
Atrium Homes

Report and Financial Statements

For the year ended 31st March 2016

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 2016

BOARD OF DIRECTORS

James O'Neill	Chairperson
Gragam Piggott	Vice Chairperson
Marie Coyle	
Ken Stewart	appointed 25/08/2015
David Aitken	
Claire Gower	
Alan Grant	
Joe Keen	appointed 25/08/2015
Margaret Peck	resigned 25/08/2015
Jacqueline McIntosh	resigned 25/08/2015
Williams Maxwell Griffiths	resigned 25/08/2015

Co-optees

Kara Alker	appointed 25/08/2015
Sally Turner	appointed 25/08/2015

EXECUTIVE OFFICERS

Stephen Black	Chief Executive
Joyce McCroskie	Head of Operations
Celia Taylor	Head of Investment
Tom Jessop	Finance and Business Services Manager

REGISTERED OFFICE

14 Central Avenue
Shortlees
Kilmarnock
KA1 4PS

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 2016

The Board of Directors presents its report and the Financial Statements for the year ended 31st March 2016.

Legal Status

Atrium Homes is a company limited by guarantee under the Companies Act 2006 No.SC190351 and is governed by its 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.

Our Strategic Aims

Atrium Homes' mission statement outlines our commitment to our communities. The mission statement is as follows:

"We will listen to understand your needs; work with you to sustain and grow your communities; and use our resources to create opportunities for positive change. Together we will build strong foundations for the future."

Atrium Homes key operational objectives are to:

- Nurture the business,
- Engage with our customers,
- Meet our customers' expectations,
- Effectively manage product investment, and
- Continue with good governance.

We see these as significant objectives, which challenge the delivery of our core activities.

Business Model and 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 £8.5m. 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. Currently, of the Registered Social Landlords operating in East Ayrshire, Atrium has the largest amount of stock in the area. To support its developments, Atrium increased its borrowings via facilities with The Royal Bank of Scotland and Nationwide. Atrium has marshalled this situation well through effective treasury management.

Regulatory engagement with Atrium has been light though its 16 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.

Financial and Operational Highlights

This has been a year of significant operational change for Atrium. In November we moved from our previous office in the centre of Kilmarnock to a new, purpose built office, in the heart of our largest community: Shortlees.

The Company made a surplus of £1.3m (2015 £1.3m). The main source of income for the Company continued to be rental income from social lettings. This comprises 91.2% (2015 95.5%) of total income received in the year. The surplus made for the year was higher than budgeted, with the main reason behind the variance being the timings of planned investment and cyclical works. These will be undertaken and accounted for in future years.

ATRIUM HOMES

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

Financial and Operational Highlights (Contd.)

Atrium Homes continues to grow its balance sheet and as a result reduce the level of gearing. Cash balances have reduced by £54k in the year, due to the level of surplus made being invested in Fixed Asset additions. This was in line with projections for the year. The level of cash held by the Company is significantly above the minimum level required by the Treasury Management Policy.

The basis of preparation of the financial statements has been changed to Financial Reporting Standard 102 in the current year. The prior year surplus has been restated and increased by £56,249, whilst the capital and reserves have been reduced by £2,124,384 as a result of the changes in accounting policies adopted on transition. The full impact of this is shown within note 26.

Going Concern

The Board have reviewed the results for this year and have reviewed the financial projections for the next 5 years.

The Board have concluded that the present arrangements in place for the Company are adequate for the Company to meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the financial statements.

Future Prospects

Atrium Homes continues to explore development opportunities that fit with the Company's objectives. Post year end we have taken the decision to undertake a development of 43 new units within the Shortlees area. In addition to this the Company is also exploring opportunities for re-configuring some current stock to best meet its requirements.

In addition to the physical growth and direction outlined above, Board has also taken the decision to expand our wider-role activities to compliment existing offerings, and expand the services we offer, to better assist the communities we serve.

Risk Management Policy

The Board have a formal risk management process to assess, monitor and manage business risks. This involves identifying the types of risks that the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, in addition to identifying means of mitigating these risks. As part of this process the Board have reviewed the adequacy of the Company's current internal controls.

The board have set policies on internal controls which cover the following:

- Consideration of the type of risks the Company faces,
- The level of risks they regard as acceptable,
- The likelihood of the risks concerned materialising,
- The Company's ability to reduce the impact and incidence on the business of risks that do materialise,
- Clarified the responsibility of management to implement the Board's policies and to identify and evaluate risks for their consideration, and
- Embedded the control system so it becomes part of the Company's culture.

Key Performance Indicators

The Board monitors the Company's performance against a number of financial and non-financial indicators. Performance of these KPIs against budget and targets set has been positive during the year.

ATRIUM HOMES

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2016

Board of Directors and Executive Officers

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

The liability of the members of the Company is limited under the Memorandum and Articles of Company 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.

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, the Board of Directors is 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 Company will continue in business;
- prepare a statement on Internal Financial Control.

The Board of Directors is 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 2014 and the Determination of Accounting Requirements - 2015. It is 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 Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Members of 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 Members of 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.

ATRIUM HOMES

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2016

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's 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 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 receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the 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 has reviewed the effectiveness of the system of internal financial control in existence in the Company for the year ended 31 March 2016. No weaknesses were found in the 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

Alexander Sloan, Chartered Accountants, have indicated their willingness to continue in office. A tender exercise for the appointment of auditors for the year ended 31 March 2017 will be undertaken.

By order of the Board of Directors



STEPHEN BLACK
Secretary
22 September 2016

ATRIUM HOMES

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



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Company's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in 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 Auditing Practices Board. 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 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .

A handwritten signature in black ink that reads 'Alexander Sloan'.

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
22 September 2016

We have audited the financial statements of Atrium Homes for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom.

This report is made solely to the Company's members, as a body, in accordance with the 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 Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board of Directors' report to identify material inconsistencies with the audited financial statements. 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 2016 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 2014 and the Determination of Accounting Requirements 2015.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATRIUM HOMES

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 Directors' Report is inconsistent with the financial statements.
- 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 Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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 BA (Hons), C.A. (senior statutory auditor)
For and on behalf on Alexander Sloan
Chartered Accountants
Statutory Auditor
GLASGOW

ATRIUM HOMES

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
REVENUE	2.	5,180,677	4,790,186
Operating Costs	2.	(3,294,393)	(2,824,701)
OPERATING SURPLUS	9.	1,886,284	1,965,485
Gain On Sale Of Housing Stock	7.	5,993	15,625
Interest Receivable and Other Income		33,326	33,289
Interest Payable and Similar Charges	8.	(612,120)	(676,174)
Other Finance Charges	11.	(11,220)	(42,210)
		(584,021)	(669,470)
SURPLUS FOR YEAR		1,302,263	1,296,015
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		1,302,263	1,296,015

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 13 to 27 form part of these financial statements.

ATRIUM HOMES

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		33,697,198		34,057,807
Other Non Current Assets	12.(b)		1,424,015		428,218
			<u>35,121,213</u>		<u>34,486,025</u>
INVESTMENTS					
Investment in subsidiaries	24.	100		100	
			100		100
RECEIVABLES: Amounts falling due after more than one year					
	14.		140,422		147,666
CURRENT ASSETS					
Receivables	15.	388,952		441,261	
Cash at bank and in hand		3,562,237		3,616,682	
			<u>3,951,189</u>		<u>4,057,943</u>
CREDITORS: Amounts falling due within one year					
	16.	(1,381,339)		(1,409,420)	
NET CURRENT ASSETS					
			<u>2,569,850</u>		<u>2,648,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			37,831,585		37,282,314
CREDITORS: Amounts falling due after more than one year					
	17.		(23,397,062)		(24,125,980)
DEFERRED INCOME					
Social Housing Grants	19.	(68,098)		(69,272)	
Other Grants	19.	-		(22,900)	
			<u>(68,098)</u>		<u>(92,172)</u>
NET ASSETS					
			<u>14,366,425</u>		<u>13,064,162</u>
EQUITY					
Revenue Reserves			7,008,091		5,542,948
Revaluation Reserve			7,358,334		7,521,214
			<u>14,366,425</u>		<u>13,064,162</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

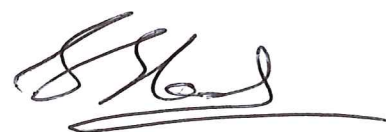
The Financial Statements were approved by the Board of Directors and authorised for issue and signed on their behalf on 22 September 2016.



Chairperson



Vice-Chairperson



Secretary

The notes on pages 13 to 27 form part of these financial statements

ATRIUM HOMES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	18.	2,483,446	2,506,992
Investing Activities			
Acquisition and Construction of Properties		(459,300)	(402,391)
Purchase of Other Fixed Assets		(1,064,740)	(323,749)
Social Housing Grant Received		140,578	60,803
Other Grants Received		-	9,643
Proceeds on Disposal of Properties		85,263	58,314
Net Cash Outflow from Investing Activities		(1,298,199)	(597,380)
Financing Activities			
Interest Received on Cash and Cash Equivalents		39,326	33,289
Interest Paid on Loans		(608,120)	(676,174)
Loan Principal Repayments		(670,898)	(700,865)
Share Capital Issued		-	-
Net Cash Outflow from Financing		(1,239,692)	(1,343,750)
(Decrease) / Increase in Cash		(54,445)	565,862
Opening Cash & Cash Equivalents		3,616,682	3,050,820
Closing Cash & Cash Equivalents		3,562,237	3,616,682
Cash and Cash equivalents as at 31 March 2016.			
Cash		3,562,237	3,616,682
		<u>3,562,237</u>	<u>3,616,682</u>

The notes on pages 13 to 27 form part of these financial statements.

ATRIUM HOMES

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Revaluation Reserve	Revenue Reserve	Total
		£	£
Balance as at 1st April 2014	7,656,383	4,111,764	11,768,147
Transfer from revaluation reserve	(135,169)	135,169	-
Surplus for Year	-	1,296,015	1,296,015
Balance as at 31st March 2015	<u>7,521,214</u>	<u>5,542,948</u>	<u>13,064,162</u>
Balance as at 1st April 2015	7,521,214	5,542,948	13,064,162
Transfer from revaluation reserve	(162,880)	162,880	-
Surplus for Year	-	1,302,263	1,302,263
Balance as at 31st March 2016	<u>7,358,334</u>	<u>7,008,091</u>	<u>14,366,425</u>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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.

Revenue

The Company recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

Retirement Benefits

The Company participates in the Scottish Housing Association Defined Benefits 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.

The Company accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

In accordance with the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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	3.33%
Furniture and Fittings	10% to 20%
Computer Equipment	20% to 50%
Office Equipment	20% to 33.33%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Directors to exercise judgement in applying Atrium Homes' Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

Pension Liability

In March 2016, the Company received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Company's future past service deficit contributions. The Company has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Company has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Company has not revisited previous accounting estimates
- ii) The Company has not revisited the accounting of previous business combinations
- iii) The Company has revalued its properties at the date of transition and taken this to be its deemed cost

b) The Categorisation of Housing Properties

In the judgement of the Board of Directors the entirety of the Company's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

c) Identification of cash generating units

The Company considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

d) Financial Instrument Break Clause

The Association has considered the break clauses attached to the Financial Instruments that it has in place for its loan funding. In the judgement of the Management Committee these break clauses do not cause the Financial Instrument to be classified as a Complex Financial Instrument, and therefore they meet the definition of a Basic Financial Instrument.

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	4,847,297	3,057,986	1,789,311	4,642,344	2,676,859	1,965,485
Other Activities	4.	333,380	236,407	96,973	147,842	147,842	-
Total		5,180,677	3,294,393	1,886,284	4,790,186	2,824,701	1,965,485

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2016 Total £	Restated 2015 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	4,691,254	80,562	4,771,816	4,645,017
Service Charges	15,218	-	15,218	17,517
Gross income from rent and service charges	4,706,472	80,562	4,787,034	4,662,534
Less: Rent losses from voids	61,528	596	62,124	87,255
Net Rents Receivable	4,644,944	79,966	4,724,910	4,575,279
Grants released from deferred income	1,174	-	1,174	12,174
Revenue grants from Scottish Ministers	121,213	-	121,213	54,891
Total turnover from affordable letting activities	4,767,331	79,966	4,847,297	4,642,344
Expenditure on affordable letting activities				
Management and maintenance administration costs	758,000	18,537	776,537	627,781
Planned and cyclical maintenance, including major repairs	542,724	3,062	545,786	561,466
Reactive maintenance costs	943,403	14,924	958,327	708,741
Bad Debts - rents and service charges	36,697	-	36,697	37,215
Depreciation of affordable let properties	725,748	14,891	740,639	741,656
Operating costs of affordable letting activities	3,006,572	51,414	3,057,986	2,676,859
Operating surplus on affordable letting activities	1,760,759	28,552	1,789,311	1,965,485
2015	1,941,104	24,381		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, 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) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Support Activities	-	83,045	-	5,507	88,552	-	96,128	(7,576)	-
Contracted out services undertaken for other organisations	-	-	-	130,078	130,078	-	130,235	(157)	-
Development and construction of property activities	-	54,379	-	-	54,379	-	-	54,379	-
Other activities	-	22,900	-	37,471	60,371	-	10,044	50,327	-
Total From Other Activities	-	160,324	-	173,056	333,380	-	236,407	96,973	-
2015	-	-	-	147,842	147,842	-	147,842	-	-

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Directors, managers and employees of the Association.

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>75,168</u>	<u>73,982</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>9,231</u>	<u>9,085</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>75,168</u>	<u>73,982</u>
Total Compensation paid to key management personnel	<u>262,510</u>	<u>277,606</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	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>21</u>	<u>20</u>
Staff Costs were:	£	£
Wages and Salaries	736,692	698,736
Social Security Costs	58,848	60,321
Other Pension Costs	70,855	68,042
Temporary, Agency and Seconded Staff	24,887	12,443
	<u>891,282</u>	<u>839,542</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	85,263	58,314
Cost of Sales	<u>79,270</u>	<u>42,689</u>
Gain On Sale Of Housing Stock	<u>5,993</u>	<u>15,625</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>612,120</u>	<u>676,174</u>
	<u>612,120</u>	<u>676,174</u>

9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	788,572	799,324
Auditors' Remuneration - Audit Services	7,200	6,948
Auditors' Remuneration - Other Services	-	3,621
Operating Lease Rentals - Land & Buildings	22,952	32,000
Operating Lease Rentals - Other	2,523	1,906
(Gain)/loss on sale of fixed assets	<u>(25,712)</u>	<u>15,625</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Company is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>11,220</u>	<u>42,210</u>

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2015	34,773,663	34,773,663
Additions	459,300	459,300
Disposals	(93,667)	(93,667)
As at 31st March 2016	<u>35,139,296</u>	<u>35,139,296</u>
DEPRECIATION		
As at 1st April 2015	715,856	715,856
Charge for Year	729,672	729,672
Disposals	(3,430)	(3,430)
As at 31st March 2016	<u>1,442,098</u>	<u>1,442,098</u>
NET BOOK VALUE		
As at 31st March 2016	<u>33,697,198</u>	<u>33,697,198</u>
As at 31st March 2015	<u>34,057,807</u>	<u>34,057,807</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

Additions to housing properties includes capitalised development administration costs of £Nil (2015 - £Nil) and capitalised major repair costs to existing properties of £Nil (2015 £693)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £655,977. The amount capitalised is £397,598, with the balance charged to the statement of comprehensive income. The amounts capitalised all relate to component replacements.

The Company's Lenders have standard securities over Housing Property with a carrying value of £29,069,073 (2015 - £29,378,275).

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)					
b) Other Tangible Assets					
	Computer Premises £	Office & Fittings £	Office Premises £	Office Furniture & Equipment £	Total £
COST					
As at 1st April 2015	219,566	25,736	464,309	23,073	732,684
Additions	20,318	7,556	1,002,286	34,580	1,064,740
Eliminated on Disposals	(66,597)	(24,923)	(159,131)	(22,323)	(272,974)
As at 31st March 2016	<u>173,287</u>	<u>8,369</u>	<u>1,307,464</u>	<u>35,330</u>	<u>1,524,450</u>
AGGREGATE DEPRECIATION					
As at 1st April 2015	135,668	25,384	128,885	14,529	304,466
Charge for year	35,379	1,250	16,933	5,338	58,900
Eliminated on disposal	(80,052)	(24,923)	(142,186)	(15,770)	(262,931)
As at 31st March 2016	<u>90,995</u>	<u>1,711</u>	<u>3,632</u>	<u>4,097</u>	<u>100,435</u>
NET BOOK VALUE					
As at 31st March 2016	<u>82,292</u>	<u>6,658</u>	<u>1,303,832</u>	<u>31,233</u>	<u>1,424,015</u>
As at 31st March 2015	<u>83,898</u>	<u>352</u>	<u>335,424</u>	<u>8,544</u>	<u>428,218</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

12. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>486,932</u>	<u>1,987,764</u>

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

13 COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	-	26,907
Later than one year and not later than five years	12,442	2,885
Later than five years	-	-

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Loan to subsidiary	140,422	147,666

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

15. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	167,461	189,897
Less: Provision for Doubtful Debts	(95,072)	(105,176)
	72,389	84,721
Social Housing Grant Receivable	42,279	182,857
Other Receivables	110,575	102,343
Amounts Due from Group Undertakings	163,709	71,340
	388,952	441,261

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	699,085	716,210
Trade Payables	27,890	193,679
Rent in Advance	100,483	126,467
Other Taxation and Social Security	19,652	17,922
Amounts Due to Group Undertakings	118,602	87,027
Other Payables	3,033	2,600
Liability for Past Service Contributions	86,371	83,855
Accruals and Deferred Income	326,223	181,660
	1,381,339	1,409,420

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

At the balance sheet date there were pension contributions outstanding of £nil (2015 £nil)

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	473,840	548,986
Housing Loans	22,923,222	23,576,994
	23,397,062	24,125,980
<i>Housing Loans</i>		
Amounts due within one year	699,085	716,210
Amounts due in one year or more but less than two years	710,769	699,086
Amounts due in two years or more but less than five years	1,924,774	1,986,263
Amounts due in more than five years	20,287,679	20,891,645
	23,622,307	24,293,204
Less: Amount shown in Current Liabilities	699,085	716,210
	22,923,222	23,576,994
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	86,371	83,855
Amounts due in one year or more but less than two years	95,067	84,495
Amounts due in two years or more but less than five years	289,178	281,334
Amounts due in more than five years	89,595	183,157
	560,211	632,841
Less: Amount shown in Current Liabilities	(86,371)	(83,855)
	473,840	548,986

The Company has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Average Interest Rate	Interest Rate Ranges	Fixed Rate Expiring Between	Variable / Fixed
RBS	Standard Security over 208 properties	2.71%	0.95% - 5.38%	2016 - 2021	Both
Nationwide	Standard Security over 762 properties and 99 units	2.42%	1.48% - 3.70%	2020	Both

All of the Company's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.29% (2015 - 2.22%)

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016 £	2015 £
Operating Surplus	1,886,284	1,965,485
Depreciation	788,572	799,324
Amortisation of Capital Grants	(1,174)	(12,174)
Change in debtors	(87,025)	(4,239)
Change in creditors	(90,102)	(199,194)
(Gain)/loss on sale of fixed assets	(1,889)	-
Unwinding of Discount on Pension Liability	(11,220)	(42,210)
Net Cash Inflow from Operating Activities	<u>2,483,446</u>	<u>2,506,992</u>

19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	69,272	-
Additions in year	-	70,446
Amortisation in Year	(1,174)	(1,174)
Balance as at 31st March 2016	<u>68,098</u>	<u>69,272</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	22,900	33,900
Released / Repaid as the result of property disposal	(22,900)	-
Amortisation in Year	-	(11,000)
Balance as at 31st March 2016	<u>-</u>	<u>22,900</u>
Total	<u>68,098</u>	<u>92,172</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2016 £	2015 £
Amounts due within one year	1,174	12,174
Amounts due in one year or more	66,924	79,998
	<u>68,098</u>	<u>92,172</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. HOUSING STOCK

	2016	2015
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs - New Build	330	329
General Needs - Rehabilitation	772	775
Supported Housing	23	23
	<u>1,125</u>	<u>1,127</u>

21. RELATED PARTY TRANSACTIONS

Members of the Board of Directors are related parties of the Company as defined by Financial Reporting Standard 102

Governing Body Members cannot use their position to their advantage. Any transactions between the Company 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.

During the year there were no tenant members of the Board.

22. DETAILS OF COMPANY

The Company is a company limited by guarantee registered in Scotland.

The Company's principal place of business is 14 Central Avenue, Shortless, Kilmarnock, KA1 1JH.

The Company is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Ayrshire.

23. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £464 in the year by way of reimbursement of expenses (2015 - £423). No remuneration is paid to Board members in respect of their duties in the Company.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

	2016 £	2015 £
Investments in Subsidiaries		
As at 31st March 2016 & 31st March 2015	<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 Company has taken the exemption allowed in FRS 102 (para 33.1A) from disclosing related party transactions with 100% owned subsidiaries.

The aggregate amount of capital and reserves and the results of Atrium Initiatives Limited for the

	2016 £	2015 £
Capital & Reserves	<u>111,588</u>	<u>111,588</u>
Profit for the year	<u>-</u>	<u>26,785</u>

25. 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.

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 FRS 102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Company may become liable for the obligations of a third party.

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Company will make payments of £97,244 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £560,211 (2015 - £632,841). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29% (2015: 2.22%).

The Company made payments totalling £83,855 (2015: £81,493) to the pension scheme during the year.

ATRIUM HOMES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Company has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves						
At 31 March 2015				At 31 March 2014		
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated
	£	£	£	£	£	£
Non Current Assets (i)	35,869,318	(1,383,293)	34,486,025	33,804,141	786,758	34,590,899
Investment	100	-	100	100	-	100
Debtors due after more than a year	-	147,666	147,666	-	-	-
Negative Goodwill	-	-	-	-	-	-
Current Assets	4,205,609	(147,666)	4,057,943	3,693,176	-	3,693,176
Current Liabilities (ii)	(1,309,487)	(99,933)	(1,409,420)	(1,532,145)	(81,493)	(1,613,638)
Non Current Liabilities (ii)	(23,576,994)	(548,986)	(24,125,980)	(24,277,859)	(590,631)	(24,868,490)
Deferred Income (i)	-	(92,172)	(92,172)	-	(33,900)	(33,900)
	15,188,546	(2,124,384)	13,064,162	11,687,413	80,734	11,768,147
Capital & Reserves	(15,188,546)	2,124,384	(13,064,162)	(11,687,413)	(80,734)	(11,768,147)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue (i)		4,778,012	4,790,186
Operating Costs (i) & (ii)		(2,908,930)	(2,824,701)
Other Income		13,569	15,625
Exceptional item		-	-
Interest Receivable		33,289	33,289
Interest Payable		(676,174)	(676,174)
Change in Fair Value of Financial Inst.		-	-
Other Finance Income / Costs		-	(42,210)
		1,239,766	56,249
Surplus		1,239,766	56,249
			1,296,015

Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Company has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A