

Atrium Homes

Report and Financial Statements

For the year ended 31 March 2018

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Registration Particulars:

Companies House	Company Limited by Guarantee SC190351
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number CON305
Charity Number	SC028506

Atrium Homes

Board of Directors, Executives and Advisers For the year ended 31 March 2018

Board of Directors

James O'Neill	Chairperson
Joe Keen	Vice-Chairperson and Chair of Finance, Audit and Staffing Sub-Committee
Graham Piggot	Chair of Operations Sub-Committee
David Aitken	Chair of Investment Sub-Committee
Marie Coyle	
Ken Stewart	
Kara Alker	
Mary Nilsen	
Anthony Odendaal	
Brian Woods	(appointed on 29 August 2017)
Sally Turner	(resigned on 27 March 2018)
George Welsh	(appointed on 29 August 2017, resigned on 29 th May 2018)

Executive Officers

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

Registered Office

14 Central Avenue
Shortlees
Kilmarnock
KA1 4PS

Auditors

RSM UK Audit LLP
69 Wellington Street
Glasgow
G2 6HG

Bankers

Clydesdale Bank plc
30 The Foregate
Kilmarnock
KA1 1JH

The Royal Bank of Scotland plc
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Nationwide Building Society
Kings Park Road
Northampton
NN3 6NW

Solicitors

Harper MacLeod LLP
65 Haymarket Terrace
Edinburgh
EH12 5HD

Atrium Homes

Report of the Board of Directors For the year ended 31 March 2018

The Board of Directors presents their report and audited financial statements for the year ended 31 March 2018. The Board of Directors have chosen to include the strategic report within their report in accordance with section 414C(11).

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."

Our mission is that Atrium Homes is synonymous with quality affordable houses, sustainable communities and life chances for people. To achieve this the focus of the organisation is upon the following four, inter-connected elements:

- Taking Care of our Customers,
- Taking Care of our Houses,
- Taking Care of our Communities, and
- Taking Care of our Business.

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 through its 18-year life, and for the last 5 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

The Company made a surplus of £1,105k (2017 £1,090k). The main source of income for the Company continued to be rental income from social lettings. This comprises 93.6% (2017 93.0%) of total income received in the year. The surplus made for the year was in line with the budget.

Atrium Homes continues to grow its balance sheet and as a result reduce the level of gearing. Cash balances have decreased in the year by £1,088k, due to the completed development at Shortlees being funded from the organisation's own resources. The level of cash held by the Company continues to be significantly above the minimum level required by the Treasury Management Policy. This level of cash is earmarked to fund future investment within our properties.

Atrium Homes added an additional 43 units with a new build development at Shortlees, which was completed in the final quarter of the financial year. An additional 3 units were added with the re-configuration works at New Farm Loch, which completed within the second quarter. A further 4 units were added from private purchases and Mortgage to Rent acquisitions throughout the year.

Future Prospects

Atrium Homes continues to explore development opportunities that fit with the Company's objectives. Post year end the Board has approved a 2nd phase of new build development within Shortlees with the addition of a further 20 units to be commenced within the following financial year. Atrium Homes will continue to explore stock growth, where there is an operational efficiency to be gained.

The organisation is also focused on investment to existing properties and bringing all properties into line with Atrium's "Fit for 21st Century Living" standard.

Governance

Atrium Homes has strengthened its governance arrangements within the year, with the re-introduction of three sub-committees, Board training and new appointments.

Atrium Homes has recently undertaken a review of its governance compliance against regulatory standards and will be actioning the points identified within the coming year.

Risk Management Policy

The Board has 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 has reviewed the adequacy of the Company's current internal controls.

The Board has 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.

Atrium Homes

Report of the Board of Directors For the year ended 31 March 2018

Key Performance Indicators (financial and non-financial)

The Board monitors the Company's performance against a number of financial and non-financial indicators. These include net surplus, cash balances held, rental losses due to voids and bad debts, level of arrears and balance sheet ratios. Performance of these KPIs against budget and targets set has been positive during the year.

Going Concern

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

The Board has 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, it continues to adopt the Going Concern basis in preparing the financial statements.

Disclosure of Information to the Auditor

The members of the Board of Directors at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution for the reappointment of RSM UK Audit LLP, as auditors of the Association, will be proposed at the Annual General meeting.

By Order of the Board of Directors



Stephen Black
Company Secretary

Date 

Atrium Homes

Statement of Board of Directors' Responsibilities For the year ended 31 March 2018

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

Company law requires the Board of Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Board of Directors must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the Board of Directors is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**Board of Directors' Statement on Internal Control
For the year ended 31 March 2018**

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; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board'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 or failure to meet objectives. 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 the Company's assets;
- experienced and suitably qualified staff take responsibility for the 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 to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly management accounts 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;
- the Finance, Audit & Staffing Sub-Committee 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; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Company's system of internal financial control has been reviewed by the Board for the year ended 31 March 2018. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board of Directors



Stephen Black
Company Secretary

Date 

**Report by the Auditors to the Members of Atrium Homes on Corporate Governance Matters
For the year ended 31 March 2018**

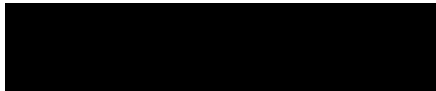
In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Company's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

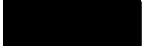
We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Company and examination of relevant documents. The Bulletin does 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 reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 

**Independent Auditors Report to the Members of Atrium Homes
For the year ended 31 March 2018**

Opinion

We have audited the financial statements of Atrium Homes (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Report by the Auditors to the Members of Atrium Homes on Corporate Governance Matters
For the year ended 31 March 2018**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board of Directors' Responsibilities set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Atrium Homes

**Independent Auditors Report to the Members of Atrium Homes
For the year ended 31 March 2018**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kelly Adams MA(Hons) CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date



Atrium Homes

Statement of Comprehensive Income For the year ended 31 March 2018

	Notes	2018 £	2017 £
REVENUE	2	5,193,406	5,114,366
Operating costs	2	<u>(3,650,462)</u>	<u>(3,533,991)</u>
OPERATING SURPLUS	9	1,542,944	1,580,375
(Loss)/gain on disposal of housing stock	7	-	(19,967)
Interest receivable and other income		20,084	24,126
Interest payable and similar charges	8	(453,301)	(483,936)
Other finance charges	11	<u>(4,233)</u>	<u>(10,850)</u>
SURPLUS FOR THE YEAR		<u>1,105,494</u>	<u>1,089,748</u>

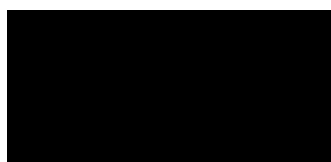
All amounts relate to continuing operations.

The accompanying notes form part of these financial statements.

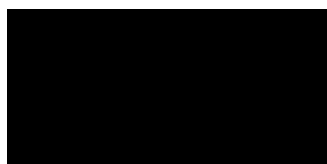
Statement of Financial Position
As at 31 March 2018

	Notes	2018 £	2017 £
NON CURRENT ASSETS			
Housing properties – depreciated cost	12(a)	36,885,236	33,377,617
Other non-current assets	12(b)	1,262,844	1,345,324
		<u>38,148,080</u>	<u>34,722,941</u>
Investments in subsidiaries	13	100	100
Debtors: amounts falling due after more than one year	16	117,804	125,494
CURRENT ASSETS			
Debtors	16	553,160	450,072
Cash and cash equivalents		4,019,094	5,107,560
		<u>4,572,254</u>	<u>5,557,632</u>
Creditors: amounts falling due within one year	17	(1,636,586)	(1,621,801)
NET CURRENT ASSETS		<u>2,935,668</u>	<u>3,935,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>41,201,652</u>	<u>38,784,366</u>
Creditors: amounts falling due after more than one year	18	(24,613,182)	(23,208,985)
Provisions for liabilities:			
Pension provision	21	(400,832)	(496,504)
Other provisions	21	(24,215)	(20,948)
TOTAL NET ASSETS		<u>16,163,423</u>	<u>15,057,929</u>
EQUITY			
Revenue reserve		9,152,591	7,921,978
Revaluation reserve		7,010,832	7,135,951
		<u>16,163,423</u>	<u>15,057,929</u>

The financial statements were approved by the Board of Directors and authorised for issue and signed on behalf their behalf on [REDACTED]



Chairperson
Jim O'Neill



Vice Chairperson
Joe Keen



Secretary
Stephen Black

Atrium Homes

Statement of Changes in Reserves
For the year ended 31 March 2018

	Notes	Revaluation reserve £	Revenue reserve £	Total £
Balance at 1 April 2016		7,358,334	6,609,847	13,968,181
Transfer from revaluation reserve		(222,383)	222,383	-
Surplus for the year		-	1,089,748	1,089,748
Balance at 31 March 2017		7,135,951	7,921,978	15,057,929
Transfer from revaluation reserve		(125,119)	125,119	-
Surplus for the year		-	1,105,494	1,105,494
Balance at 31 March 2018		7,010,832	9,152,591	16,163,423

Atrium Homes

Statement of Cash Flows For the year ended 31 March 2018

	Notes	2018 £	2017 £
Net cash generated from operating activities	19	2,282,775	2,831,097
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition and construction of properties		(4,445,361)	(1,179,260)
Purchase of other fixed assets		(3,824)	(6,574)
Social housing grant received		2,305,221	1,054,159
Other grants received		-	-
Proceeds on disposal of properties		-	72,722
NET CASH (USED IN) INVESTING ACTIVITIES		(2,143,964)	(58,953)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest received on cash and cash equivalents		20,084	24,126
Interest paid on loans		(453,301)	(483,936)
Loan principal repayments		(794,060)	(767,011)
Share capital issued		-	-
NET CASH (USED IN) FINANCING ACTIVITIES		(1,227,277)	(1,226,821)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1,088,466)	1,545,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,107,560	3,562,237
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,019,094	5,107,560

The accompanying notes form part of these financial statements.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES

LEGAL STATUS

The Company is registered as a company limited by guarantee under the Companies Act 2006 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 14 Central Avenue, Shortlees, Kilmarnock, East Ayrshire, KA1 4PS.

The Company's principal activities are the provision and management of quality affordable rented accommodation.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2014, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

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.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates

Recoverable amount of rent arrears and other debtors

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

Useful lives of properties, plant and equipment

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

Components of housing properties

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

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

Valuation of property and impairment review

The Company's properties reviewed annually for impairment in line with the Company's impairment policy.

Obligations under a defined benefit pension scheme

The Company participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits in 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.

In determining the Company's share of the underlying assets and liabilities of the Scottish Housing Association Defined Benefit Scheme (SHAPS), the valuation prepared by the Scheme actuary includes estimations in relation to life expectancy, salary growth, inflation and the discount rate on corporate bonds.

The rate used to discount the past service deficit defined benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The Company accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS102. The present value of this liability has been recognised in the Statement of Financial Position.

Critical areas of judgement

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.

Identification of cash generating units for impairment assessment purposes

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

Financial Instrument Break Clause

The Company has considered the break clauses attached to the Financial Instruments that it has in place for its loan funding. In the judgement of the Board 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.

Categorisation of leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee, or the lessee, where the Association is a lessor.

GOING CONCERN

The Board has reviewed the results for this year and has reviewed the financial projections for the next 5 years. On that basis the Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

TURNOVER AND REVENUE RECOGNITION

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

GOVERNMENT GRANTS

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent.

Completed housing properties are stated at deemed cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Exploratory costs for prospective developments have not been capitalised and are expensed to the Statement of Comprehensive income in the year incurred.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The Company separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Structure	60 years
Land	Nil
Assets under construction	Nil
Windows	30 years
Doors	25 years
Kitchens	15 years
Bathrooms	30 years
Roof	40 years
Boilers	15 years
Central Heating	30 years
Electrical works	25 years

IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset on a straight line basis over its expected useful life, as follows:

Office Premises	3.33%
Furniture and Fittings	10% to 20%
Computer Equipment	20%
Office Equipment	33%

BORROWING COSTS

All borrowing costs are expensed as incurred.

TAXATION

Atrium Homes has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

VAT

The Company is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

DEPOSITS AND LIQUID RESOURCES

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

LEASES

Operating Leases

All other leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

RETIREMENT BENEFITS

Defined benefit plans

The Company participates in a funded multi-employer defined benefit scheme, the Scottish Housing Association Pension Scheme (SHAPS).

Contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL ASSETS

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

PROVISIONS

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	2018 Operating surplus/(deficit) £	2017 Operating surplus/(deficit) £
Affordable letting activities	3	4,859,638	3,284,972	1,574,666	1,559,400
Other activities	4	333,768	365,490	(31,722)	20,975
Total		5,193,406	3,650,462	1,542,944	1,580,375
Total for previous reporting period as restated		5,114,366	3,533,991	1,580,375	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

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

	General Needs Social Housing £	Supported Social Housing Accommodation £	Total 2018 £	Total 2017 £
Revenue from Lettings				
Rent receivable net of service charges	4,866,465	46,711	4,913,176	4,836,348
Service charges	2,194	-	2,194	8,863
Gross income from rents and service charges	4,868,659	46,711	4,915,370	4,845,211
Less voids	60,403	499	60,902	87,620
Net income from rents and service charges	4,808,256	46,212	4,854,468	4,757,591
Grants released from deferred income	5,170	-	5,170	1,174
Revenue grants from Scottish Ministers	-	-	-	-
Total turnover from affordable letting activities	4,813,426	46,212	4,859,638	4,758,765
Expenditure on affordable letting activities				
Management and maintenance administration costs	945,400	12,060	957,460	774,140
Planned and cyclical maintenance including major repairs costs	299,652	2,392	301,954	427,612
Reactive maintenance costs	1,016,075	11,674	1,027,749	937,031
Bad debts - rents and service charges	62,919	163	63,082	52,674
Depreciation of affordable let properties	924,359	10,368	934,727	936,191
Impairment of Social Housing	-	-	-	71,717
Operating Costs for affordable letting activities	3,248,315	36,657	3,284,972	3,199,365
Operating surplus or deficit for affordable letting activities	1,565,111	9,555	1,574,666	1,559,400
Operating surplus or deficit or affordable letting activities for previous reporting period as restated	1,550,972	8,428	1,559,400	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

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	Other operating costs	Operating surplus or deficit	Operating surplus or deficit for previous reporting period
	£	£	£	£	£	£	£	£	£
Support activities	-	-	-	18,082	18,082	-	35,436	(17,354)	(23,813)
Care and repair	-	73,164	-	-	73,164	-	78,224	(5,060)	70
Contracted out services undertaken for other organisations	-	-	-	141,260	141,260	-	141,733	(473)	(199)
Development and construction of property activities	-	-	-	-	-	-	50,755	(50,755)	-
Other activities – Big Lottery	-	49,760	-	-	49,760	-	49,760	-	-
Shortlees Entrance Feature	-	-	-	51,502	51,502	6,566	3,016	(1,854)	44,917
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	122,924	-	210,844	333,768	6,566	358,924	(31,722)	20,975
Total from other activities for the previous reporting period	-	137,446	-	218,155	355,601	-	334,626	20,975	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

5. KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) are defined as the members of the Board of Directors and Senior Management.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2018 No.	2017 No.
£60,001 to £70,000	2	-
£70,001 to £80,000	1	1
Aggregate emoluments for the above key management personnel (excluding pension contributions)	<u>206,056</u>	<u>75,918</u>
Pension contributions made on behalf of KMP with emoluments greater than £60,000	<u>22,254</u>	<u>9,323</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>79,128</u>	<u>75,918</u>
Total Compensation paid to key management personnel	<u>283,926</u>	<u>266,900</u>

6. EMPLOYEES

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:

	2018 No.	2017 No.
	<u>24</u>	<u>23</u>
Staff costs of the above were:	£	£
Wages and salaries	899,159	799,929
Social security costs	92,959	81,176
Other pension costs	78,132	76,311
Temporary, agency and seconded staff	-	4,641
	<u>1,070,250</u>	<u>962,057</u>

7. (LOSS)/GAIN ON DISPOSAL OF HOUSING STOCK

	2018 £	2017 £
Disposal proceeds	-	73,766
Carrying value of fixed assets	-	(93,733)
(Loss) on disposal of housing stock	<u>-</u>	<u>(19,967)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

8.	INTEREST PAYABLE & SIMILAR CHARGES	2018	2017
		£	£
	On bank loans	453,301	483,936

9.	OPERATING SURPLUS OR DEFICIT	2018	2017
		£	£
	Operating surplus is stated after charging/(crediting):		
	Depreciation – tangible owned fixed assets	1,021,031	1,021,741
	Operating lease rentals - other	2,516	2,901
	Loss/(Gain) on disposal of fixed assets	3,016	(285)

Fees payable to RSM UK Audit LLP and their associates in respect of both audit and non-audit services are as follows:

	2018	2017
	£	£
Audit-related assurance services	9,960	9,600
All other non-audit services	11,184	5,778

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 CHARGES	2018	2017
		£	£
	Unwinding of discounted liabilities	4,233	10,850

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting £	Housing Properties Under Construction £	Total £
COST			
As at 1 st April 2017	35,116,476	1,021,280	36,137,756
Additions	404,743	4,040,618	4,445,361
Disposals	(11,173)	-	(11,173)
Transfer	5,061,898	(5,061,898)	-
As at 31 st March 2018	<u>40,571,944</u>	<u>-</u>	<u>40,571,944</u>
DEPRECIATION			
As at 1 st April 2017	2,756,312	3,826	2,760,138
Charge for the year	934,727	-	934,727
Disposals	(8,157)	-	(8,157)
Transfer	3,826	(3,826)	-
As at 31 st March 2018	<u>3,686,708</u>	<u>-</u>	<u>3,686,708</u>
NET BOOK VALUE			
As at 31 st March 2018	<u>36,885,236</u>	<u>-</u>	<u>36,885,236</u>
As at 31 st March 2017	<u>32,360,164</u>	<u>1,017,454</u>	<u>33,377,617</u>

Additions to housing properties include capitalised development administration costs of £Nil (2017 - £Nil) and capitalised major repair costs to existing properties of £Nil (2017 £ Nil).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £470,749. The amount capitalised is £404,743 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 £27,695,399 (2017 - £28,114,604).

Included within Housing Properties Held for Letting is land held at £5,081,360 (2017: £5,023,362).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

12. NON-CURRENT ASSETS (continued)

b) Other Tangible Assets

	Computer Premises £	Office & Fittings £	Office Premises £	Office Furniture & Equipment £	Total £
COST					
As at 1 st April 2017	177,639	8,780	1,307,464	35,936	1,529,819
Additions	665	3,159	-	-	3,824
As at 31 st March 2018	178,304	11,939	1,307,464	35,936	1,533,643
AGGREGATE DEPRECIATION					
As at 1 st April 2017	125,033	4,367	47,214	7,881	184,495
Charge for the year	35,550	3,388	43,582	3,784	86,304
As at 31 st March 2018	160,583	7,755	90,796	11,665	270,799
NET BOOK VALUE					
As at 31 st March 2018	17,721	4,184	1,216,668	24,271	1,262,844
As at 31 st March 2017	52,606	4,413	1,260,250	28,055	1,345,324

13. INVESTMENTS

Investments in Subsidiaries	2018 £	2017 £
As at 31 st March 2018 & 31 st March 2017	100	100

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. 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 FRS102 (para 33.1A) from disclosing related party transactions with 100% owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

13. INVESTMENTS (continued)

The aggregate amount of capital and reserve and the results of the Atrium Initiatives for the year is:

	2018	2017
	£	£
Capital & Reserves	104,133	101,952
Profit for the year	45,955	29,356

14. CAPITAL COMMITMENTS

	2018	2017
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	67,669	4,786,146

The above commitments will be financed by the following:

Social housing grant receivable	67,669	2,171,343
Private finance	-	2,401,167
Own reserves	-	213,636
	67,669	4,786,146

15. COMMITMENTS UNDER OPERATING LEASES

	2018	2017
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows: -		
No later than one year	4,143	2,707
Later than one year and not later than five years	7,873	7,019
Later than five years	-	-
	12,016	9,726

16. DEBTORS

	2018	2017
	£	£
Amounts falling due within one year:		
Arrears of rent & service charges	220,990	191,405
Less: provision for doubtful debts	(117,712)	(103,623)
	103,278	87,782
Other debtors	177,979	252,596
Amounts due from group undertakings	271,903	109,694
	553,160	450,072
Amounts falling after more than one year:		
Loan to subsidiary	117,804	125,494

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

17.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
		£	£
	Housing loans (note 18)	797,025	741,262
	Trade payables	92,748	408,228
	Rent in advance	88,461	98,589
	Other taxation and social security	23,862	22,249
	Amounts due to group undertakings	186,982	89,757
	Other payables	25,450	4,453
	Deferred capital grant (note 20)	57,164	18,743
	Accruals and deferred income	364,894	238,520
		<u>1,636,586</u>	<u>1,621,801</u>

At the balance sheet date there were pension contributions outstanding of £21,010 (2016 £nil).

18.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018	2017
		£	£
	Deferred capital grant (note 20)	3,363,965	1,102,340
	Housing loans	21,249,217	22,106,645
		<u>24,613,182</u>	<u>23,208,985</u>
	Housing loans		
	Amounts due within one year	797,025	741,262
	Amounts due in one year or more but less than two years	801,360	752,381
	Amounts due in two years or more but less than five years	2,377,801	2,245,141
	Amounts due in more than five years	18,070,056	19,109,123
		<u>22,046,242</u>	<u>22,847,907</u>
	Less: amount shown in current liabilities	(797,025)	(741,262)
		<u>21,249,217</u>	<u>22,106,645</u>

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	3.24%	1.27% - 4.57%	2020	Both
Nationwide	Standard security over 762 properties and 99 units	1.28%	0.77% - 3.79%	2021	Both

All of the Company's bank borrowings are repayable in a monthly basis with the principle 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 1.51% (2017 – 1.06%)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

19. STATEMENT OF CASH FLOWS

	2018	2017
	£	£
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	1,542,944	1,589,324
Depreciation	1,021,031	1,021,740
Amortisation of capital grants	(5,170)	(1,174)
Change in debtors	(98,060)	(53,580)
Change in creditors	(77,710)	286,856
(Gain) on disposal of fixed assets	(3,016)	(285)
Impairment of housing properties	-	71,717
Pension deficit contributions paid	(97,244)	(83,501)
	<u>2,282,775</u>	<u>2,831,097</u>

20. DEFERRED CAPITAL GRANT

	2018	2017
	£	£
Social housing grants		
Balance as at 1 st April 2017	1,121,083	68,098
Additions in the year	2,305,216	1,054,159
Amortisation in the year	(5,170)	(1,174)
	<u>3,421,129</u>	<u>1,121,083</u>
Balance as at 31 st March 2018		
Other grants		
Balance as at 1 st April 2017	-	-
Released/ repaid as the result of property disposal	-	-
	<u>-</u>	<u>-</u>
Balance as at 31 st March 2018		
Total	<u>3,421,129</u>	<u>1,121,083</u>

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

	2018	2017
	£	£
Amounts due within one year	57,164	18,743
Amounts due in one year or more	3,363,965	1,102,340
	<u>3,421,129</u>	<u>1,121,083</u>

21. PROVISIONS

	Holiday Pay	SHAPS Pension	Total
	£	£	£
1 April 2017	20,948	496,504	517,452
Utilised in the year	(20,948)	-	(20,948)
Additional provision in year	24,215	-	24,215
Unwinding of discount	-	4,233	4,233
Reversed in year	-	(97,244)	(97,244)
Increase due to change in discount rate	-	(2,661)	(2,661)
31 March 2018	<u>24,215</u>	<u>400,832</u>	<u>425,047</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2018

21. PROVISIONS (continued)

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

Pension

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

22. HOUSING STOCK

The number of units of accommodation in management at the year-end was: -	2018	2017
	No.	No.
General needs – new build	372	329
General needs – rehabilitation	787	770
Supported housing	13	23
	<u>1,172</u>	<u>1,122</u>

23. 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 two tenant members of the Board (2017: two). Transactions with tenant Board members during the year were as follows:

	2018	2017
	£	£
Total rental charges	<u>7,592</u>	<u>7,799</u>
Balance at the year end	<u>(400)</u>	<u>nil</u>

Board members received £762 in the year by way of reimbursement of expenses (2017 - £142). No remuneration is paid to Board members in respect of their duties in the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

24. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Associations' Pension Scheme – Defined Benefit

Atrium Homes participates in the Scottish Housing Associations' 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 scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Based on the latest valuation the Scheme has provided the level 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2018

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

All employers 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 £400,832 (2017 - £496,504). 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 1.51% (2017: 1.06%).

The Company made payments totalling £100,343 (2017: £83,501) to the pension scheme during the year.