

# Cadder Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HCB270

FCA Reference No. 2436R (S)

Scottish Charity No. SC036455

# CADDER HOUSING ASSOCIATION LIMITED

## CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	6
REPORT OF THE AUDITORS	7
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CASHFLOWS	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13

# CADDER HOUSING ASSOCIATION LIMITED

---

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2016

## MANAGEMENT COMMITTEE

Elizabeth Doherty	Chairperson
Linda Brown	Vice Chairperson
Ruby Hunter	Secretary
Baillie Mohammed Razaq	
Zafar Ahmad	
Helen McNab	
May Gahagan	
Sheriff Popoola	
Alison Vass	Appointed 29/10/15
John Tunn	Appointed 7/9/15 Resigned 1/3/16

## EXECUTIVE OFFICERS

Kenny Mollins	Director
---------------	----------

## REGISTERED OFFICE

66 Skirsa Street  
Glasgow  
G23 5BA

## AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

## INTERNAL AUDITORS

A&A Accounting Ltd  
1037 Sauchiehall Street  
Glasgow  
G3 7TZ

## BANKERS

Royal Bank of Scotland  
1944 Maryhill Road  
Glasgow  
G20 0EQ

## SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

Harper MacLeod  
45 Gordon Street  
Glasgow  
G1 3PE

# CADDER HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2436R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036455.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

### Review of Business and Future Developments

The Association reports a surplus for the year of £679,924 (2015 - £1,307,467).

The financial statements have been prepared in accordance with the new Financial Reporting Standard (FRS102) and the comparative figures for the accounting period to 31st March 2015 have been restated accordingly. Note 28 to the financial statements shows the effect of the transition to FRS102.

The Association has 647 properties for rent and 402 owner occupiers. The Association has continued to manage and maintain these properties to a high standard, reinforcing their commitment to good quality houses at affordable rents.

Cadder Housing Association Limited has continued to invest in its housing stock and to maintain the standard of properties that it offers to residents through its reactive repairs and annual house visits. The Association is also now underway with its programme to replace all bathrooms within the next three years and all kitchens within the next six years, thus improving properties further.

The Association has performed well, again, in mitigating the effects of welfare reform and this is demonstrated by continued low levels of void losses and bad debt write offs. The Association staff will continue to work to minimise the effects of these reforms on both its residents and on the Association itself.

During the year the Association was awarded both an Investors in Young People Award and an Investors in People Silver Accreditation. The Investors in Young People Award recognises the Association's work in providing apprenticeships, employment opportunities and work experience for young people - the Association has a long established programme of training opportunities for unemployed people. The achievement of Silver Standard through Investors in People is due to the Association's focus on the customer and commitment to continuous improvement across all of its services.

The new Community Centre is now complete and the Association will be working hard to attract further funding for local groups and services in order to ensure the long term success of the Centre. Through the Community Centre Users Group that has been set up, local residents will support and inform the activities, services and events on offer at the Centre.

In terms of developments, the Association is on track to commence building 50 new social housing units on the land it has purchased at Tresta Road in Cadder. A Development Consultant and Quantity Surveyors have now been appointed, development work is expected to commence in early 2017 and the project is expected to take around a year to complete. This project will continue our regeneration of Cadder, which aims to provide quality housing and amenities for our residents.

# CADDER HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### The Future

Cadder Housing Association Limited will focus on maintaining the increased level of performance that it has recently achieved.

The Association's overall focus will also be on working towards the objectives and targets agreed within the Internal Management Plan and ensuring that it achieves value for money and improvement in all its areas of operation.

Major challenges that Cadder Housing Association will address over the coming year are:

- Tenant participation
- Welfare reform
- Community centre
- Estate caretaker service.
- Energy efficiency
- Development of land at Tresta Road

# CADDER HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer holds no interest in the Association's share capital and, although not having the legal status of Director, they act as Executive within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

### Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee 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 Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

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

# CADDER HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association 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 Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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 Association'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 Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee 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 Management Committee;
- the Management Committee receive 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 Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The governing body has reviewed the effectiveness of the system of internal financial control in existence in the Association 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.

### Donations

During the year the Association made charitable donations amounting to £800 (2015 £325).

### Auditors

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

By order of the Management Committee



RUBY HUNTER

Secretary

23 June 2016

# CADDER HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF  
CADDER HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association'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 Association'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 Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
23 June 2016



We have audited the financial statements of Cadder Housing Association Limited 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 standard of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, 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 Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. 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 Association's affairs as at 31st March 2016 and of its surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

#### **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 Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

---

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

- 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 Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
23 June 2016

# CADDER HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
REVENUE	2.	2,962,751	2,993,477
Operating Costs	2.	(2,069,213)	(2,108,317)
<b>OPERATING SURPLUS</b>	9.	<b>893,538</b>	<b>885,160</b>
(Loss) / Gain On Sale Of Housing Stock	7.	(2,453)	3,489
Exceptional Item	26.	-	613,996
Interest Receivable and Other Income		4,979	6,025
Interest Payable and Similar Charges	8.	(187,758)	(179,182)
Other Finance Charges	11	(28,382)	(22,021)
		(213,614)	422,307
<b>SURPLUS FOR YEAR</b>		<b><u>679,924</u></b>	<b><u>1,307,467</u></b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>679,924</u></b>	<b><u>1,307,467</u></b>

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.

# CADDER HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016	2015
		£	£
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	10,765,651	10,846,911
Other Non Current Assets	12.(b)	3,532,390	962,805
		<u>14,298,041</u>	<u>11,809,716</u>
<b>CURRENT ASSETS</b>			
Receivables	15.	150,084	112,477
Inventories		44,374	30,857
Investments	25.	2,000,000	1,000,000
Cash at bank and in hand		822,011	458,617
		<u>3,016,469</u>	<u>1,601,951</u>
<b>CREDITORS: Amounts falling due within one year</b>	16.	<u>(1,355,339)</u>	<u>(830,112)</u>
<b>NET CURRENT ASSETS</b>		<u>1,661,130</u>	<u>771,839</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,959,171</u>	<u>12,581,555</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17.	<u>(5,610,533)</u>	<u>(4,870,250)</u>
<b>DEFERRED INCOME</b>			
Social Housing Grants	19.	(2,566,334)	(2,648,131)
Other Grants	19.	<u>(2,615,168)</u>	<u>(575,970)</u>
		<u>(5,181,502)</u>	<u>(3,224,101)</u>
<b>NET ASSETS</b>		<u>5,167,136</u>	<u>4,487,204</u>
<b>EQUITY</b>			
Share Capital	20.	136	128
Revenue Reserves		5,167,000	4,487,076
		<u>5,167,136</u>	<u>4,487,204</u>

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

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 23 June 2016.

  
Chairperson

  
Vice-Chairperson

  
Secretary

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

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

	Notes	2016	2015
		£	£
Net Cash Inflow / (Outflow) from Operating Activities	18.	1,650,367	(123,848)
<b>Investing Activities</b>			
Acquisition and Construction of Properties		(342,739)	(387,114)
Purchase of Other Fixed Assets		(2,611,608)	(686,539)
Other Grants Received		2,039,198	740,525
Changes on short term deposits with banks		(1,000,000)	701,128
Proceeds on Disposal of Properties		13,326	39,547
Net Cash (Outflow) / Inflow from Investing Activities		(1,901,823)	407,547
<b>Financing Activities</b>			
Loan Advances Received		1,250,000	-
Interest Received on Cash and Cash Equivalents		4,979	6,025
Interest Paid on Loans		(187,758)	(179,182)
Loan Principal Repayments		(452,379)	(341,778)
Share Capital Issued		8	4
Net Cash Inflow / (Outflow) from Financing		614,850	(514,931)
Increase / (decrease) in Cash		363,394	(231,232)
Opening Cash & Cash Equivalents		458,617	689,849
Closing Cash & Cash Equivalents		822,011	458,617
Cash and Cash equivalents as at 31 March 2016.		822,011	458,617
Cash		822,011	458,617

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

# CADDER HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	143	3,179,609	3,179,752
Issue of Shares	4	-	(4)
Cancellation of Shares	(19)	-	(19)
Surplus for Year	-	1,307,467	1,307,467
Balance as at 31st March 2015	<u>128</u>	<u>4,487,076</u>	<u>4,487,204</u>
Balance as at 1st April 2015	128	4,487,076	4,487,204
Issue of Shares	8	-	8
Cancellation of Shares	-	-	-
Surplus for Year	-	679,924	679,924
Balance as at 31st March 2016	<u>136</u>	<u>5,167,000</u>	<u>5,167,136</u>

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

# CADDER HOUSING ASSOCIATION LIMITED

---

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

## 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.

#### Revenue

The Association 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 Association participates in the Scottish Housing Association Defined Benefits Pension Scheme until 31st March 2015 when it moved all staff to a Defined Contribution Scheme.

The Association accounts for amounts that it has agreed to pay towards the Defined Benefit 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

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. 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>
Central Heating	15 years
Electric Wiring	30 years
Kitchens	15 years
Bathrooms	30 years
Windows	25 years
Structure	50 years
Insulation	30 years

# CADDER HOUSING ASSOCIATION LIMITED

## 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	- 2% Straight Line
Furniture and Fittings	- 25% Reducing Balance
Computer Equipment	- 25% Straight Line
Office Equipment	- 25% Reducing Balance

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 Management Committee to exercise judgement in applying 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*

The Association has calculated the Net Present Value of the agreed deficit payments and through this has estimated the discount rate that is applicable to be 2.64% (2015 - 3.58%) with this being based on a high quality corporate bond for a period similar to the 2015 valuation.



# CADDER HOUSING ASSOCIATION LIMITED

---

## 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 Association 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.

#### Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

#### Key Judgements made in the application of Accounting Policies

##### a) *Exemptions taken in the transition to FRS 102*

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

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

##### b) *The Categorisation of Housing Properties*

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

##### c) *Pension Liability*

In March 2016 the Association 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 Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service liability in the financial statements. The Committee feel that this is the best available estimate of the past service liability.

##### 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.

##### e) *Identification of cash generating units*

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

#### Financial Instruments - Basic

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

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

# CADDER HOUSING ASSOCIATION LIMITED

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.	2,824,566	1,877,142	947,424	2,933,436	1,970,480	962,956
Other Activities	4.	138,185	192,071	(53,886)	60,041	137,837	(77,796)
<b>Total</b>		<b>2,962,751</b>	<b>2,069,213</b>	<b>893,538</b>	<b>2,993,477</b>	<b>2,108,317</b>	<b>885,160</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing		Restated 2015 Total
	2016 Total £	2015 Total £	
<b>Revenue from Lettings</b>			
Rent Receivable Net of Service Charges	2,557,719	2,557,719	2,459,092
Service Charges	119,918	119,918	114,974
<b>Gross income from rent and service charges</b>	<b>2,677,637</b>	<b>2,677,637</b>	<b>2,574,066</b>
Less: Rent losses from voids	21,166	21,166	18,664
<b>Net Rents Receivable</b>	<b>2,656,471</b>	<b>2,656,471</b>	<b>2,555,402</b>
Grants released from deferred income	81,797	81,797	81,797
Revenue grants from Scottish Ministers	-	-	-
Other revenue grants	86,298	86,298	296,237
<b>Total turnover from affordable letting activities</b>	<b>2,824,566</b>	<b>2,824,566</b>	<b>2,933,436</b>
<b>Expenditure on affordable letting activities</b>			
Management and maintenance administration costs	834,834	834,834	871,115
Service Costs	150,015	150,015	300,167
Planned and cyclical maintenance, including major repairs	156,091	156,091	152,509
Reactive maintenance costs	314,472	314,472	232,282
Bad Debts - rents and service charges	13,510	13,510	18,349
Depreciation of affordable let properties	408,220	408,220	396,058
Impairment of affordable letting activities	-	-	-
<b>Operating costs of affordable letting activities</b>	<b>1,877,142</b>	<b>1,877,142</b>	<b>1,970,480</b>
<b>Operating surplus on affordable letting activities</b>	<b>947,424</b>	<b>947,424</b>	<b>962,956</b>
<b>2015</b>		<b>962,956</b>	

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.

# CADDER HOUSING ASSOCIATION LIMITED

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 Excl. Deprec.	Operating Costs Other	Operating Costs	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Wider Role Activities	48,950	2,253	-	59	51,262	-	76,713	76,713	(25,451)	(25,451)	(45,816)	(45,816)	(45,816)
Factoring	-	-	-	18,326	18,326	(201)	20,710	20,710	(2,183)	(2,183)	2,778	2,778	2,778
Support Activities	32,267	33,205	-	-	65,472	-	64,624	64,624	848	848	(16,540)	(16,540)	(16,540)
Care Activities	-	-	-	3,125	3,125	-	30,225	30,225	(27,100)	(27,100)	(19,281)	(19,281)	(19,281)
Other activities	-	-	-	-	-	-	-	-	-	-	1,063	1,063	1,063
<b>Total From Other Activities</b>	<b>81,217</b>	<b>35,458</b>	<b>-</b>	<b>21,510</b>	<b>138,185</b>	<b>(201)</b>	<b>192,272</b>	<b>192,272</b>	<b>(53,886)</b>	<b>(53,886)</b>	<b>(77,796)</b>	<b>(77,796)</b>	<b>(77,796)</b>
2015	-	31,887	-	28,154	60,041	965	136,872	136,872	(77,796)	(77,796)			

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.

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. OFFICERS' EMOLUMENTS

	2016	2015
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>85,676</u>	<u>80,994</u>
Compensation payable to Officers for loss of Office	<u>5,898</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,930</u>	<u>8,626</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>85,676</u>	<u>80,994</u>
Total Compensation paid to key management personnel	<u>277,690</u>	<u>266,023</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
£80,001 to £90,000	<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>42</u>	<u>49</u>
The average total number of Employees employed during the year was	<u>44</u>	<u>50</u>
Staff Costs were:	£	£
Wages and Salaries	874,230	704,596
Social Security Costs	79,636	54,087
Other Pension Costs	64,245	46,853
Temporary, Agency and Seconded Staff	104,437	229,943
	<u>1,122,548</u>	<u>805,536</u>

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	13,326	39,547
Cost of Sales	<u>15,779</u>	<u>36,058</u>
(Loss) / Gain On Sale Of Housing Stock	<u>(2,453)</u>	<u>3,489</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>187,758</u>	<u>179,182</u>

## 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	450,243	424,804
Auditors' Remuneration - Audit Services	6,705	7,000
Auditors' Remuneration - Other Services	1,140	840
Operating Lease Rentals - Land & Buildings	4,560	4,560
Operating Lease Rentals - Other	1,313	1,514
Gain on sale of fixed assets	<u>-</u>	<u>3,489</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association 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>28,382</u>	<u>22,021</u>

# CADDER HOUSING ASSOCIATION LIMITED

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 £	Housing Properties In course of Construction £	Total £
<b>COST</b>			
As at 1st April 2015	15,105,312	239,136	15,344,448
Additions	341,739	1,000	342,739
Disposals	(110,900)	-	(110,900)
Schemes Completed	-	-	-
As at 31st March 2016	<u>15,336,151</u>	<u>240,136</u>	<u>15,576,287</u>
<b>DEPRECIATION</b>			
As at 1st April 2015	4,497,537	-	4,497,537
Charge for Year	408,220	-	408,220
Disposals	(95,121)	-	(95,121)
As at 31st March 2016	<u>4,810,636</u>	<u>-</u>	<u>4,810,636</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2016	<u>10,525,515</u>	<u>240,136</u>	<u>10,765,651</u>
As at 31st March 2015	<u>10,607,775</u>	<u>239,136</u>	<u>10,846,911</u>

Additions to housing properties includes capitalised development administration costs of £880 (2015 - £66,036) and capitalised major repair costs to existing properties of £341,739 (2015 £147,978)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £839,151. The amount capitalised is £341,739, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £341,739 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £10,141,690 (2015 - £10,166,354).

# CADDER HOUSING ASSOCIATION LIMITED

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 Equipment £	Community Centre £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2015	138,035	756,675	214,461	232,480	1,341,651
Additions	1,611	2,503,688	4,474	101,835	2,611,608
As at 31st March 2016	139,646	3,260,363	218,935	334,315	3,953,259
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2015	115,549	-	46,151	217,146	378,846
Charge for year	13,057	-	4,378	24,588	42,023
As at 31st March 2016	128,606	-	50,529	241,734	420,869
<b>NET BOOK VALUE</b>					
As at 31st March 2016	11,040	3,260,363	168,406	92,581	3,532,390
As at 31st March 2015	22,486	756,675	168,310	15,334	962,805

## 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	606,794	2,413,145

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

## 14 COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
<b>Land and Buildings</b>		
Expiring within one year	4,560	4,560
Expiring between two and five years	18,240	18,240
Not later than one year	1,252	1,252
Later than one year and not later than five years	3,132	4,385

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

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. RECEIVABLES

	2016 £	2015 £
Arrears of Rent & Service Charges	107,743	93,121
Less: Provision for Doubtful Debts	(50,988)	(51,092)
	<u>56,755</u>	<u>42,029</u>
Other Receivables	93,329	70,448
	<u>150,084</u>	<u>112,477</u>

## 16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	450,517	438,279
Trade Payables	466,938	100,077
Rent in Advance	58,927	58,658
Other Taxation and Social Security	22,456	19,056
Liability for Past Service Contributions	74,000	72,000
Accruals and Deferred Income	282,501	142,042
	<u>1,355,339</u>	<u>830,112</u>

## 17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	377,096	422,196
Housing Loans	5,233,437	4,448,054
	<u>5,610,533</u>	<u>4,870,250</u>
<i>Housing Loans</i>		
Amounts due within one year	450,517	438,279
Amounts due in one year or more but less than two years	463,550	450,517
Amounts due in two years or more but less than five years	1,477,602	1,433,195
Amounts due in more than five years	3,292,285	2,564,342
	<u>5,683,954</u>	<u>4,886,333</u>
Less: Amount shown in Current Liabilities	450,517	438,279
	<u>5,233,437</u>	<u>4,448,054</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	74,000	72,000
Amounts due in one year or more but less than two years	76,247	70,553
Amounts due in two years or more but less than five years	230,371	216,689
Amounts due in more than five years	70,478	134,954
	<u>451,096</u>	<u>494,196</u>

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

Lender	Security	Interest Rate	Maturity	Variable / Fixed
Coop Bank	Standard Security over 229 properties	4.10%	2029	Fixed&Variable
RBS	Standard Security over 122 properties	2.40%	2025	Variable

All of the Association's bank borrowings are repayable in a quarterly 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%)



# CADDER HOUSING ASSOCIATION LIMITED

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 balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	893,538	885,160
Depreciation	450,243	422,537
Change in Provisions for liabilities and charges	-	613,996
Amortisation of Capital Grants	(81,797)	(81,797)
Change in debtors	(37,607)	45,276
Change in creditors	467,889	(1,952,634)
Change in inventories	(13,517)	(30,857)
Gain on sale of fixed assets	-	(3,489)
Unwinding of Discount on Pension Liability	(28,382)	(22,021)
Share Capital Written Off	-	(19)
Balance as at 31st March 2016	<u>1,650,367</u>	<u>(123,848)</u>

## 19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	2,648,131	2,729,928
Amortisation in Year	<u>(81,797)</u>	<u>(81,797)</u>
Balance as at 31st March 2016	<u>2,566,334</u>	<u>2,648,131</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	575,970	575,970
Additions in year	<u>2,039,198</u>	<u>-</u>
Balance as at 31st March 2016	<u>2,615,168</u>	<u>575,970</u>
Total	<u>5,181,502</u>	<u>3,224,101</u>

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

	2,016 £	2,015 £
Amounts due within one year	81,797	81,797
Amounts due in one year or more	<u>5,099,705</u>	<u>3,142,304</u>
	<u>5,181,502</u>	<u>3,224,101</u>

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

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

Transactions with governing body members (and their close family) were as follows:

	£
Rent Received from Tenants on the Committee	23,505
Factoring Charges received from owners on the Committee	788

The following transactions took place during the year between the Association and its related parties:

Cadder Hills Community Café has directors who are members of the Association's Management Committee. At 31st March 2015 the Association owed Cadder Hills Café £4,443. During the financial year the Association incurred net expenditure of £1,124 in relation to Cadder Hills Café and this was deducted from the amount owed. The balance remaining of £3,319 was repaid to Cadder Hills Café on 2nd July 2015.

During the year the Association approved a grant of £2,500 to Cadder Hills Café and this was paid over on 10th March 2016.

## 23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principle place of business is 66 Skirsa Street, Glasgow, G23 5BA.

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

## 24. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £915 in the year by way of reimbursement of expenses (2015 - £386). No remuneration is paid to Board members in respect of their duties in the Association.

## 25. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Short Term Deposits	<u>2,000,000</u>	<u>1,000,000</u>

## 26. EXCEPTIONAL ITEM

In the year ended 31 March 2014, Cadder Housing Association had a creditor in relation to CESP works which amounted to £1,865,371. During the prior year, the Association made a final payment towards the CESP work which amounted to £1,251,375. The Association obtained legal advice when making the final payment and received written confirmation from British Gas Trading Ltd that this amount represented the settlement of the contract. This left a balance of £613,996, which was written off as an exceptional item.

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27 RETIREMENT BENEFIT OBLIGATIONS

### General

Cadder Housing Association Limited participates in the Scottish Housing Association Pension Scheme.

The scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme. From 1st April 2015 the Association participated in the Defined Contribution Scheme only, although is still liable to contribute to the past service deficit identified on the Defined Benefit Scheme that it previously participated in.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers in a defined benefit scheme 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 FRS102 represents the employer contribution payable.

The last provisional valuation of the Defined Benefit 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 Association 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 Association will make payments of £79.192 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 Defined Benefit 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 £451,096 (2015 - £494,196). 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 2.64%.

The Association made payments totalling £72,000 (2015: £70,000) to the pension scheme during the year.

# CADDER HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28 TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association 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)	8,322,481	3,487,235	11,809,716	8,380,766	2,816,159	11,196,925
Negative Goodwill		-	-	-	-	-	-
Current Assets		1,601,953	(2)	1,601,951	2,516,976	-	2,516,976
Current Liabilities	(ii)	(758,112)	(72,000)	(830,112)	(2,625,272)	(70,000)	(2,695,272)
Non Current Liabilities	(ii)	(4,448,054)	(422,196)	(4,870,250)	(4,801,327)	(838,000)	(5,639,327)
Deferred Income	(i)	-	(3,224,101)	(3,224,101)	-	(2,565,375)	(2,565,375)
		4,718,268	(231,064)	4,487,204	3,471,143	(657,216)	2,813,927
Capital & Reserves		(4,718,268)	231,064	(4,487,204)	(3,471,143)	657,216	(2,813,927)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£
Revenue	(i)	2,911,680	81,797	2,993,477
Operating Costs	(i) & (ii)	(2,108,868)	551	(2,108,317)
Other Income		3,489	-	3,489
Exceptional Item		613,996	-	613,996
Interest Receivable		6,025	-	6,025
Interest Payable		(179,182)	-	(179,182)
Change in Fair Value of Financial Inst.		-	-	-
Other Finance Income / Costs		-	(22,021)	(22,021)
		1,247,140	60,327	1,307,467
Surplus		1,247,140	60,327	1,307,467

### 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 Association 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. In addition to this the Association has an interest rate swap which was previously unrecognised, but now requires to be recognised at its fair value under FRS 102 Section 12.

(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