



ARK HOUSING ASSOCIATION LIMITED
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Registered Housing Association No. 101166

Financial Conduct Authority No. 18098 (S)

Charitable No. SC015698

ARK HOUSING ASSOCIATION LIMITED

**PROFESSIONAL ADVISORS
31 MARCH 2016**

Registered Office

The Priory
Canaan Lane
Edinburgh
EH10 4SG

Bankers

The Royal Bank of Scotland plc
Juniper Green (A) Branch
540a Lanark Road
Edinburgh
EH14 5EL

Solicitors

Shepherd and Wedderburn WS
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

T C Young
Melrose House
69a George Street
Edinburgh
EH2 2JG

External Auditors

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Internal Auditors

TIAA Ltd
Business Support Centre
53-55 Gosport Business Centre
Aerodrome Road
Gosport
Hampshire
PO13 0FQ

ARK HOUSING ASSOCIATION LIMITED

**BOARD OF MANAGEMENT AND EXECUTIVE OFFICERS
31 MARCH 2016**

Board of Management - Serving in 2015-2016

Marilyn Barrett (elected 25th August 2016)

Sue Broussine BSc, MA, PGCE *

Ken Brown *

Michael Brown PhD, MSc, PGCE, BSc (Hons), RN, FHEA

Colin Cackette MB, ChB, FRCGP ⁺ *

Anne Kershaw BSc. FIA ⁺ #

Ann Lyon(Chair) ⁺ #

Tammy McLellan

James Rigby FCMA *#

Henry A Robson *

Peter Slater B Eng, C Eng, MiMechE, MCIM ⁺

Caroline Tough

Alastair Wallace MA, BA, LLB *#

Board of Management – resigned during period

Maureen Munro BSc (Hons) AMCIM – 24th September 2015

* Audit sub committee member

⁺ Housing sub committee member

Resources sub committee member

Executive Officers - current

Jane Gray BSc, MSc, MA - Chief Executive

Bobby Duffy MBA, DSSL, RMN - Director, Care and Support

Victoria Knox MCIPD - Director, Human Resources

Ron Watson MBA, FCMA - Director, Finance

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Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 1899R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HEP66
Charity Number	SC015694

bounded) objectives, grouped into five perspectives of Customer, Learning and Innovation (People), Learning and Innovation (Organisation), Internal Processes and Financial.

This transforms ARK's strategic plan into an operational plan with objectives, targets, initiatives and tasks for staff at all levels of the organisation. It provides a framework that not only provides performance measurements but helps ARK identify what should be done and what should be measured, including the identification of business critical issues and activities, through regular review. As a result, it enables ARK's Executive Team to fully execute ARK's strategy.

Structure, Governance and Management

ARK is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority. ARK is a Registered Social Landlord and a registered charity and was established in 1977 under a Memorandum of Association which established the objects and powers of the Association.

ARK is governed by a voluntary Board of Management (the Board) and the management of ARK is delegated by this Board to the Executive Officers. Governance, management policies and procedures that set the parameters for those matters to be dealt with by the Board, and those which can be dealt with by the Executive Officers, have been approved by the Board. Meetings of both parties are held on a regular basis throughout the year and are conducted in accordance with ARK's reporting procedures.

The Board has established three sub-committees (Resources, Audit and Housing Services) each with specific terms of reference and functions delegated by the Board and with a member of the Board as their Chair. In January 2016 the Board suspended the Resources and Housing Committees and replaced the Resources Committee with the Finance Committee. The business of the Housing Committee has been split between the Board and the Finance Committee with KPIs being monitored through the business dashboard. The Board also established an Executive Committee with delegated authority for decision-making in particular circumstances. The Board and Executive Officers of ARK serving during the year are listed on page 4.

Each member of the Board holds one fully paid share of £1 in ARK. The Executive Officers of ARK hold no interest in ARK's share capital and, although not having the legal status of Directors, act as Executives within the authority delegated by the Board.

ARK has a documented policy for recruitment to the Board and the recruitment process is structured in such a way as to ensure that those appointed to the Board have the required diversity of skills, interests and experience. ARK has established twice-yearly induction days and is creating additional learning days for Board members to ensure they maintain and enhance their contribution to Board Governance. Continuous learning requirements will be captured through a Board Effectiveness Survey.

ARK has two fully controlled subsidiaries in Ark Services Limited and Ark Commercial Investment Limited.

Ark Services Limited was set up to develop housing for those who are aged, infirm or disabled and in need of housing and associated amenities. As a registered charity, it was able to access Special Needs Capital Grant funding which was not available to Housing Associations.

Ark Commercial Investment Limited was set up as a vehicle to provide student accommodation in a former care home. As a commercial entity it leased the building from ARK Housing and established a management contract to ensure high levels of occupancy throughout the academic year and a high level of take-up during holiday periods.

ARK Housing has in place a management service contract with Ark Services Ltd and Ark Commercial Investment Limited to provide management and professional services to these organisations.

The Board of Management presents its report and audited financial statements for the year ended 31 March 2016.

Overview of Business

The principal object of ARK Housing Association (ARK) is to provide quality homes for rent to anyone in the community and to provide care and support for those with learning disabilities.

Mission, Values, Vision, Objectives

Vision

ARK will play a significant part in improving Scottish society and living environments. We will change lives for the better and will encourage communities to be available and welcoming to people who require support in life.

Mission

Our mission is to provide the best regarded care housing and support services in Scotland for families, children and adults of all ages who require support to have a good life and to build life-long and life-enhancing relationships, whilst promoting the right of people to have a life free from poverty and discrimination.

Values

Our values are the beliefs and behaviours that determine the culture of ARK and which are the foundations for the delivery of quality services and the nature of individual and corporate relationships. They guide the spirit in which we will operate.

We believe in:

- The worth of each person;
- Trusting relationships;
- Understanding difference;
- Challenging oppression;
- Personal and organisational accountability;
- Caring for the environment; and
- Enjoyment.

Objectives

In order to turn its strategy into a business plan ARK developed its strategic planning using the Balanced Scorecard approach, which seeks to ensure that all of ARK's activities are linked to the achievement of the vision, mission and strategy.

The Balanced Scorecard tool helps to bring focus, alignment and accountability to all of ARK's organisational objectives and activities. This supports the governance and management of the business through a risk based approach. It utilises SMART (Specific, Measurable, Attainable, Relevant and Time-

ARK HOUSING ASSOCIATION LIMITED

REPORT OF BOARD OF MANAGEMENT 31 MARCH 2016

The financial statements of Ark Services Limited and Ark Commercial Investment Limited are consolidated in the ARK Group financial statements.

Financial Review

Group turnover for the year was £19.7m (2015: £19.2m), an increase of 2.4% on the previous year. The Care and Support division of ARK had another difficult year due to non utilisation of capacity, movements in service hours and resource management issues. In particular, planned levels of utilisation of the dementia unit in Buckie did not happen and the former care home in Penicuik is still empty following its deregistration and the service users moving to Loanhead. In contrast Housing exceeded the budgeted surplus for the year, in part due to savings in employee costs.

The group surplus for the financial year was £903k, compared to the restated loss of £530k in 2015. The 2015 comparatives have been restated as a result of the introduction of the accounting standard Financial Reporting Standard 102 (FRS 102). As a result of this, the past service deficit in the multi-employer defined benefit Scottish Housing Association Pension Scheme is included in the Statement of Financial Position and adjustments made to operating expenditure, finance income and finance costs. The other significant change to the financial statements as a result of FRS 102 is the reclassification of HAG to deferred income instead of being netted off against the cost of housing properties. A full breakdown of the 2015 restatement of the financial statements is included within note 28.

Ark Services continues to receive rental income for four sites in Aberdeen City and generated a surplus of £296k in the financial year (2015: £149k).

Ark Commercial Investment Ltd is 100% subsidiary of ARK Housing. The company was incorporated on 27 April 2015 and began to trade on 24th September 2015. A loss of £3.9k was reported for the period trading.

The ARK Group presents a reduced balance sheet position predominately as a result of the reclassification of the pension scheme deficit (£12.7m reclassified as a provision for liabilities). The closing cash balance was £2.9m, an increase of £0.4m in the year.

Reserves

Total reserves increased by £903k on the restated 2015 reserves position to £1.05m.

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the association which have not been designated for any other purposes.

The designated reserve during the previous year for the net present value of the pension scheme past service deficit repayments payable over the recovery plan period has now been reclassified as a provision for liabilities.

At the year end there are two restricted reserves that were transferred from Rymouth Housing Society and also a third restricted fund that relates to monies raised on behalf of the West Adam Street project. Details of these are set out in note 8.

Treasury Management

The Board reviews the ARK's treasury management arrangements bi-annually. ARK holds surplus working cash reserves in an investment portfolio with Brewin Dolphin. Remaining cash funds are held in instant access and 7 day notice deposit accounts.

Readily liquefiable assets are held at a balance of at least an amount equivalent to two months salary costs (approximately £3,138k) which is considered sufficient to cover operational working capital requirements.

Borrowings are secured based on a mix of fixed and variable rate finance. Approximately 37% of Group funds are secured on a fixed borrowing rate and 63% on a variable rate.

Fixed assets

Changes in fixed assets in the year are set out in notes 9 to 12 of the financial statements.

Pension contributions

ARK is a member of the Scottish Housing Associations' Pension Scheme (SHAPS), administered by The Pensions Trust. It is a multi-employer scheme 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.

The 2012 scheme valuation resulted in a deficit of liabilities over assets of some £304 million. This resulted in a request for increased past service contributions from all employers and a new scheme recovery plan period of some 13.5 years. Although now in a Defined Contributions scheme, ARK has past service liabilities and, as a result, was asked for an increase in contributions of some 262%, from £385,000 per annum to £1,009,000 per annum.

ARK was reluctant to agree to this level of increase at a time of great pressure on its income from local authorities and negotiated a concession with The Pensions Trust to allow it to make a lower, but still significantly increased, level of annual contributions (£700,000) to the deficit over a longer period of time of some 20 years.

The 2015 valuation exercise has now had its results published and shows a marked decrease in the scheme deficit to some £198 million as a result of increased contributions, improved asset performance and amendment of key factors such as covenant strength, mortality rates and average salary increases to reflect the nature of housing association employers and employees.

As a result of the reduced level of deficit, the SHAPS committee had the choice to reduce contributions and maintain recovery plan period or to maintain contributions and reduce the recovery plan period. The latter was chosen and has reduced the end of the recovery plan period to some 7 years from now.

Annual Review

Over the past year ARK has been further developing its thinking in relation to the main drivers for change in how housing, health and social care will be delivered in Scotland. Our assumptions were largely correct and we refined our objectives accordingly. To address the financial pressures ARK spent this year putting in place a structure in Care and Support that will deliver significant savings and refocus the delivery of services. No frontline staff were impacted and, whilst the management structure has been reformed and reduced, new job roles with increased remuneration have been introduced to manage delivery and business development in the future.

This year, the UK Chancellor's announcement on the legal requirement to pay a National Living Wage of £9/hour by 2020, and the March announcement by the Scottish Government, that all social care workers should be paid the Scottish living wage of £8.25/hour from 1st October 2016, has intensified the pressure on diminishing budgets. ARK has refined its internal business planning to take account of these significant added pressures and is active in supporting both the voice of the sector and of people who use its services. This is in order to ensure that we remain sustainable, in both financial and quality of service delivery terms, as a business and as a sector.

ARK has seen some progress this year in its aim to influence key areas of national policy and practice development. ARK's aims are threefold:

- to influence the development of Local Authority integrated plans in relation to people with complex and enduring needs, and their families, and create understanding and space for the housing, care and support services that ARK can offer;
- to test collaboration in the development and delivery of choice based services to a demographic of people of all ages in a geographical locality;
- to address the specific needs of people with complex needs coded by Health Boards as delayed discharge and developing solutions and pathways for prevention.

The work on these was reported last year and has progressed. ARK, as Chair of the Good Life Group, a collection of similar Registered Social Landlords, is now working closely with colleagues across a number of Scottish Government departments to drive forward a solution-based national approach for people with complex needs in hospital as well as planning for the future population. The second strand of this work, developing structures within the arrangements of the new integrated authorities for the delivery of housing and social care solutions, identified within the strategic plans, has also progressed. This is particularly true in Edinburgh where the proactive approach taken by our sector, and the willingness of the local authority to work in partnership with us, has supported this progress. The experience gained will inform work within other local authorities on this issue.

Working collaboratively has been the key to progress this year. Solutions for people with complex needs and their families lie in creating homes, care and support for each individual's requirements. ARK is confident that the platform for progress lies in furthering work, at a local level, that supports the full integration of housing contribution within the planning structures for health and social care. ARK will continue to work in a solution focused way to support that practice both at government and local level.

Business Review

Scope of Review

This Review refers to ARK Housing Association only. Equivalent material for its subsidiaries, Ark Services Ltd and Ark Commercial Investment Ltd is included in their separate Annual Reports and Financial Statements.

Housing and Asset Management Services

Following on from the Scottish Housing Regulator's (SHR) previous Scottish Housing Quality Standards compliance date of March 2015, ARK has continued to improve the quality of its housing stock through improving the built environment for service users, mainstream tenants and staff. ARK seeks, as a minimum, to maintain compliance with the quality standards through regular stock condition survey updates and the development and implementation of a 30-year repairs and maintenance plan.

ARK's next quality challenge from the SHR is the Energy Efficiency Standard for Social Housing (ESSH). The SHR will monitor and report on Registered Social Landlords' (RSL) compliance with ESSH from 2015/16, on an annual basis, and aims to encourage RSLs to improve the energy efficiency of social housing in Scotland.

The ESSH regulations set a single minimum energy efficiency rating for landlords to achieve, one which can vary as a result of the property type and the fuel used to heat it. RSLs must ensure that they achieve the relevant minimum energy efficiency rating by the first milestone of 31st December 2020.

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The range of energy efficiency measures which ARK will consider includes the following:

- Loft insulation / top up floor insulation;
- Double / secondary glazing;
- External wall insulation;
- Heating controls;
- Replacement storage heating;
- Energy-saving lighting; and
- Boiler replacement with modern, efficient condensing boilers.

The SHR will undertake an initial review of ARK's EESSH implementation plans in 2017 with a view to ensuring that they will enable full implementation by the 2020 deadline. However, with these reports being submitted annually, ARK will be aware of its compliance levels, and take appropriate actions, significantly before the deadline.

ARK's performance on meeting performance standards in repairs and maintenance in 2015-16 has been as follows:

• Average number of reactive repairs completed per property	3.58
• Average time to complete emergency repairs (standard of 12 hours)	2.71 Hrs
• Average time to complete non-emergency repairs (standard of 10 days)	4.50 days
• Percentage of reactive repairs completed right first time	96.53%
• Percentage of tenants satisfied with repairs and maintenance service	90.05%

As part of the ongoing review of maintenance services contracts, ARK has carried out tendering exercises in the areas of grounds maintenance and cleaning services, which resulted in new contractors being appointed for a period of 3 years in each of these service areas.

ARK has progressed with its major repairs programme through the upgrading of items such as kitchens, bathrooms and boilers at a number of locations across the country.

On the continuation of ARK's development programme, the most significant projects were the refurbishment of a former care home in Edinburgh for student accommodation and the refurbishment of ARK's headquarters following the departure of its long-standing NHS tenants.

ARK continued to support tenants during a time of ongoing Welfare Reform and drew heavily on the services of the Welfare Advice Manager and Welfare Adviser to support tenants to maximise their income and sustain their tenancies. ARK was successful in getting extended funding for these two posts up to September 2016.

None of ARK's tenants are as yet affected by Universal Credit. The Housing staff has supported 96% of tenants affected by the under-occupation charge to get full discretionary housing payment. The Welfare Advice staff, funded through Scottish Legal Aid Board, is continuing to support tenants on a number of issues (including maximising Disability Living Allowance, Employment Support Allowance, Personal Independence Payments and Attendance Allowance) and have secured financial gains for tenants of £369,648 since the start of the project in October 2013.

This year ARK applied a 3.3% increase to rents at 1/4/2015 and collected 96.6% of the rental income due for the year. Rent arrears continued to rise slightly to 3.3%, (2015 2.9%) of gross rental income; technical arrears (where Housing Benefit is paid in arrears by the local authority) accounted for 2.5%, (2015 2.2%) with non-technical (amount due by tenants) accounted for 0.8%.

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ARK served seven Notice of Proceedings for recovery of possession of which two were taken to court. Neither of these cases has had eviction decrees granted. There were no abandonments although one tenant ended their tenancy within a 12 month period because their support package was not sufficient.

In 2015, ARK undertook the 3-yearly tenant satisfaction survey. This looked at some of the new Charter indicators and an action plan has been implemented to address areas of concern. A key measure recorded in this year was the level of tenant satisfaction with the standard of their home at the time of moving in and some 80% of tenants indicated their satisfaction.

This year ARK assessed and added 150 applications to the housing list and cancelled 69 for a variety of legitimate reasons. At the end of the year ARK had a total of 196 people requesting to be rehoused by ARK.

ARK allocated 56 properties with 12 going to general needs tenants and 44 to supported tenants. The average number of days to re-let reduced to 61 days.

At the end of the year there were 3 self-contained voids waiting to be re-let. The total rental loss to voids was £70,008 or 2.8% of the rental income.

Care and Support Service Quality

ARK was able to maintain and build on the high quality services provided in previous years. Its average Care Inspectorate grade was 4 (good) across all inspection areas of quality (care and support, staff, management and leadership, and environment).

Out of a total of 42 Care Inspectorate grades received during this period, 14% (6 grades) were 6 (excellent), 45% (19 grades) were 5 (very good), and 33% (14 grades) were 4 (good). Over the past 2 years ARK has been able to increase the average number of 'very good' grades as a proportion of the whole, from 33% to 39% to 45%. In terms of 'excellent' grades, these have increased as a proportion of the whole over the past 2 years, from 10% to 12.5% to 14%.

During this period ARK received 3 grade 3s (adequate) from the Care Inspectorate, all in relation to the same service in Edinburgh. Since the relevant report has been issued ARK has re-structured management resources to support the local team to make the improvements that the Care Inspectorate wishes to see and, thereby, improve the service's performance. ARK is confident that the measures that have been put in place will address the issues raised by these inspections.

ARK's service user questionnaire confirmed an upward trend in relation to several key areas when compared to previous years, including 99% of service users who confirmed that they are supported to do the things that they want and 95% who agreed that their support staff support them to do different activities in the community.

ARK's stakeholder surveys, which capture feedback from third parties such as family members, carers and professionals showed that 92% of family members and carers and 100% of professional stakeholders were happy with the service provided by ARK to the person they know. There was also a 9% increase, from 81% to 90%, in the number of professional stakeholders who indicated that they were satisfied that ARK staff support service users to participate in different activities in the community.

Participation

ARK was able to build on the work undertaken in previous years to offer ARK service users and tenants a variety of ways to participate at many levels within the organisation and to offer feedback on our service.

ARK's service user 'Voices Group' meets 4 times a year in Edinburgh and offers a number of service users from different geographical locations a chance to participate in a forum which discusses issues that are relevant to ARK's work and also issues that are relevant to the wider community. For example, during 2015-16 the group worked with external facilitators to consider issues such as protection of adults at risk, welfare reform, and guardianship. The group is also regularly attended by members of ARK's Executive Team and Board, and offers an excellent opportunity for service users to engage with ARK's leadership and staff.

Since 2014, service users and tenants have been involved in the ARK Working Group. Members of the Working Group look at how ARK does its business, review ARK policies, and work on reports, for example the annual Housing report. They have scheduled meetings every 2 months but meet more often if necessary. The ARK Working Group uses the Keys to Life framework to provide guidance for their work within ARK and externally. An Area Manager attends this group, creating a link with senior management.

ARK has built on the good work undertaken in previous years in relation to developing service user 'speak out' groups. As part of this, certain support workers act as 'speak out workers' and take responsibility for planning, running and following up on service user speak out meetings. To date, ARK has established 19 speak out groups covering 21 services, involving more than 150 service users, and ARK's Participation team continues to engage with local staff teams to create speak out groups in areas where there is interest but, as yet, no groups have been established.

During 2015-16 ARK established a new tenant and service user scrutiny group called the ARK Hub Group. The Hub Group is a group of ARK service users and tenants, which is independently facilitated, and therefore operates independently from ARK. The group enjoys autonomy to decide which areas of ARK's business and operations it wishes to review. The group will report directly to ARK's Board of management and will be able to highlight good practice and make suggestions in relation to areas that can be developed, based on the outcome of its scrutiny work.

ARK service users continue to make connections with local communities and external groups and agencies. ARK tenants and service users are actively involved in the National Involvement Network and the Learning Disability Alliance Scotland, organisations that help people who use services to have more control over their lives. ARK service users also attend meetings of the Scottish Parliament Cross-Party Group for Disability.

Investment in staff training

ARK is committed to investing in all staff to provide the best support possible to the people who use our services. It is currently in year one of a new three-year Organisational Development Strategy. ARK is currently focusing on the following

- to design and develop a management development programme accredited by Napier University at SCQF level 9 and registered with the SSSC as a management award;
- to implement service registration plans required by the SSSC;
- to implement a new SVQ model of delivery using workplace assessors;
- to further develop ARK's E-Learning system for all staff;
- to develop training and work based training that meets service user outcomes;
- to measure the impact of L&D interventions on staff and service users;
- to increase management capability across Care and Support.

The majority of ARK's staff is within the scope of the SSSC registration. ARK is working towards registration timescales and currently has 41% of its staff qualified. This investment in staff qualifications has been greatly aided by the continued support from the Voluntary Sector Development Fund.

ARK is continuing to work with West Lothian College to support Managers to complete their SVQ Level 4 qualifications in Health and Social Care and Management.

Employee Involvement and Consultation

ARK continues to recognise Unite the Union and has a Recognition Agreement in place. Consultation with staff representatives and a full-time Union Official takes place on a regular basis and this year there was an increased number of meetings due to significant business change. This enabled ARK and the union to work proactively and positively through the review and organisational restructure of the management of Care and Support that took place during the year.

Going forward, ARK will engage with Unite to discuss consolidated pay awards, the Scottish living wage and the future impact of the National living wage.

Investors in People

ARK established the Continuous Improvement Team and, during the year, 19 services were visited and 120 staff and people who use our services, interviewed. The draft report was produced in July 2015 and the development actions informed the Care and Support review. A small number of services were revisited in Feb-March 2016 and the final report was submitted to IIP Scotland in March 2016 for assessment against the gold framework.

ARK is delighted to report that it has retained IIP Gold award status this year.

Healthy Working Lives

During this period ARK participated in the Healthy Working Lives Bronze Award Programme. This involved the establishment of an employee-led working group, which obtained feedback from employees, through a wellbeing survey, on health and wellbeing issues which affected them. Based on that feedback, the working group set up and ran a programme of activities and information campaigns such as health checks at work, support to employees to access financial services, information on ARK's counselling service and cancer awareness. ARK was very pleased to see that the hard work of the Working Group, and the engagement of employees, was recognised by the independent body which oversees the awards programme, the Scottish Centre for Healthy Working Lives, when it awarded ARK the Healthy Working Lives Bronze Award.

Employee involvement and health and safety

ARK continued to encourage employee involvement at all levels in relation to meeting our Health and Safety responsibilities. As part of that commitment, ARK's full-time Health and Safety Adviser continued to support our local staff teams in all geographical locations with regular Health and Safety visits and advice.

A quarterly Health and Safety newsletter was circulated to all staff, containing information on current documents for consultation, new policies and general updates on health and safety issues. Regular

Managers' briefing sheets and alerts were issued to respond to issues and queries raised by individual Managers but which also had a wider learning impact.

Health and Safety statistics, updates and incidents to note were reported quarterly to the Senior Leadership Team, Executive Team and to the Audit Sub-Committee in order to maintain a focus on this important area.

The Executive Officers, consisting of the Chief Executive and 3 Directors are defined as the key management for the Association. Remuneration for all staff including the Executive Officers is based on salary scales which are benchmarked and approved by the Group Audit Committee on an annual basis (further information is contained within note 17). In addition guidance issued by the Scottish Housing Regulator on salaries is also referred to as part of salary reviews.

Funds held as Custodian Trustee on Behalf of Others

During the year ARK held 112 bank accounts in trust on behalf of service users. These accounts are kept separate from funds held by the Association and controls monitored by the Care Inspectorate are in place to ensure the safe custody of said funds.

Risk Management

The services provided by ARK, in particular to those with learning difficulties, are inherently risky. However, ARK has in place policies, procedures, and guidelines to manage these risks. Risk assessments are carried out for each service user and are regularly reviewed. Also, within Care and Support, a regular system of reviews is in place, which is carried out at various management levels to ensure that risks to service users and ARK employees are properly managed and to support best practice. ARK also benefits from the expertise of its internal and external auditors. The internal audit programme is agreed with the Audit Sub-Committee and deals with areas of risk across the organisation, including within Care and Support.

A system of exception reporting to the Executive Officers and the Board, that includes remedial risk assessment and action reports, ensures that learning and improvement from Reporting of Injuries, Diseases and Dangerous Occurrences Regulations and serious incidents is identified and acted upon. As part of in-year objective management ARK implements a review of business critical activities and issues that triggers immediate review of operational and strategic risks. ARK implements a Strategic Risk Register to ensure that once they are identified, risks are monitored, managed and reported. The key risks to the organisation and the appropriate mitigations against these risks are as follows:

- Failure to secure current and ongoing sustainable income for care and support services; The risk that income will reduce in care and support due to rate cuts by local authorities as well as the impact on costs of the introduction of the living wage in 2016. To mitigate against this risk ARK has developed a rolling financial strategy starting in the period 2015/2016 to 2020/2021. In addition to this, work has already started on creating a more efficient and sustainable care and support operation, including a restructure and a detailed review of costs.
- Failure to maintain a positive net asset position; The risk that ARK becomes technically insolvent when liabilities outweigh assets. To mitigate against this risk, ARK will develop a rolling financial strategy, as well as regularly monitoring the cash flow and management accounts of the organisation.
- Failures in Health and Safety controls jeopardise ARK's continuation; Following a serious incident reported to the Health and Safety Executive in 2013, ARK is already mitigating against such an event happening in the future by undertaking a comprehensive programme of training for

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all care and support staff. In addition a complete review of ARK's health and safety processes was undertaken by ARK's health and safety adviser as well as an external audit being carried out by accredited Health and Safety auditors.

ARK also operates an organisational regulatory checklist that is reviewed each month by officers and regularly by the Audit Sub-Committee on behalf of the Board. In respect of Health and Safety, the checklist is supported by ARK's Health and Safety checks and audit system.

The Audit Sub-Committee advises the Board on issues of risk, control and governance, and has a remit from the Board to monitor and review in five key areas, namely the internal and external audit functions, compliance with relevant statutory regulations, compliance with ARK's policies and procedures and health and safety management.

ARK has also introduced a Programme and Project management methodology to ensure that a multi-disciplinary approach is taken to the delivery of the corporate objectives.

Plans for the Future

ARK continues to focus on delivering good quality homes for all and care and support services for people with complex needs. High quality and person focused housing, care and support will be delivered through achieving sustainable business practices in staff and management development, competitive remuneration and investment in housing. ARK will ensure that it can meet these demands by being as nimble and flexible as possible in how it operates.

ARK will focus on keeping rents at an affordable level and investing in our property portfolio to ensure that all regulatory standards of energy efficiency and quality are met.

In the care and support service, ARK will negotiate sustainable financial contracts with local authorities with a view to developing cost effective solutions for people with complex needs. Through influence and collaborative work with colleagues in the sector and Local Authorities, ARK will promote and inform the future planning structures in Scotland that will deliver good lives for future generations of people with complex and enduring needs.


Going Concern

The Board of Management has reviewed the results for this year and has also reviewed the projections for the next five years. The Board, therefore, has a reasonable expectation that ARK 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.

Auditors

A resolution to re-appoint Chiene + Tait LLP as auditors for the ensuing year will be proposed at the annual general meeting.

By order of the Board of Management
The Priory
Canaan Lane
Edinburgh
EH10 4SG


Ann Lyon (Chair)

Date: 22nd September 2016

STATEMENT OF BOARD RESPONSIBILITIES
31 MARCH 2016

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the balance sheet date, and of its income and expenditure for the year ended on that date.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business; and
- prepare a Statement on Internal Financial Control.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Association and to enable it 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 – December 2014. The Board is 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information for the Auditors

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all the steps they ought to take as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the Board of Management



Ann Lyon (Chair)

Date: 22nd September 2016

ARK HOUSING ASSOCIATION LIMITED
STATEMENT ON INTERNAL FINANCIAL CONTROLS
31 MARCH 2016

The Board of Management acknowledges its ultimate responsibility for ensuring that the Group 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 Group or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Board 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 mis-statement or loss. The key elements of the Group's systems of internal financial control are set out below:

- 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.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives as well as the progress towards the financial plans set for the year and the medium term.
- 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.
- The Board reviews reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. The Group has a rolling programme of internal audit reviews which cover the key activities of the Group. Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports. These arrangements are considered appropriate to the scale and range of the Association's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.
- Significant risks are identified, evaluated and managed as previously outlined on page 14 of this document.

The Board of Management has reviewed the system of internal financial control in the Group during the year ended 31 March 2016 and up to the approval date of the financial statements. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

By order of the Board of Management



Ann Lyon (Chair)

Date: 22nd September 2016

ARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARK HOUSING
ASSOCIATION LIMITED

31 MARCH 2016

We have audited the consolidated financial statements of ARK Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 Board's Responsibilities set out on page 16, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and the Group's affairs as at 31 March 2016 and of the Association's and the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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 – December 2014.

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 necessary for the purposes of our audit.

Chris & Tait

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditors

61 Dublin Street

Edinburgh

EH3 6NL

26 / 9 / 2016

ARK HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF ARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Group Financial Statements, we have reviewed your statement on page 17 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. 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 page 17 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 Group Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

26 / 9 / 2016

ARK HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	<i>Notes</i>	2016	2015
		£'000	Restated £'000
Turnover	<i>2</i>	19,735	19,278
Less: Operating costs	<i>2</i>	<u>(19,065)</u>	<u>(18,867)</u>
Operating surplus		670	411
Gain on disposal of fixed assets	<i>19</i>	11	-
W/o of boundaries		-	(168)
Component restatement		-	487
Haddington incident		(101)	-
Restructuring costs		(59)	-
Interest receivable and similar income		35	60
Interest payable and similar charges	<i>6</i>	<u>(323)</u>	<u>(2,024)</u>
Surplus/(deficit) for the financial year		233	(1,234)
Unrealised (loss)/gain on investments		(17)	34
Actuarial gain on investments		687	670
Total comprehensive income/(loss) for the financial year		<u><u>903</u></u>	<u><u>(530)</u></u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

ARK HOUSING ASSOCIATION LIMITED

**HOUSING ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	<i>Notes</i>	2016 £'000	2015 Restated £'000
Turnover	<i>2</i>	19,162	18,724
Less: Operating costs	<i>2</i>	(18,857)	(18,681)
Operating surplus		305	43
Gain on disposal of fixed assets	<i>19</i>	11	-
W/o of boundaries		-	(155)
Component restatement		-	612
Haddington case		(101)	-
Restructuring costs		(59)	-
Interest receivable and similar income		34	58
Interest payable and similar charges	<i>6</i>	(247)	(1,940)
(Deficit) for the financial year		(57)	(1,382)
Unrealised (loss)/gain on investments		(17)	34
Actuarial gain on investments		687	470
Total comprehensive income/(expenditure) for the financial year		613	(878)

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

ARK HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
Group Association

	Income & expenditure reserve	Revaluation reserve	Restricted reserve	Total 2016	Income & expenditure reserve	Revaluation reserve	Restricted reserve	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014 restated	648	18	39	705	141	18	39	198
Deficit from statement of comprehensive income	(1,200)	-	-	(1,200)	(1,348)	-	-	(1,348)
Transfer (to)/from revaluation reserve	(34)	34	-	-	(34)	34	-	-
Transfer back to Action Group	(31)	-	-	(31)	-	-	-	-
Actuarial gain on investments	671	-	-	671	470	-	-	470
Balance at 31 March 2015 restated	54	52	39	145	(771)	52	39	(680)
Surplus/(deficit) from statement of comprehensive income	216	-	-	216	(74)	-	-	(74)
Transfer (to)/from revaluation reserve	17	(17)	-	-	17	(17)	-	-
Actuarial gain on investments	687	-	-	687	687	-	-	687
Balance at 31 March 2016	974	35	39	1,048	(141)	35	39	(67)

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

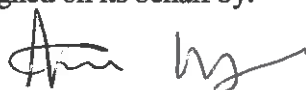
ARK HOUSING ASSOCIATION LIMITED

**GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	<i>Notes</i>	2016	2015
		£'000	Restated £'000
Tangible fixed assets			
Housing properties, furniture and equipment	<i>9</i>	24,640	25,335
Other tangible fixed assets	<i>11</i>	2,549	2,669
Assets held for sale		-	78
Investment property	<i>13</i>	475	-
Investments	<i>13</i>	1,133	1,135
		<u>28,797</u>	<u>29,217</u>
Current assets			
Debtors	<i>14</i>	1,787	1,873
Cash at bank and in hand	<i>21</i>	2,900	2,530
		<u>4,687</u>	<u>4,403</u>
Creditors: amounts falling due within one year	<i>15</i>	<u>(2,776)</u>	<u>(2,981)</u>
Net current assets		<u>1,911</u>	<u>1,422</u>
Total assets less current liabilities		30,708	30,639
Creditors: amounts falling due after more than one year	<i>16</i>	(16,212)	(16,575)
Provisions for liabilities			
Pension liability	<i>26</i>	<u>(13,448)</u>	<u>(13,919)</u>
Total net assets		<u><u>1,048</u></u>	<u><u>145</u></u>
Capital and reserves			
Share capital	<i>20</i>	-	-
Restricted reserves	<i>8</i>	39	39
Revaluation reserve		35	52
Revenue reserve		974	54
Total Reserves		<u><u>1,048</u></u>	<u><u>145</u></u>

These financial statements were approved by the Board of Management and authorised for issue on 22 September 2016 and signed on its behalf by:


Anne Lyon (Chair)



Alastair Wallace (Member)



Jane Gray (Company Secretary)




The comparative financial statements have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).


ARK HOUSING ASSOCIATION LIMITED

**HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	<i>Notes</i>	2016 £'000	2015 Restated £'000
Tangible fixed assets			
Housing properties, furniture and equipment	10	20,884	21,546
Other tangible fixed assets	12	2,498	2,619
Assets Held for Sale		-	78
Investment property	13	475	-
Investments	13	1,133	1,135
		24,990	25,378
 Current assets			
Debtors	14	1,780	1,861
Cash at bank and in hand	22	2,109	1,994
		3,889	3,855
Creditors: amounts falling due within one year	15	(2,447)	(2,665)
Net current assets		1,442	1,190
 Total assets less current liabilities		26,432	26,568
 Creditors: amounts falling due after more than one year	16	(13,051)	(13,329)
 Provisions for liabilities			
Pension liability	26	(13,448)	(13,919)
Total net liabilities		(67)	(680)
 Capital and reserves			
Share capital	20	-	-
Restricted reserves	8	39	39
Revaluation reserve		35	52
Revenue reserve		(141)	(771)
Total Reserves		(67)	(680)

These financial statements were approved by the Board of Management and authorised for issue 22 September 2016 and signed on its behalf by:

Anne Lyon (Chair) 

Alastair Wallace (Member) 

Jane Gray (Company Secretary) 

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

ARK HOUSING ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS - GROUP
FOR THE YEAR ENDED 31 MARCH 2016**

	<i>Notes</i>	2016	2015
		£'000	restated £'000
Net cash generated from operating activities	<i>21</i>	<u>1,231</u>	<u>321</u>
Cash flow from investing activities			
Housing association grants received	<i>15</i>	15	53
Interest received		34	31
Sale of housing property		89	-
Purchase of housing property	<i>9</i>	(377)	(284)
Purchase of other tangible fixed assets	<i>11</i>	(230)	(696)
Purchase of investments	<i>13</i>	(59)	(120)
Cash flow from financing activities			
Interest paid	<i>6</i>	(108)	(118)
Disposal of investments	<i>13</i>	47	86
Reinvested dividends	<i>13</i>	13	18
Transferred from Action group		-	(1,016)
Exceptional payments Haddington/ Restructuring costs		(161)	-
Repayment of housing loans		<u>(124)</u>	<u>(119)</u>
Net Change in cash & cash equivalents		370	(1,844)
Cash & cash equivalents at 1 April		2,530	4,374
Cash & cash equivalents at 31 March		2,900	2,530

The comparative financial statements have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

ARK HOUSING ASSOCIATION LIMITED

**HOUSING ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	<i>Notes</i>	2016 £'000	2015 restated £'000
Net cash generated from operating activities	<i>22</i>	776	(34)
Cash flow from investing activities			
Housing association grant received	<i>15</i>	15	53
Interest received		32	34
Sale of housing properties		89	-
Purchase of housing properties	<i>10</i>	(305)	(204)
Purchase of other tangible fixed assets	<i>12</i>	(230)	(696)
Purchase of investments	<i>13</i>	(59)	(120)
Cash flow from financing activities			
Interest paid	<i>6</i>	(32)	(34)
Disposal of investments	<i>13</i>	47	86
Reinvested dividends	<i>13</i>	13	18
Exceptional payments Haddington / restructuring costs		(161)	-
Repayment of housing loans		(70)	(67)
Net change in cash & cash equivalents		115	(964)
Cash & cash equivalents at 1 April		1,994	2,958
Cash & cash equivalents at 31 March		2,109	1,994

The comparative financial statements have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102 (See Note 28).

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS AS AT 31 MARCH 2016

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, is registered by The Financial Conduct Authority and is a registered housing provider. The Association is a Public Benefit Entity.

1. Accounting Policies

The principal accounting policies of the Association are set out in paragraphs (a) to (u) below.

(a) Basis of Consolidation

Ark Services Limited is incorporated as a company limited by guarantee. It is a registered charity and per its articles it is to be treated as a subsidiary of the Housing Association. Ark Commercial Investment Limited is incorporated as a company limited by share capital and is also a subsidiary of the Housing Association. Consolidation has been carried out using the equity method.

(b) Basis of Accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("SORP 2014"), Financial Reporting Standard 102 (FRS 102) and the Scottish Housing Regulator's Determination of Accounting Requirements (2014).

This is the first year in which the financial statements have been prepared under FRS102. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

(c) Going Concern

The financial statements have been prepared on a going concern basis. The Board, in preparing these financial statements, is mindful of ongoing pricing pressures, the short term nature of contract income and increasing pension costs. The ongoing process of care contract renewal, margin monitoring and securing future funding is actively managed ensuring the needs of all stakeholders are taken into account. The Board has assessed the Association's and Group's ability to continue as a going concern and have prepared financial forecasts based on assumptions considered reasonable and prudent by the Board of Management. Based on these projections the Board has a reasonable expectation that the Association and Group has adequate resources for the foreseeable future and thus continue to prepare the financial statements on a going concern basis.

(d) Housing Association Grants

Housing Association Grant (HAG) is paid directly to the Association as required and contributes to the costs of housing properties. The grants are made by the Housing and Investment Division of the Scottish Government and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net rental income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Housing and Investment Division of the Scottish Government.

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 the capital cost of housing schemes, which are held at cost, the grant is recognised in turnover over the expected useful life of the housing property structure. Grants received specifically for components of a housing property are included in turnover over the expected useful life of the component under the accruals model.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

Other grants from non-government sources are recognised using the performance model in accordance with the SORP.

The grants are repayable under certain circumstances, but will normally be restricted to a maximum of net proceeds of sale.

(e) Turnover

Turnover represents rents, service charges, revenue grants from the Housing and Investment Division of the Scottish Government and funding from Local Authorities less amounts carried forward as deferred income. Turnover is recognised when amounts fall due and when income has been earned.

(f) Fixed Assets – Housing Land and Buildings

Social Housing properties, are stated at cost. The development cost of housing properties includes the following:

- (i) Cost of acquiring land and buildings
- (ii) Development expenditure
- (iii) Interest charged on the mortgage loans raised to finance the scheme to date of completion.

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

(g) Fixed Assets – Investment Properties

Investment properties are held at fair value with revaluation movements recorded in the income statement for the period.

(h) 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 sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

(i) Development costs and allowances and accrued income

Development allowances are intended to finance certain administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are treated as deferred allowances while actual development costs are added to housing properties.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)

(j) **Fixed assets and Depreciation**

(i) **Housing land and buildings**

In accordance with SORP 2014, the Association operates a full component accounting policy in relation to capitalisation and depreciation of its completed housing stock.

Housing Properties are stated at cost, less accumulated depreciation. 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.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

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:

- Floors	- 30 Years
- Boilers	- 15 Years
- Heating systems	- 20 Years
- Kitchens	- 12 Years
- Bathrooms	- 15 Years
- Windows	- 30 Years
- Doors	- 30 Years
- Driveway & Paths	- 30 Years
- Gutters & Downpipes	- 30 Years
- Roof	- 80 Years
- Walls	- 30 Years
- Ceiling	- 30 Years
- Electrics	- 30 Years
- Woodwork	- 30 Years
- Lifts	- 30 Years
- Building	- 80 Years
- Assistive Technology	- 5 Years
- Sprinkler Systems	- 15 Years

No depreciation is charged on land.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

(ii) Other fixed assets

Expenditure incurred on the Association's office buildings has been split into components and depreciated at the rates detailed in (j) and (i).

Office furniture and equipment is written off straight line over 5 years.

Computer equipment is written off straight line over 3 years.

Motor vehicles are written off straight line over 5 years.

Depreciation is charged on these assets on a monthly basis from the date of acquisition.

(k) Fair value of assets transferred

The fair value of assets transferred at 1st October 2012 has been treated as acquisition accounting.

(l) Impairment of fixed assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets is recognised in the Income and Expenditure account.

(m) Deferred Income

Income and grants received in advance of the period to which the service is provided are recognised as deferred income.

(n) Service Equipment Replacement Creditor

The service equipment replacement creditor represents the Association's liability to replace service equipment for mainstream properties in accordance with a planned programme of work.

(o) Restricted Reserves

This reflects revenue grants received for restricted purposes/projects and related expenditure in these projects.

(p) Pensions

The Association participates in a defined benefit pension scheme, the cost of which is met on an accruals basis. The assets of the Scheme are held separately from those of the Association in an independently administered fund.

As disclosed in note 26 the Association was informed in June 2013 of the amounts it is estimated to pay for past service deficit over the next 12 ½ years. In accordance with FRS 102, the Association's share of the scheme assets and liabilities have been separately identified and are included in the Association's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The Association's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the statement of comprehensive income as actuarial gain or loss on pension schemes.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (Continued)

During the year ARK has also been contributing to a Standard Life scheme for 4 staff that transferred from Rymonth Housing Society Limited. The contribution rates are 2.4% of pensionable salary for employees and 6% for the employer. This is a defined contribution scheme. More information can be found in note 26.

(q) Credit Payment Policy

Purchases are paid within 30 days of invoice or in accordance with creditor payment terms.

(r) Operating Leases

Rentals paid in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(s) Taxation

As a registered Social Landlord and a Registered Charity, the Association is exempt from payment of corporation tax on its social letting and other charitable activities.

(t) Investments

Investment income is brought into account when due and receivable. Investments are stated at market value. Unrealised gains or losses on valuation are reflected through the Statement of Comprehensive Income and disclosed in the Revaluation Reserve in the Balance Sheet. Realised gains or losses are recognised through the Statement of Comprehensive Income as they occur.

(u) Financial instruments (financial assets and financial liabilities)

The Association has only basic financial assets and liabilities comprising debtors, cash and cash equivalents and trade creditors and accruals. These assets and liabilities are initially recorded at cost and subsequently at the amounts expected to be received or paid.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

2. Particulars of turnover, operating costs and operating surplus for the financial year by class of business

Group:

	Notes	Turnover	Operating Costs	2016 Operating Surplus/ (Deficit)	2015 Operating Surplus Restated
		£'000	£'000	£'000	£'000
Social Lettings	3	3,119	(2,211)	908	829
Other Activities	4	16,616	(16,854)	(238)	(418)
2016 Total		19,735	(19,065)	670	411
2015 Total restated		19,278	(18,867)	411	

Association:

	Notes	Turnover	Operating Costs	2016 Operating Surplus/ (Deficit)	2015 Operating Surplus Restated
		£'000	£'000	£'000	£'000
Social Lettings	3	2,479	(2,004)	475	399
Other activities	4	16,683	(16,853)	(170)	(356)
2016 Total		19,162	(18,857)	305	43
2015 Total restated		18,724	(18,681)	43	

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

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

Group:	General Needs £'000	Supported Housing Accommodation £'000	2016 Total £'000	Restated 2015 Total £'000
Rent receivable	2,768	79	2,847	2,677
Service charges	342	-	342	325
Gross income from rents and service charges	3,110	79	3,189	3,002
Less Voids	(70)	-	(70)	(47)
Total turnover from social letting activities	3,040	79	3,119	2,955
Management and maintenance administration costs	743	23	766	703
Service costs	320	-	320	294
Planned and cyclical maintenance including major repairs costs	268	8	276	366
Reactive maintenance costs	259	8	267	251
Bad debts – rent and service charges	(2)	-	(2)	(9)
Depreciation of social housing	568	16	584	521
Operating costs for social letting activities	2,156	55	2,211	2,126
2016 Operating surplus for social letting activities	884	24	908	829
2015 Operating surplus for social letting activities - restated	803	26	829	

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

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

Association:	General Needs £'000	Supported Housing Accommodation £'000	2016 Total £'000	Restated 2015 Total £'000
Rent receivable	2,188	80	2,268	2,120
Service charges	281	-	281	266
Gross income from rents and service charges	2,469	80	2,549	2,386
Less Voids	(70)	-	(70)	(47)
Total turnover from social letting activities	2,399	80	2,479	2,339
Management and maintenance administration costs	729	24	753	687
Service costs	254	-	254	240
Planned and cyclical maintenance including major repairs costs	242	8	250	343
Reactive maintenance costs	231	8	239	226
Bad debts – rent and service charges	-	-	-	(11)
Depreciation of social housing	492	16	508	455
Operating costs for social letting activities	1,948	56	2,004	1,940
2016 Operating surplus for social letting activities	451	24	475	399
2015 Operating surplus for social letting activities - restated	373	26	399	

ARK HOUSING ASSOCIATION LIMITED
NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016 (Continued)

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

Group:	Other revenue grants	Supporting people income	Other income	Total turnover	Other operating costs	2016 Operating (Deficit)	Restated 2015 Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support activities	6,793	7,658	289	14,740	(14,861)	(121)	(289)
Care activities	1,518	-	149	1,667	(1,709)	(42)	(58)
Other activities	-	-	209	209	(284)	(75)	(71)
Total from other activities – 2016	8,311	7,658	647	16,616	(16,854)	(238)	(418)
Total from other activities – 2015 restated	8,036	7,474	813	16,323	(16,741)	(418)	

Association:	Other revenue grants	Supporting people income	Other income	Total turnover	Other operating costs	2016 Operating (Deficit)	Restated 2015 Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support activities	6,793	7,658	289	14,740	(14,861)	(121)	(289)
Care activities	1,518	-	149	1,667	(1,709)	(42)	(58)
Other activities	-	-	276	276	(283)	(7)	(9)
Total from other activities – 2016	8,311	7,658	714	16,683	(16,853)	(170)	(356)
Total from other activities – 2015 restated	8,036	7,474	875	16,385	(16,741)	(356)	

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

5. The number of units in management at 31 March 2016 was as follows:

	Owned	Not Owned	2016 Total	2015 Total
	No	No	No	No
General Needs	199	1	200	180
Supported accommodation	348	51	399	423
	547	52	599	603

Management of Association stock by other bodies

	2016 No	2015 No
Properties leased to other organisations		
Midlothian Council	9	2
West Lothian Council	6	6
Community Integrated Care Ltd	6	6
Aberdeen City Council	1	1
Leonard Cheshire Foundation	1	1
Real Life Options	1	11
Fife Council	6	6
Clackmannanshire Council	3	3
Total properties	33	34

6. Interest payable

	Group		Housing Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loans	108	118	32	34
Net interest charges on pension liability	215	1,906	215	1,906
	323	2,024	247	1,940

7. Taxation

The Group has charitable status with HM Revenues & Customs (Charity Number SC015694) and is eligible for exemptions from corporation tax.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

8. Restricted Reserves	Group		Housing Association	
	2016	2015	2016	2015
Rotary Rymonth Hobbies Fund - Restricted	£'000	£'000	£'000	£'000
At 1 April 2015	7	7	7	7
At 31 March 2016	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

The Rotary Rymonth Hobbies Fund was created out of a donation received by Rymonth Housing Society from St Andrews Rotary Club for the purpose of promoting the leisure activities of the residents of Rymonth, including the provision of equipment and materials for the said purpose. Interest shall be credited annually and any expenditure exceeding £250 shall be notified to the Rotary Club in advance.

Rymonth Donations - Restricted	£'000	£'000	£'000	£'000
At 1 April 2015	25	25	25	25
At 31 March 2016	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>

The Rymonth Donations was created out of donations received by Rymonth Housing Society and by ARK for the residents of Rymonth.

Southside / West Adam Street	£'000	£'000	£'000	£'000
At 1 April 2015	7	7	7	7
At 31 March 2016	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

The Southside / West Adam Street restricted Fund relates to monies raised on behalf of the West Adam Street Project. These had been held by the Ark Housing Trust and were transferred over when it was closed. The intention is that the funds will be used on behalf of the project, for example, spending on supporting one-off purchases such as furniture, or one-off activities such as trips.

Total Restricted Reserves	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>
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ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016 (Continued)**

9. Tangible Fixed Assets – Group

Heritable property for letting

	Assets completed £'000	Assets under construction £'000	Total Heritable property for letting £'000
Cost			
As at 1 April 2015	34,907	-	34,907
Additions	377	-	377
Adjustment	(5)	-	(5)
Disposals	(161)	-	(161)
Transferred to investment	(342)	-	(342)
As at 31 March 2016	34,776	-	34,776
Depreciation			
As at 1 April 2015	9,572	-	9,572
Charge for Year	769	-	769
Disposals	(96)	-	(96)
Transferred to investment	(109)	-	(109)
As at 31 March 2016	10,136	-	10,136
Net Book Value			
As at 31 March 2016	24,640	-	24,640
As at 31 March 2015	25,335	-	25,335

All land and property is owned by the Group. None is held under a lease.

Major Repairs costs amounted to £426k (2015 £364k) of which £357k (2015 £198k) was capitalised in the year.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

**10. Tangible Fixed Assets -
Housing Association**

	Assets Completed	Assets Under Construction	Total Heritable property for letting £'000
Cost			
As at 1 April 2015	30,212	-	30,212
Additions	305	-	305
Adjustment	(5)	-	(5)
Disposals	(153)	-	(153)
Transferred to investment	(341)	-	(341)
As at 31 March 2016	30,018	-	30,018
 Depreciation			
As at 1 April 2015	8,666	-	8,666
Charge for Year	671	-	671
Disposal	(93)	-	(93)
Transferred to investment	(110)	-	(110)
As at 31 March 2016	9,134	-	9,134
 Net Book Value			
As at 31 March 2016	20,884		20,884
As at 31 March 2015	21,546		21,546

All land and property is owned by the Association. None is held under a lease.
Major Repairs costs amounted to £354k (2015 £280k) of which £290k (2015 £119k) was capitalised in the year.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

**11. Other Fixed Assets –
Group**

	Heritable Buildings £'000	Land £'000	Computer Equipment £'000	Office Equipment £'000	Total £'000
Cost					
As at 1 April 2015	1,559	1,300	621	68	3,548
Additions during year	143	-	9	78	230
Adjustments	(245)	-	-	-	(245)
Disposals during the year	-	-	(2)	-	(2)
At 31 March 2016	<u>1,457</u>	<u>1,300</u>	<u>628</u>	<u>146</u>	<u>3,531</u>
Depreciation					
As at 1 April 2015	294	-	522	63	879
Charges for the year	36	-	61	12	109
Adjustments	(4)	-	-	-	(4)
Disposals	-	-	(2)	-	(2)
At 31 March 2016	<u>326</u>	<u>-</u>	<u>581</u>	<u>75</u>	<u>982</u>
Net Book Value					
At 31 March 2016	<u>1,131</u>	<u>1,300</u>	<u>47</u>	<u>71</u>	<u>2,549</u>
As at 31 March 2015	<u>1,265</u>	<u>1,300</u>	<u>99</u>	<u>5</u>	<u>2,669</u>

The original cost of the office premises at The Priory was £1,043,000. These premises were valued in June 1994 at open market value on an equivalent use basis at £750,000 by Maurice Elliot FRICS, FSVA at Kean Kennedy and Partners, independent chartered surveyors, in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institute of Chartered Surveyors. The reduction in value was fully written off in the year ended 31 March 1994.

As allowed under FRS transitional rules, as the valuation was carried out prior to the introduction of the FRS, the Association has chosen to retain that valuation as deemed cost in the financial statements.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

**12. Other Fixed Assets –
Association**

	Heritable		Computer	Office	
	Buildings	Land	Equipment	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 April 2015	1,559	1,250	621	68	3,498
Additions during year	143	-	9	78	230
Adjustments	(245)	-	-	-	(245)
Disposals during the year	-	-	(2)	-	(2)
At 31 March 2016	<u>1,457</u>	<u>1,250</u>	<u>628</u>	<u>146</u>	<u>3,481</u>
Depreciation					
As at 1 April 2015	294	-	522	63	879
Charges for the year	36	-	61	12	109
Adjustment	(3)	-	-	-	(3)
Disposals	-	-	(2)	-	(2)
At 31 March 2016	<u>327</u>	<u>-</u>	<u>581</u>	<u>75</u>	<u>983</u>
Net Book Value					
At 31 March 2016	<u>1,130</u>	<u>1,250</u>	<u>47</u>	<u>71</u>	<u>2,498</u>
As at 31 March 2015	<u>1,265</u>	<u>1,250</u>	<u>99</u>	<u>5</u>	<u>2,619</u>

The original cost of the office premises at The Priory was £1,043,000. These premises were valued in June 1994 at open market value on an equivalent use basis at £750,000 by Maurice Elliot FRICS, FSVA at Kean Kennedy and Partners, independent chartered surveyors, in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institute of Chartered Surveyors. The reduction in value was fully written off in the year ended 31 March 1994.

As allowed under FRS transitional rules, as the valuation was carried out prior to the introduction of the FRS, the Association has chosen to retain that valuation as deemed cost in the financial statements.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

13. Investments

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Opening value	1,135	1,058	1,135	1,058
Additions	59	120	59	120
Disposals	(47)	(86)	(47)	(86)
Reinvested dividends	13	18	13	18
Investment management fees	(10)	(9)	(10)	(9)
Closing value before unrealised gain	1,150	1,101	1,150	1,101
Movement in unrealised gain / (loss)	(17)	34	(17)	34
Closing market value	1,133	1,135	1,133	1,135

Investment holdings over 5% of the portfolio total are as follows:

Standard Life Investments Global IDX LKD BD	6.47%
Invesco Fund Managers High Income	5.80%

Investment Property – West Adam Street

Transfer from fixed assets	233	-	233	-
Additions	242	-	242	-
Closing Balance	475	-	475	-

14. Debtors: Amount falling due within one year

	Group		Housing Association	
	2016	restated 2015	2016	restated 2015
	£'000	£'000	£'000	£'000
Rent Arrears	102	87	94	76
Less: Provision for bad debts	(7)	(7)	(7)	(5)
	95	80	87	71
Other Debtors	124	106	119	103
Ark Services Debtor	-	-	1	-
Kindred Debtor	28	-	28	-
TAG Debtor	1	-	1	-
Ark Commercial Investment Debtor	-	-	5	-
Less: Provision for bad debts	(59)	(13)	(59)	(13)
Housing association grant receivable				
Local Authorities	1,190	1,446	1,190	1,446
Prepayments and accrued income	408	254	408	254
	1,787	1,873	1,780	1,861

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

15. Creditors: Amount falling due within one year

	Group		Housing Association	
	2016	Restated 2015	2016	Restated 2015
	£'000	£'000	£'000	£'000
Trade Creditors	258	109	254	77
Contractors for specified work and retentions unpaid	48	252	48	252
Local Authorities	264	515	264	515
Other Creditors	260	193	257	193
The Action Group Creditor	3	2	3	2
Other taxes and social security	344	320	344	320
Accruals	576	585	536	559
Deferred Income	74	80	74	80
Service equipment replacement account	571	550	374	376
Release of HAG	205	205	205	205
Release of other Grants	43	43	18	18
Housing Loans (Note 16)	130	127	70	68
	2,776	2,981	2,447	2,665

Analysis of deferred HAG/other grants- Group

	Housing Association		Total
	Grants £'000	Other Grants £'000	
Deferred income as at 31 March 2015	11,215	2,645	13,860
Additional income received	15	-	15
Released to Statement of comprehensive income	(205)	(43)	(248)
Deferred income as at 31 March 2016	11,025	2,602	13,627

Grant to be released to the Statement of Comprehensive Income

2015 – all due within one year	205	43	248
2016 – all due within one year	205	43	248

Analysis of deferred HAG/other grants – Association

	Housing Association		Total
	Grants £'000	Other Grants £'000	
Deferred income as at 31 March 2015	11,215	1,056	12,271
Additional income received	15	-	15
Released to Statement of comprehensive income	(205)	(18)	(223)
Deferred income as at 31 March 2016	11,025	1,038	12,063

Grant to be released to the Statement of comprehensive income

2015 – all due within one year	205	18	223
2016 – all due within one year	205	18	223

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

16.

Creditors due out with one year

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
HAG	11,025	11,215	11,025	11,215
Other Grants	2,602	2,645	1,038	1,056
Housing Loans	2,585	2,715	988	1,058
	<u>16,212</u>	<u>16,575</u>	<u>13,051</u>	<u>13,329</u>

Loans are secured by specific charges on the Group's properties. Loans are repayable at current rates of interest ranging from 1.10 % to 7.02 % (2015: 1.10% to 7.02 %) in instalments due as follows:

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
In one year or less (Note 15)	130	127	70	68
In one to two years	134	131	71	70
Between two to five years	428	414	221	216
In five years or more	2,023	2,170	696	772
	<u>2,715</u>	<u>2,842</u>	<u>1,058</u>	<u>1,126</u>

Housing loans will be fully repaid between 2025 and 2039.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

17. Employees

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Staff Costs during year				
Wages & Salaries	13,295	12,936	13,295	12,936
Social Security Costs	912	878	912	878
Other Pension Costs	1,034	1,082	1,034	1,082
	<u>15,241</u>	<u>14,896</u>	<u>15,241</u>	<u>14,896</u>

In addition to the above staff costs the Association also incurred agency staff costs of £526k during the year (2015: £403k).

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

	Group		Housing Association	
	2016	2015	2016	2015
	No	No	No	No
Housing Staff	10	8	10	8
Support Staff	42	43	42	43
Direct Services Staff	560	562	560	562
	<u>612</u>	<u>613</u>	<u>612</u>	<u>613</u>

Key management are defined as the Executive Officers which includes the Chief Executive and 3 Directors. No emoluments were paid to any member of the Board of Management during the year and details of emoluments paid to key management follow:

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Aggregate Emoluments payable to Executive Officers (including pension contributions and benefits in kind)	<u>266</u>	<u>242</u>	<u>266</u>	<u>242</u>
Emoluments payable to Highest Paid Executive Officer (excluding pension contributions)	<u>78</u>	<u>76</u>	<u>78</u>	<u>76</u>

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

17. Employees (continued)

The Chief Executive is an ordinary member of the Association's pension scheme described in note 26. No enhanced or special terms apply to membership and there are no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £2,321 (2015: £2,536).

	2016	2015
Total expenses reimbursed insofar as not chargeable to UK Income Tax:	£	£
Chief Executive	300	455
Board of Management	54	-

The number of Executive Officers whose emoluments, excluding pension contributions and benefits in kind, were over £60,000 was as follows:

	2016	2015
	No	No
£60,000 to £70,000	1	1
£70,000 to £80,000	1	1

No payments were made during the year to any member of the Association other than members who were also Board of Management members, or an officer or employee.

There were no loans to the Board members, officers or employees during the year.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

18. Operating Surplus

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
This is stated after charging the following:				
External Auditors remuneration	17	14	14	14
Remuneration to external auditors for other services	2	-	2	-
Internal Auditors remuneration	5	6	5	6
Depreciation	680	627	610	561
Other operating lease rentals				
- land & buildings	318	251	318	251
- plant & machinery	21	24	21	24

19. Gain on disposal of fixed assets

	Group		Housing Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Proceeds	89	-	89	-
Net book value disposed	(78)	-	(78)	-
	11	-	11	-

20. Share Capital -

Group & Housing Association

	2016	2015
Shares of £1 fully paid and issued at beginning of year	47	47
Shares Issued during year	1	3
Shares Cancelled during year	(1)	(3)
	47	47

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.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

21. Net cash inflow from operating activities

	2016	2015
Group	£'000	£'000
Operating Surplus	670	411
Depreciation	680	627
Decrease/(increase) in Debtors	87	(228)
(Decrease) in Creditors	(206)	(489)
Net cash generated from operating activities	1,231	321

Reconciliation of net cash flow to movement in net funds/(debt)

	2016	2015
Group	£'000	£'000
Increase/(Decrease) in cash in the period	370	(1,844)
Cash inflow from movement in debt	127	119
	497	(1,725)
Net funds at 1 April	(312)	1,413
Net funds at 31 March	185	(312)

Analysis of changes in net funds

	At	Cash	At
	31-Mar-15	Flows	31-Mar-16
	£'000	£'000	£'000
Cash in bank and in hand	2,530	370	2,900
Debt due within 1 year	(127)	(3)	(130)
Debt due after 1 year	(2,715)	130	(2,585)
Net funds	(312)	497	185

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

22. Net cash inflow/(outflow) from operating activities

	2016	2015
	£'000	£'000
Housing Association		
Operating Surplus	305	43
Depreciation	610	561
Decrease/(Increase) in Debtors	82	(67)
(Decrease) in Creditors	(221)	(571)
Net cash generated from operating activities	<u>776</u>	<u>(34)</u>

Reconciliation of net cash flow to movement in net funds/(debt)

	2016	2015
	£'000	£'000
Housing Association		
Increase/(Decrease) in cash in the period	115	(964)
Cash inflow from movement in debt	68	67
	<u>183</u>	<u>(897)</u>
Net funds at 1 April	868	1,765
Net funds at 31 March	<u>1,051</u>	<u>868</u>

Analysis of changes in net funds

	At	Cash	At
	31-Mar-15	Flows	31-Mar-16
	£'000	£'000	£'000
Cash in bank and in hand	1,994	115	2,109
Debt due within 1 year	(68)	(2)	(70)
Debt due after 1 year	(1,058)	70	(988)
Net funds	<u>868</u>	<u>183</u>	<u>1,051</u>

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

23. Commitments

Group and Housing Association

At the end of the financial year the Association had total future minimum lease payments under non-cancellable operating leases as follows:

	Group		Housing Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Equipment				
Operating leases which expire:				
Less than one year	15	24	15	24
In two to five years inclusive	28	37	28	37
	<u>43</u>	<u>61</u>	<u>43</u>	<u>61</u>
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Land and buildings				
Operating leases which expire less than one year	77	79	77	79
Over one year	69	103	69	103
	<u>146</u>	<u>182</u>	<u>146</u>	<u>182</u>

24. Capital Commitments

	Group		Housing	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Housing land and buildings				
Commitment of Priory works	-	194	-	194

25. Related Party Transactions

Ark Services Limited & Ark Commercial Investment Limited are wholly owned subsidiaries of ARK Housing Association.

During the year ARK charged Ark Services £62,550 for professional and administrative support (2015: £62,550) and £14,277 (2015: £14,277) for insurance. At 31 March 2016 there was a total balance of £700 (2015: £nil) owed to ARK Housing Association and a balance of £276 (2015: £nil) due from ARK Housing Association in respect of rental and other income received on behalf of Ark Services Limited.

In addition Ark charged Ark Commercial Investment Limited £4,166 (2015: £nil) during the year for rental of the property at West Adam Street. At 31 March 2016 there was a total of £5,163 (2015: £nil) owed to ARK Housing Association Limited by Ark Commercial Investment Limited for utility bills paid on its behalf.

During the year ARK Housing Association held 112 bank accounts (2015: 102) in trust on behalf of service users. These accounts are kept separate from funds held by the Association and controls monitored by the Care Commission are in place to ensure the safe custody of said funds. The total amount held in these accounts as at 31 March 2016 was £649,376 (2015 £401,258).

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (Continued)

26. Pension Commitments

General

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

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. FRS 102 requires the disclosure of the Group's share of the assets and liabilities of the scheme within the financial statements and an evaluation of the scheme assets and liabilities has been carried out by an independent actuary as at 31 March 2016.

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service 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 2015. 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 £612 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £197 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.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

26. Pension Commitments (continued)

ARK Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for ARK Housing Association was £31,502,607.

ARK Housing Association has elected to operate the final salary with a 1/60th accrual rate, career average revalued earnings with a 1/60th accrual rate, career average revalued earnings with a 1/120th accrual rate, contracted in, (from 1 April 2011) and DC option benefit option for active members as at 31 March 2015 and the DC option benefit option for new entrants from the 1 April 2014.

During the accounting period ARK Housing Association paid contributions at the rate of 3.45% of pensionable salaries. Member contributions were 3%.

As at the balance sheet date there were 574 active members of the Scheme employed by ARK Housing Association. The annual pensionable payroll in respect of these members was £9,038,838.

ARK Housing Association continues to offer defined contribution membership of the Scheme to its employees.

The Association has been notified by The Pensions Trust that the amount to be paid in 2015/16 is £719,965. Subject to certain conditions, this amount is payable annually and is anticipated to increase by 3% per annum. A further review of the recovery plan will take place after the triennial valuation undertaken in September 2015.

Using the discount rate based on an AA corporate bond for the same period a liability with a net present value of £13,448,000 is recognised within the provisions for this contractual obligation.

Movements in present value of defined benefit obligation

	Group 2016 £'000	Association 2016 £'000
Housing Association		
At 1 April 2015	13,919	13,919
Deficit contribution paid	(686)	(686)
Re-measurements	(86)	(86)
Interest cost	301	301
Closing defined benefit obligation	13,448	13,448

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

26. Pension Commitments (continued)

Expense recognised in the statement of comprehensive income	Group	Association
	2016	2016
	£'000	£'000
Housing Association		
Net interest on defined benefit obligation	301	301
Re-measurements	(86)	(86)
Amount charged to other finance costs	<u>215</u>	<u>215</u>

Growth Plan

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

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

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

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Growth Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Growth Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

ARK Housing Association offers the Growth Plan as an AVC investment option for members of the SHA Pension Scheme. The members pay contributions at a rate of their choice. ARK Housing Association does not pay any contributions to the Growth Plan.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (Continued)

26. Pension Commitments (continued)

As at the balance sheet date there was 1 active member of the Plan employed by ARK. ARK has closed its plan to new entrants.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 102 represents the employer contribution payable.

The valuation results at 30 September 2014 were completed in 2016 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £793 million and the Plan's Technical Provisions (i.e. past service liabilities) were £970 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £177 million, equivalent to a funding level of 82%.

The financial assumptions underlying the valuation as at 30 September 2014 were as follows:

	% pa
- Rate of return pre retirement	4.9
- Rate of return post retirement	
Active and deferred members	4.2
Pensioners	4.2
- Bonuses on accrued benefits	0.0
- Inflation: Retail Price Index (RPI)	2.9
- Inflation: Consumer Price Index (CPI)	2.4

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

The next valuation will be undertaken as at 30 September 2017. At this time the Trustee will consider how the liabilities will be calculated. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). The existing recovery plan runs until 31 March 2023. An additional £28 million will be recovered by extending the length of the recovery plan until 31 August 2025.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

(Continued)

26. Pension Commitments (continued)

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

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

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

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

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

ARK has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt, including Series 3 liabilities for ARK was £33,308.

In relation to the Growth Fund, The Association has also been notified by The Pensions Trust of the amount to be paid for the past service deficit commencing 1 April 2016 for 10 years is £2,221.

ARK HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS AS AT 31 MARCH 2016 (Continued)

26. Pension Commitments (continued)

Other Pension Schemes

During the year ARK has been contributing to a defined contribution Standard Life scheme for 4 staff that transferred from Rymouth Housing Society Limited. The contribution rates are 2.4% of pensionable salary for employees and 6% for the employer.

27. Contingent Liability

Pensions

ARK Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt for ARK Housing Association was £31,502,607. ARK has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for ARK was £33,308 (2015: £33,308) including Series 3 liabilities in the calculation.

28. Prior year adjustments – Group and Association

Adjustments following adoption of FRS 102 – Group and Association

1) Recognition of grant income

Previously capital grants received were netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grants received by the Group are now classified either as a grant relating to revenue or a grant relating to assets in accordance with the accrual model. Non-government grants are accounted for under the performance model.

Under the accruals model the government grants have been allocated to the related assets and amortised over the useful economic life of these assets. The unamortised amount is held within deferred income, split between less than one year and greater than one year. The amount of amortised grant that has been recognised in the opening reserves is £6,236k.

2) Pension liability

ARK Housing Association participated in the multi-employer defined benefit Scottish Housing Association Pension Scheme. In prior years, the cost of the scheme was accounted for on a defined contribution basis as it was not deemed possible at that time to separately identify the underlying assets and liabilities of individual participating employers.

Under FRS 102, the past service deficit liability is included in the statement of financial position and therefore ARK elected to enable full FRS 102 implementation and disclosures in relation to the scheme. This has resulted in the inclusion of the results of a SHAPs pension liability on the Statement of Financial Position, and adjustments to operating expenditure, finance income and finance costs.

3) Holiday pay accrual

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. No adjustment was required as the Association's holiday year is the same as the financial year and the holiday pay liability at the year end was not material to the financial statements.

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

28. Prior year adjustments – Group and Association (continued)

The adjustments below result in the following restatements for the Group:

Restated consolidated Statement of Financial Position	Reported in	Restatement	Restated
	2015		2015
	Financial statements		Figures
	£'000	£'000	£'000
Social housing properties	36,586	(1,679)	34,907
Accum Depreciation	(4,211)	(5,361)	(9,572)
Other Fixed Assets	1,406	1,263	2,669
HAG-transfer to creditors	(16,548)	16,548	0
Other Grants –Transfer to creditors	(3,824)	3,824	0
Asset held for sale	78	-	78
Investments	1,135	-	1,135
Cash at bank	2,530	-	2,530
Debtors	1,873	-	1,873
Creditors due within one year	(2,733)	(248)	(2,981)
Creditors due after more than one year	(2,715)	(13,860)	(16,575)
Pension liability	-	(13,919)	(13,919)
Net decrease in net assets	13,577	(13,432)	145
Restricted reserves	39	-	39
Designated reserves	12,684	(12,684)	-
Revenue reserve excluding pension reserve	52	-	52
General revenue reserves	802	(748)	54
Net decrease in net assets	13,577	(13,432)	145
Statement of Comprehensive Income			
Turnover	19,179	-	19,179
Operating expenditure	(18,867)	-	(18,867)
Local Authority creditor movement	99	-	99
Exceptional item – W/o of boundaries	(168)	-	(168)
Interest receivable	60	-	60
Interest payable	(118)	(1,906)	(2,024)
Actuarial gain in respect of pension schemes	-	670	670
Restatement for component accounting	-	487	487
Unrealised gain on investment	34	-	34
Total comprehensive income	219	(749)	(530)

ARK HOUSING ASSOCIATION LIMITED

**NOTES TO THE GROUP FINANCIAL STATEMENTS
AS AT 31 MARCH 2016
(Continued)**

28. Prior year adjustments – Group and Association (continued)

The adjustments below result in the following restatements for the Association:

Restated Statement of Financial Position	Reported in 2015 Financial statements £'000	Restatement £'000	Restated 2015 Figures £'000
Social housing properties	31,841	(1,629)	30,212
Accum. Depreciation	(3,689)	(4,977)	(8,666)
Other Fixed Assets	1,406	1,213	2,619
HAG-Transfer to creditors	(16,548)	16,548	-
Other Grants-Transfer to creditors	(1,950)	1,950	-
Asset held for sale	78	-	78
Investments	1,135	-	1,135
Cash at bank	1,994	-	1,994
Debtors	1,861	-	1,861
Creditors due within one year	(2,442)	(223)	(2,665)
Creditors due after more than one year	(1,058)	(12,271)	(13,329)
Pension liability	-	(13,919)	(13,919)
Net decrease in net assets	12,628	(13,308)	(680)
Restricted reserves	39	-	39
Designated reserves	12,483	(12,483)	-
Revaluation reserves	52	-	52
General revenue reserves	54	(825)	(771)
Net decrease in net assets	12,628	(13,308)	(680)
Statement of Comprehensive Income			
Turnover	18,625	-	18,625
Operating expenditure	(18,681)	-	(18,681)
Local Authority creditor movement	99	-	99
Exceptional item – W/o of boundaries	(155)	-	(155)
Interest receivable	58	-	58
Interest payable	(34)	(1,906)	(1,940)
Actuarial gain in respect of pension schemes	-	470	470
Restatement for component accounting	-	612	612
Unrealised gain on investment	34	-	34
Total comprehensive income	(54)	(824)	(878)