grant allocated to components (as detailed in Note 1 (e) (i)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £97,587 (2014: £97,587).