

Atrium Homes

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.CON305

Company Limited by Guarantee SC190351

Scottish Charity No. SC028506

ATRIUM HOMES

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ATRIUM HOMES

BOARD OF DIRECTORS, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2015

BOARD OF DIRECTORS

James O'Neill	Chairperson
Marie Coyle	Vice Chairperson
Margaret Peck	
Max Griffiths	
Graham Piggott	
Jackie McIntosh	
Joe Keen	
Ruth Robin	Resigned 24/02/15

Co-optees

Claire Gower
David Aitken
Alan Grant

EXECUTIVE OFFICERS

Stephen Black	Chief Executive
Joyce McCroskie	Head of Operations
Celia Taylor	Head of Investment
Alana Durmin	Head of Finance

REGISTERED OFFICE

39/41 John Finnie Street
Kilmarnock
KA1 1BL

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Clydesdale Bank plc
30 The Foregate
Kilmarnock
KA1 1JH

SOLICITORS

Harper McLeod	James Gurthie and Company
The Ca'd'oro	3 Portland Road
45 Gordon Street	Kilmarnock
Glasgow	KA1 2AN
G1 3PE	

ATRIUM HOMES

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2015

The Board of Directors presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

Atrium Homes is a company limited by guarantee under the Companies Act 2006 No.SC190351 and is governed by its Memorandum and Articles of Association. Atrium Homes is a registered Scottish Charity with the charity number SC028506.

Principal Activities

The principal activity of Atrium Homes is the provision and management of quality affordable rented accommodation.

Review of Business and Future Developments

Background

Atrium began its landlord activities on 14 September 2000, when it bought 909 housing units and 99 lockup garages from Scottish Homes, at a cost of £8.5 million. After an initial period of establishing its credentials as a landlord, Atrium Homes pursued a strategy of prudently managed growth from 2005/06 until 2013/14.

As a consequence, as well as delivering core customer services, investing in stock and managing its financial health, Atrium added to its portfolio through new build activity and selective acquisitions via the Mortgage to Rent scheme, on the open market and from another registered social landlord. Currently, of the associations operating in East Ayrshire, Atrium has the largest amount of stock in the district. To support its developments, Atrium increased its borrowings via facilities with RBS and Nationwide. Atrium has marshalled this situation well through effective treasury management.

When the Growth Strategy was initially adopted, Atrium Homes was shrinking in size through Right to Buy sales from sitting tenants. Since then the number of tenants with a preserved Right to Buy has diminished significantly and the recent confirmation that the Right to Buy in Scotland will be legislatively removed from 2016 should mean that the organisation's assets are protected from further erosion from that direction.

Regulatory engagement with Atrium has been light throughout its 15 year life, and for the last 3 financial years engagement has been low. This reflects the good governance of Atrium by Board and senior staff during difficult economic times.

REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Current Position

The Board of Atrium Homes has had a number of discussions regarding the longer term strategic direction and objectives of the organisation over the next 5 to 10 years. It has revised these in the light of our changing operating environment but the overall direction remains the same:

- Atrium's Board still aspires to see the Atrium Group grow but it recognises that the operating environment makes significant growth less likely than previously.
- We will continue to review our stock profile on an asset management basis and in addition to planned investment in existing stock, we will consider selective stock re-profiling and ad hoc acquisitions. We will continue to place great emphasis on the quality of our customer care, management and maintenance services and commit resources to the introduction of new supporting services. We aim to be an organisation which is seen by our tenants as being relevant to them and their lives.
- This means listening to them, consulting them and being prepared to change our approaches and our services to meet their requirements and aspirations.
The current tight group structure of Atrium Homes and Atrium Initiatives continues to offer the best way
- of managing risk. Branded services will allow us to expand the range of services we deliver.

Governance

Our governance structure has been adjusted to reflect our activities and further change may be implemented to ensure its effectiveness. We have also reviewed how we present information to Board and introduced technology to improve matters.

Succession planning, particularly at Board level will continue to be a critical aspect of our activities in the next few years. We anticipate that further change will take place with some existing Board members choosing to step down. We aim to ensure that we are capable of attracting new members who can continue to add value to our activities.

Relocation to Shortlees

In 2014, Atrium acquired Shortlees Church and implemented plans to build new offices on the site. We aim to be in our new offices, delivering services by the end of 2015. This is a significant shift for Atrium. The Big Lottery award of "Our Place" status to Shortlees offers a perfect opportunity for Atrium to help address the broader needs of that estate. Initial survey activity is almost complete and the resulting report will provide evidence of community perceptions and aspirations.

We anticipate that Atrium's involvement will alter the nature of our relationship with tenants in that community. For Atrium's part, it considers that Shortlees is of intrinsic importance to Atrium's financial wellbeing and our presence there will help stabilize the area in the longer-term.

ATRIUM HOMES

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2015

Review of Business and Future Developments (Contd)

Financial Performance

Income and Expenditure Account

The Company made a surplus for the year of £1,239,766 (2014 - surplus £785,197). The main source of income for the organisation continued to be rental income of £4.66 million from its affordable letting activities.

Balance Sheet

Atrium Homes' Balance Sheet as at 31 March 2015 is shown on page 11 and confirms the value of net assets of £15,188,546 (2014 - £11,687,413). The Balance Sheet reflects our decision to include our housing stock at valuation (rather than cost less depreciation) and that the valuation is on an "Existing Use Value for Social Housing" (EUV-SH) basis.

A valuation of all stock as at the 28th of February 2015 was carried out by Jones, Lange LaSalle and the valuation resulted in a valuation of £35.5m for properties held for let (£33.7m in 2014).

Cashflow

Atrium Homes' cashflow can be seen on page 12. The main sources of cash inflows were rents, with the organisation also investing significantly in existing properties through the planned maintenance programme, in addition to investing in the new office project. Consequently cash balances at the year-end showed an increase of £508k to £3.6m.

Treasury Policy

As a debt funded organisation Atrium's treasury policy is to maintain sufficient cash balances to meet operational needs without incurring unnecessary levels of borrowing.

Reserves Policy

Atrium Homes' business plan allowed for losses in the early years of its existence to carry out planned maintenance work to improve the condition of its stock and in the past this was charged to the revenue account and not capitalised. However, with the implementation of component accounting from 2012, maintenance work previously charged to the revenue account has been capitalised and as a result the revenue reserve increased. Increased surpluses have also had a positive impact on the value of the revenue reserves, which is 32.5%, (32.2% - 2014) of the total Capital and Reserves value. The Board's policy in future is to continue to improve the level of revenue reserves to fund future planned maintenance commitments.

Related Party Transactions

Other than transactions with the Company's subsidiary, Atrium Initiatives, there were no related party transactions during the year.

The Board and Executive Officers

The members of the Board of Directors and the Executive Officers are listed on Page 1. The Board of Atrium Homes have delegated certain powers to three sub-committees.

The liability of the members of the Company is limited under the Memorandum and Articles of Association to a sum not exceeding £1.

The members of the Board of Directors are also Trustees of the Charity. Members of the Board of Directors are appointed by the members at the Annual General Meeting or appointed by co-option during the course of the year.

REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2015

Statement of Board of Directors's Responsibilities

Company law requires the Board of Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing those Financial Statements, they are required to:-

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

The Board of Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Company's suppliers are paid promptly.

The Board of Directors must in determining how amounts are presented within items in the Income and Expenditure Account and Balance Sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Directors are aware:

- There is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and
- The Board of Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2015

Statement on Internal Financial Control

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

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

It is the Board of Directors' responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Company's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Company's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Directors to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors;
- the Board of Directors receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Company is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Board of Directors



STEPHEN BLACK

Secretary

30 June 2015

ATRIUM HOMES

REPORT BY THE AUDITORS TO THE MEMBERS OF
ATRIUM HOMES
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Company's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

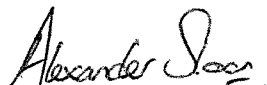
Basis of Opinion

We carried out our review having regard to the requirements relating 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 Company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
30 June 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATRIUM HOMES

We have audited the financial statements of Atrium Homes for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and 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 Company's members, as a body, in accordance with Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Board of Directors and Auditors

As explained more fully in the Statement of Board of Directors's Responsibilities the Company's Board of Directors, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31st March 2015 and of its profit 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 Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:


- the information given in the Board of Director's Report is inconsistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ATRIUM HOMES**

Matters on which we are required to report by exception (contd.)

- proper books of account have not been kept by the Company in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Company in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Company
- we have not received all the information and explanations necessary for the purposes of our audit.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and the requirements to prepare a Strategic Report.

We have nothing to report in respect of these matters.



Steven Cunningham (senior statutory auditor)
For and on behalf of Alexander Sloan
Chartered Accountants
Statutory Auditor
GLASGOW
30 June 2015

ATRIUM HOMES

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	4,778,012	4,630,293
Operating Costs	2.	<u>(2,908,930)</u>	<u>(3,228,007)</u>
OPERATING SURPLUS	9.	1,869,082	1,402,286
Gain On Sale Of Housing Stock	7.	13,569	3,682
Interest Receivable and Other Income		33,289	30,819
Interest Payable and Similar Charges	8.	<u>(676,174)</u>	<u>(651,590)</u>
		<u>(629,316)</u>	<u>(617,089)</u>
SURPLUS FOR THE YEAR		<u><u>1,239,766</u></u>	<u><u>785,197</u></u>

All amounts relate to continuing activities. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2015 £	2014 £
Surplus for the financial year	1,239,766	785,197
Unrealised movement on revaluation of Properties	<u>2,261,367</u>	<u>(173,615)</u>
Total gains recognised since last annual report	<u><u>3,501,133</u></u>	<u><u>611,582</u></u>

ATRIUM HOMES

BALANCE SHEET AS AT 31st MARCH 2015

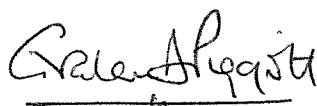
	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties at Valuation	11.(a)		35,464,000		33,675,904
Other fixed assets	11.(b)		405,318		128,237
			<u>35,869,318</u>		<u>33,804,141</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	23.		100		100
CURRENT ASSETS					
Debtors	14.	588,927		584,688	
Cash at bank and in hand		3,616,682		3,108,488	
			<u>4,205,609</u>	<u>3,693,176</u>	
CREDITORS: Amounts falling due within one year					
	15.	(1,309,487)		(1,532,145)	
NET CURRENT ASSETS			<u>2,896,122</u>		<u>2,161,031</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,765,540</u>		<u>35,965,272</u>
CREDITORS: Amounts falling due after more than one year					
	16.		(23,576,994)		(24,277,859)
NET ASSETS			<u>15,188,546</u>		<u>11,687,413</u>
CAPITAL AND RESERVES					
Designated Reserves	19.(a)		1,094,800		1,015,000
Revaluation Reserve	19.(b)		9,153,482		6,903,525
Revenue Reserves	19.(c)		4,940,264		3,768,888
			<u>15,188,546</u>		<u>11,687,413</u>

The Financial Statements were approved by the Board of Directors and signed on their behalf on 30 June 2015.

Chairperson



Vice-Chairperson



Secretary



ATRIUM HOMES

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	17.	2,449,324	1,942,017
Returns on Investment and Servicing of Finance			
Interest Received		33,289	30,819
Interest Paid		(676,174)	(651,590)
Net Cash Outflow from Investment and Servicing of Finance		(642,885)	(620,771)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(402,391)	(863,990)
Purchase of Other Fixed Assets		(323,749)	(134,164)
Social Housing Grant Received		60,803	174,095
Other Grants Received		9,643	34,073
Proceeds on Disposal of Properties		58,314	26,339
Net Cash Outflow from Capital Expenditure and Financial Investment		(597,380)	(763,647)
Net Cash Inflow before use of Liquid Resources and Financing		1,209,059	557,599
Financing			
Loan Advances Received		-	850,000
Loan Principal Repayments		(700,865)	(560,660)
Net Cash (Outflow) / Inflow from Financing		(700,865)	289,340
Increase in Cash	17.	508,194	846,939

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis modified to include the revaluation of certain assets. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Consolidation Exemption

The Directors have taken advantage of the exemption under Section 398 of the Companies Act 2006 of the necessity to prepare consolidated financial statements of the group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

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

Valuation Of Housing Properties

The Company revalues its housing properties on an annual basis using the EUV-SH basis. In accordance with the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010 major components are separately identified and are depreciated on a straight line basis over their useful lives. Land is not depreciated. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	15 years
Boilers	15 years
Re-wiring	25 years
Doors	25 years
Bathrooms	30 years
Windows	30 years
Heating Systems	30 years
Roofs	40 years
Structure	60 years

Land and Properties under construction are stated at cost, which included capitalised attributable development administration costs in excess of allowances.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	14%
Furniture and Fittings	10% to 20%
Computer Equipment	20% to 50%
Office Equipment	20% to 33.33%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Company capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Designated Reserves

The Company has designated part of its reserves to meet its long term obligations.

The New Office Reserve represents the amount the Board has set-aside towards the cost of funding the Company's new office premises.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	4,630,170	2,761,088	1,869,082	4,510,139	3,097,411	1,412,728
Other Activities	4.	147,842	147,842	-	120,154	130,596	(10,442)
Total		4,778,012	2,908,930	1,869,082	4,630,293	3,228,007	1,402,286

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General		2015 Total £	2014 Total £
	Needs Housing £	Supported Housing £		
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	4,588,046	74,488	4,662,534	4,513,479
Gross Rents Receivable	4,588,046	74,488	4,662,534	4,513,479
Less: Rent losses from voids	87,069	186	87,255	82,339
Net Rents Receivable	4,500,977	74,302	4,575,279	4,431,140
Revenue Grants from Scottish Ministers	54,891	-	54,891	78,999
Total Income From Social Letting	4,555,868	74,302	4,630,170	4,510,139
Expenditure on Social Letting Activities				
Management and maintenance administration costs	639,883	15,966	655,849	516,389
Reactive Maintenance	721,493	14,172	735,665	763,335
Bad Debts - Rents and Service Charges	37,215	-	37,215	80,214
Planned and Cyclical Maintenance, including Major Repairs	568,978	2,911	571,889	989,252
Depreciation of Social Housing	745,040	15,430	760,470	748,221
Operating Costs of Social Letting	2,712,609	48,479	2,761,088	3,097,411
Operating Surplus on Social Letting Activities	1,843,259	25,823	1,869,082	1,412,728
2014	1,388,347	24,381		

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus /(Deficit) 2015 £	Operating Surplus /(Deficit) 2014 £
Support Activities	-	-	-	66,927	66,927	-	66,927	-	-
Agency / Management services for other RSLs	-	-	-	80,915	80,915	-	80,915	-	-
Development Initiatives	-	-	-	-	-	-	-	-	(10,442)
Total From Other Activities	-	-	-	<u>147,842</u>	<u>147,842</u>	-	<u>147,842</u>	-	<u>(10,442)</u>
2014	-	<u>120,154</u>	-	-	<u>120,154</u>	-	<u>130,596</u>	<u>(10,442)</u>	

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Directors, managers or servants of the Company.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>73,982</u>	<u>72,336</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>9,085</u>	<u>6,905</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>73,982</u>	<u>72,336</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£70,001 to £80,000	1	1

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>20</u>	<u>20</u>
Staff Costs were:	£	£
Wages and Salaries	698,736	639,761
Social Security Costs	60,321	54,737
Other Pension Costs	149,985	117,103
Temporary, Agency and Seconded Staff	12,443	7,507
	<u>921,485</u>	<u>819,108</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK		
	2015	2014
	£	£
Sales Proceeds	58,314	26,339
Cost of Sales	<u>44,745</u>	<u>22,657</u>
Gain On Sale Of Housing Stock	<u>13,569</u>	<u>3,682</u>

8. INTEREST PAYABLE		
	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>676,174</u>	<u>651,590</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		
	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	807,139	799,255
Auditors' Remuneration - Audit Services	6,948	6,610
- Other Services	3,621	-
Operating Lease Rentals - Land & Buildings	32,000	32,400
Operating Lease Rentals - Other	<u>1,906</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES		
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The Company is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
VALUATION		
As at 1st April 2014	63,574,437	63,574,437
Additions	402,391	402,391
Disposals	(62,735)	(62,735)
Revaluation	2,261,367	2,261,367
As at 31st March 2015	<u>66,175,460</u>	<u>66,175,460</u>
DEPRECIATION		
As at 1st April 2014	4,718,756	4,718,756
Charge for Year	756,093	756,093
Disposals	(13,612)	(13,612)
As at 31st March 2015	<u>5,461,237</u>	<u>5,461,237</u>
SOCIAL HOUSING GRANT		
As at 1st April 2014	23,839,890	23,839,890
Additions	60,803	60,803
As at 31st March 2015	<u>23,900,693</u>	<u>23,900,693</u>
OTHER CAPITAL GRANTS		
As at 1st April 2014	1,339,887	1,339,887
Additions	9,643	9,643
As at 31st March 2015	<u>1,349,530</u>	<u>1,349,530</u>
NET BOOK VALUE		
As at 31st March 2015	<u>35,464,000</u>	<u>35,464,000</u>
As at 31st March 2014	<u>33,675,904</u>	<u>33,675,904</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2014 - £21,095) and capitalised major repair costs to existing properties of £347,138 (2014 £645,152).

All land and housing properties are freehold.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties

Housing Properties held for letting were valued independently by Driver Jonas Deloitte on 1st April 2012. The valuation was prepared on the 'Existing Use Value for Social Housing' basis and amounted to £31.89 million on 1092 units.

The valuation was undertaken in accordance with the Appraisal & Valuation Standards published by the Royal Institute of Chartered Surveyors using a discounted cash flow method. The key assumptions were as follows:

- Rental Growth - RPI + 1.5% until 2010, RPI + 1% thereafter
- Discount Rate - 6.5% real
- Expenditure - in accordance with the Company's long term financial projections

At 31st March 2013 the company valued the development projects completed during the year. The properties were independently valued by Jones Lang LaSalle on the 'Existing Use Value for Social Housing' basis at £1,513,000. The key assumptions were similar to the assumptions stated above.

At 31st March 2014 the company valued the development projects completed during the year. The properties were independently valued by Jones Lang LaSalle on the 'Existing Use Value for Social Housing' basis at £542,000. The key assumptions were similar to the assumptions stated above.

At 31st March 2015 the company valued all of their housing stock. The properties were independently valued by Jones Lang LaSalle on the 'Existing Use Value for Social Housing' basis at £35,464,000. The key assumptions were similar to the assumptions stated above. However, rental growth in years 2 - 3 were restricted to inflation only followed by RPI + 1% thereafter.

On the historical cost basis the cost of properties held for letting at 31st March 2015 was £50,169,275 (2014 £50,642,546).

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Computer Equipment £	Office Equipment £	Office Premises £	Office Furniture & Fittings £	Total £
COST					
As at 1st April 2014	191,478	25,736	168,648	23,073	408,935
Additions	28,088	-	295,661	-	323,749
As at 31st March 2015	<u>219,566</u>	<u>25,736</u>	<u>464,309</u>	<u>23,073</u>	<u>732,684</u>
GRANTS RECEIVED					
As at 1st April 2014	-	-	103,419	-	103,419
As at 31st March 2015	<u>-</u>	<u>-</u>	<u>103,419</u>	<u>-</u>	<u>103,419</u>
AGGREGATE DEPRECIATION					
As at 1st April 2014	93,998	24,526	46,065	12,690	177,279
Charge for year	41,670	858	2,301	1,839	46,668
As at 31st March 2015	<u>135,668</u>	<u>25,384</u>	<u>48,366</u>	<u>14,529</u>	<u>223,947</u>
NET BOOK VALUE					
As at 31st March 2015	<u>83,898</u>	<u>352</u>	<u>312,524</u>	<u>8,544</u>	<u>405,318</u>
As at 31st March 2014	<u>97,480</u>	<u>1,210</u>	<u>19,164</u>	<u>10,383</u>	<u>128,237</u>

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>2,805,406</u>	<u>-</u>

The above commitments will be financed by the Company's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
Land and Buildings		
Expiring within one year	25,650	-
Expiring between two and five years	-	32,400
Other		
Expiring within one year	1,257	437
Expiring between two and five years	<u>594</u>	<u>1,785</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	189,897	216,047
Less: Provision for Doubtful Debts	<u>(105,176)</u>	<u>(88,172)</u>
	84,721	127,875
Social Housing Grant Receivable	182,857	142,799
Other Debtors	102,343	102,053
Amounts Due from Group Undertakings	<u>219,006</u>	<u>211,961</u>
	<u>588,927</u>	<u>584,688</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	716,210	702,201
Trade Creditors	193,679	-
Rent in Advance	126,467	98,615
Other Taxation and Social Security	17,922	32,336
Amounts Due to Group Undertakings	87,027	18,065
Other Creditors	2,600	1,020
Accruals and Deferred Income	<u>165,582</u>	<u>679,908</u>
	<u>1,309,487</u>	<u>1,532,145</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2014 £14,794)

16. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Housing Loans	<u>23,576,994</u>	<u>24,277,859</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	716,210	702,201
Between one and two years	699,086	692,260
Between two and five years	1,986,263	2,036,864
In five years or more	<u>20,891,645</u>	<u>21,548,735</u>
	24,293,204	24,980,060
Less: Amount shown in Current Liabilities	<u>716,210</u>	<u>702,201</u>
	<u>23,576,994</u>	<u>24,277,859</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	1,869,082	1,402,286
Depreciation	807,139	799,255
Change in Debtors	(4,239)	(209,615)
Change in Creditors	(222,658)	(49,909)
Net Cash Inflow from Operating Activities	<u>2,449,324</u>	<u>1,942,017</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	508,194		846,939	
Cash flow from change in debt	<u>686,856</u>		<u>(289,340)</u>	
Movement in net debt during year		1,195,050		557,599
Net debt at 1st April 2014		(21,871,572)		(22,429,171)
Net debt at 31st March 2015		<u>(20,676,522)</u>		<u>(21,871,572)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	<u>3,108,488</u>	<u>508,194</u>		<u>3,616,682</u>
Debt: Due within one year	(702,201)	(700,865)	686,856	(716,210)
Due after more than one year	<u>(24,277,859)</u>	<u>1,387,721</u>	<u>(686,856)</u>	<u>(23,576,994)</u>
Net Debt	<u>(21,871,572)</u>	<u>1,195,050</u>	<u>-</u>	<u>(20,676,522)</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. RESERVES

(a) Designated Reserves

	Office Premises £	Total £
At 1st April 2014	1,015,000	1,015,000
Transfer to / (from) Revenue Reserves	79,800	79,800
At 31st March 2015	<u>1,094,800</u>	<u>1,094,800</u>

(b) Revaluation Reserves

	Total £
At 1st April 2014	6,903,525
Revaluation in year	2,261,367
Transfer to Revenue Reserve on disposal or depreciation	(11,410)
At 31st March 2015	<u>9,153,482</u>

(c) Revenue Reserves

	Total £
At 1st April 2014	3,768,888
Surplus for the year	1,239,766
Transfer (to) / from Designated Reserves/Revaluation Reserves	(68,390)
At 31st March 2015	<u>4,940,264</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	329	329
- Rehabilitation	775	777
Supported Housing	23	23
	<u>1,127</u>	<u>1,129</u>

21. CONTINGENT LIABILITIES

Prior to the year end, Atrium Homes gave notice to terminate the lease of the office premises in John Finnie Street. It is likely that Atrium Homes will have to pay dilapidations to the landlord in the coming year, however, at the date of signing these financial statements there was no reliable estimate as to the amount of this liability.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

Members of the Board of Directors are related parties of the Association as defined by Financial Reporting Standard 8.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

23. FIXED ASSET INVESTMENT

	2015 £	2014 £
Investments in Subsidiaries		
As at 31st March 2015 & 31st March 2014	<u>100</u>	<u>100</u>

In the opinion of the Board of Directors the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Company's balance sheet.

The Company has a 100% owned subsidiary Atrium Initiatives Limited. The relationship between the Company and its subsidiary is set out in an independence agreement between both parties.

The following transactions took place between the entities during the year:

Atrium Homes charged Atrium Initiatives Limited £80,915 in respect of office rent, management fees and rechargeable expenditure (2014 - £52,591), and £3,042 loan interest (2014 - £2,581). During the year, Atrium Homes also rented a property to Atrium Initiatives Limited charged at social housing rents, guaranteeing income of £3,382 regardless of any void periods and Atrium Initiatives Limited rented this out at mid market rents.

Atrium Initiatives Limited also provided a range of services to Atrium Homes throughout the year, including design and build services for the sum of £113,876 (2014 - £79,242), incurring costs of £113,876 (2014 - £79,242) with an overall net cost to Atrium Initiatives of £nil (2014 - £nil). Atrium Initiatives also provided repairs and maintenance services to Atrium Homes for the sum of £252,909 (2014 - £nil), incurring costs of £252,909 (2014 - £nil) with an overall net cost to Atrium Initiatives of £nil (2014 - £nil). Factoring services were also provided to Atrium Homes for the sum of £64,106 (2014 - £90,167), incurring costs of £56,582 (2014 - £78,583) with an overall net profit to Atrium Initiatives of £7,524, (2014 - £11,584).

At the Balance Sheet date, Atrium Initiatives Limited owed Atrium Homes £147,666 (2014 - £154,767) in respect of a loan repayable in quarterly instalments until June 2032 at a fixed rate of interest of 2%. The loan is secured over two properties. Atrium Initiatives Limited also owed Atrium Homes £71,340 (2014 - £56,974).

At the Balance Sheet date, Atrium Homes owed Atrium Initiatives £87,027 (2014 - £18,056). No interest is charged, and there are no fixed repayment terms attached to this amount.

The aggregate amount of capital and reserves and the results of Atrium Initiatives Limited for the year ended 31st March 2015 were as follows:

	2015 £	2014 £
Capital & Reserves	<u>111,589</u>	<u>90,803</u>
Profit for the year	<u>26,786</u>	<u>38,370</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Atrium Homes participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers six benefit structures to employers, namely:

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

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Atrium Homes elected to operate the final salary with a 1/60th accrual rate from 31 March 2011 and the career average revalued earnings with a 1/60th accrual rate for new entrants from 01 April 2011.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Atrium Homes paid contributions at the rate of 11.2% & 12.3% of pensionable salaries. Member contributions were 11.2% & 12.3%.

As at the balance sheet date there were 15 active members of the Scheme employed by Atrium Homes. The annual pensionable payroll in respect of these members was £561,591. Atrium Homes continues to offer membership of the Scheme to its employees.

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

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th 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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (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 30th September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

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 Trustees are currently reviewing the progress of the Recovery Plan and will be supplying updated contribution figures to members in due course. However, they have indicated that the deficit will be based on each member's share of the deficit and that the average increase would (if there is no change in the recovery plan period) be in the region of 153%.

As a result of Pension Scheme legislation 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 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 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 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 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.

