

# Cloch Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No. HEP91

FCA Reference No. SP1893RS

Scottish Charity No. SCO13996

# CLOCH HOUSING ASSOCIATION LIMITED

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# CLOCH HOUSING ASSOCIATION LIMITED

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

### MANAGEMENT COMMITTEE

Monica Sheeky  
Julianne Scarlett

Chairperson  
Vice Chairperson

Danny McMillan  
Jane Cheshire  
Kelly Ferns  
Peter Galbraith  
Jackie McKelvie  
Eleanor Robertson  
Edward Coogans  
Morag Paul  
James Anderson  
Michael Schirwing

Secretary  
  
Resigned 22/09/2015  
  
Resigned 16/01/2016  
Appointed 18/08/2015  
Appointed 18/08/2015

### EXECUTIVE OFFICERS

Paul McVey  
Andrew Thomson  
Paul McColgan

Director  
Housing Services Manager  
Property Service Manager

### REGISTERED OFFICE

19 Bogle Street  
Greenock  
PA15 1ER

### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

### INTERNAL AUDITORS

Chiene & Tait LLP  
61 Dublin Street  
Edinburgh  
EH3 6NL

### BANKERS

Bank of Scotland  
The Cross Branch  
Paisley  
PA1 1DD

### SOLICITORS

Patten & Prentice  
2 Ardgowan Square  
Greenock  
PA16 8PP

# CLOCH HOUSING ASSOCIATION LIMITED

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## 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.SP1893RS. The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO13996.

### Principal Activities

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

### Review of Business and Future Developments

The last year has heralded a number of key achievements at Cloch Housing Association against the backdrop of continued austerity measures and welfare reform.

In an operational sense our performance and service delivery has continued to improve:

- Held a Community Gala Day raising over £2000 for charitable causes
- Agreed and implemented new model rules for the Association at the AGM
- Carried out 36 Adaptations for tenants with funding from the Scottish Government
- Commenced work to replace our CHP System with a new Gas and Electricity Network providing new fuel efficient heating systems
- Completed Year 2 of our Kitchen, Boiler & Fan Contract and have completed 79 Kitchens and 59 Boilers from Year 3
- A record low of actual rent arrears to 0.97%
- 99% of Urgent Repairs completed on time
- 99% of Emergency Repairs completed on time

The governance of the Association remains strong and along with our partners at Oak Tree Housing Association, we continued with our contract with Governance Alliance Scotland who carry out skills and development appraisals with each of our Management Committee members. This will ensure that those individuals tasked with governing the Association have the necessary skills, experience and knowledge to fulfil this role in accordance with the Regulatory Standards.

### 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 Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives 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.

# CLOCH HOUSING ASSOCIATION LIMITED

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

### 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 Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.")

In so far as the 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.

# CLOCH HOUSING ASSOCIATION LIMITED

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## 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 Management Committee 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 £1,700 (2015 £Nil).

### 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

DANNY MCMILLAN  
Secretary  
23 August 2016



# CLOCH HOUSING ASSOCIATION LIMITED

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



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 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 4 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.

A handwritten signature in black ink, appearing to read 'Alex Sloan'.

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
23 August 2016

We have audited the financial statements of Cloch 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.



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

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**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.
- 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 August 2016

# CLOCH HOUSING ASSOCIATION LIMITED

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

	Notes	2016 £	2015 £
REVENUE	2.	8,218,577	8,086,435
Operating Costs	2.	(6,013,987)	(5,786,986)
OPERATING SURPLUS	9.	2,204,590	2,299,449
Gain On Sale Of Housing Stock	7.	1,737	2,991
Interest Receivable and Other Income		13,521	7,174
Interest Payable and Similar Charges	8.	(626,476)	(706,305)
Other Finance Charges	11.	(60,981)	(49,741)
		(672,199)	(745,881)
SURPLUS FOR YEAR		1,532,391	1,553,568
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		1,532,391	1,553,568

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 12 to 27 form part of these financial statements.

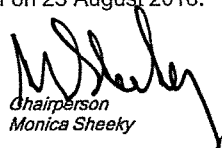
# CLOCH HOUSING ASSOCIATION LIMITED

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

	Notes	£	2016 £	£	2015 £
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12.(a)		76,572,098		77,990,001
Other Non Current Assets	12.(b)		665,838		982,794
			<u>77,237,936</u>		<u>78,972,795</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	25.	2		2	
			2		2
<b>CURRENT ASSETS</b>					
Receivables	15.	294,238		978,483	
Investments	27.	-		54,408	
Cash at bank and in hand		3,292,042		2,117,084	
			<u>3,586,279</u>	<u>3,149,975</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16.	(2,966,182)		(2,961,951)	
<b>NET CURRENT ASSETS</b>			<u>620,097</u>		<u>188,024</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>77,858,035</u>		<u>79,160,821</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17.		(17,970,837)		(18,888,281)
<b>DEFERRED INCOME</b>					
Social Housing Grants	19.	(50,531,858)		(52,425,025)	
Other Grants	19.	(641,423)		(665,990)	
			<u>(51,173,281)</u>	<u>(53,091,015)</u>	
<b>NET ASSETS</b>			<u>8,713,917</u>		<u>7,181,525</u>
<b>EQUITY</b>					
Share Capital	20.		62		61
Revenue Reserves			8,713,855		7,181,464
			<u>8,713,917</u>		<u>7,181,525</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 August 2016.

  
Chairperson  
Monica Sheeky

  
Vice-Chairperson  
Julianne Scarlett

  
Secretary  
Danny McMillan

The notes on pages 12 to 27 form part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	18.	3,109,334	2,755,277
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(1,134,756)	(1,755,468)	
Purchase of Other Fixed Assets	(6,118)	(46,104)	
Social Housing Grant Received	662,171	5,504	
Social Housing Grant Repaid	206,263	1	
Other Grants Received	(3,196)	38,884	
Changes on short term deposits with banks	54,408	371,301	
Proceeds on Disposal of Properties	1,737	40,728	
Net Cash Outflow from Investing Activities		(219,491)	(1,345,154)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	13,521	7,174	
Interest Paid on Loans	(626,476)	(706,305)	
Loan Principal Repayments	(1,101,933)	(1,054,913)	
Share Capital Issued	4	4	
Net Cash Outflow from Financing		(1,714,884)	(1,754,040)
Increase / (decrease) in Cash		1,174,958	(343,917)
Opening Cash & Cash Equivalents		2,117,084	2,461,001
Closing Cash & Cash Equivalents		3,292,042	2,117,084
<b>Cash and Cash equivalents as at 31 March 2016.</b>			
Cash		3,292,042	2,117,084
Bank overdraft		-	-
		3,292,042	2,117,084

The notes on pages 12 to 27 form part of these financial statements.

# CLOCH HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	65	5,627,896	5,627,961
Issue of Shares	4		4
Cancellation of Shares	(8)		(8)
Adjustment from transition to FRS 102		229,930	229,930
Surplus for Year		1,323,638	1,323,638
Balance as at 31st March 2015	61	7,181,464	7,181,525
Balance as at 1st April 2015	61	7,181,464	7,181,525
Issue of Shares	4		4
Cancellation of Shares	(3)		(3)
Surplus for Year		1,532,391	1,532,391
Balance as at 31st March 2016	62	8,713,855	8,713,917

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

# CLOCH HOUSING ASSOCIATION LIMITED

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## 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 when 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 the asset to which it relates.

##### Retirement Benefits

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

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

##### Valuation Of Housing Properties

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>
Land	Not depreciated
Structure	50 years
Roof	50 years
Windows	30 years
Rewiring	30 years
Central Heating	30 years
Bathrooms	20 years
Lifts	20 years
Kitchens	15 years
Boilers	15 years

# CLOCH HOUSING ASSOCIATION LIMITED

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## 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	- 50 years
Furniture and Fittings	- 5 years
Computer Equipment	- 3 years

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**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

#### **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 Cloch Housing Association's 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.

##### *Costs of Shared Ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

# CLOCH HOUSING ASSOCIATION LIMITED

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

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### Estimation Uncertainty (Continued.)

##### *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.

##### *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.

#### 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 deficit liability in the financial statements. The Board feels 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.



# CLOCH 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							
		2016			2015		
Notes	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)	
	£	£	£	£	£	£	
Affordable letting activities	3.	7,844,724	5,620,892	2,223,832	7,722,906	5,361,555	2,361,351
Other Activities	4.	373,853	399,762	(25,909)	363,529	425,431	(61,902)
Total		8,218,577	6,020,654	2,197,923	8,086,435	5,786,986	2,299,449

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES					
	General Needs Housing	Supported Housing	Shared ownership	2016 Total	2015 Total
	£	£	£	£	£
Revenue from Lettings					
Rent Receivable Net of Service Charges	5,708,693	132,195	43,000	5,883,888	5,739,679
Service Charges	80,116	153,034	-	233,150	223,558
Gross income from rent and service charges	5,788,809	285,229	43,000	6,117,038	5,963,237
Less: Rent losses from voids	32,394	5,164	-	37,558	39,909
Net Rents Receivable	5,756,415	280,065	43,000	6,079,480	5,923,328
Grants released from deferred income	1,589,687	69,377	20,563	1,679,627	1,712,943
Revenue grants from Scottish Ministers	82,037	3,580	-	85,617	86,635
Total turnover from affordable letting activities	7,428,139	353,022	63,563	7,844,724	7,722,906
Expenditure on affordable letting activities					
Management and maintenance administration costs	1,624,363	37,615	12,235	1,674,213	1,453,227
Service Costs	155,009	67,253	-	222,262	237,222
Planned and cyclical maintenance, including major repairs	535,291	2,585	-	537,876	497,533
Reactive maintenance costs	624,589	26,742	-	651,331	677,128
Bad Debts - rents and service charges	22,895	-	-	22,895	53,153
Depreciation of affordable let properties	2,390,066	104,307	17,942	2,512,315	2,443,292
Operating costs of affordable letting activities	5,352,213	238,502	30,177	5,620,892	5,361,555
Operating surplus on affordable letting activities	2,075,926	114,520	33,386	2,223,832	2,361,351
2015	1,772,712	536,120	52,519		

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.

# CLOCH 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 Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Wider Role Activities	32,874	9,300	-	2,267	44,441	-	80,701	(36,260)	(27,307)
Care and Repair of Property	215,000	-	-	68,831	283,831	-	228,696	55,135	15,840
Factoring	-	-	-	24,490	24,490	8,708	15,782	-	(15,723)
Support Activities	-	-	-	-	-	-	-	-	2,300
Common Housing Register	-	-	-	21,091	21,091	-	65,875	(44,784)	(37,012)
Total From Other Activities	247,874	9,300	-	116,679	373,853	8,708	391,054	(25,909)	(61,902)
2015	22,672	246,000	9,974	84,883	363,529	21,600	403,831	(61,902)	

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.

During the year, £9,300 (£nil) was received from The Big Lottery for a Credit Union feasibility study.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

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

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Compensation paid to key management personnel

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
£60,001 to £70,000	1	1

#### 6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

	2016	2015
	£	£
	69,930	68,139
	8,601	8,323
	69,930	68,139
	236,208	204,005
	Number	Number
	1	1
	No.	No.
	28	28
	36	35
	£	£
	860,177	932,739
	64,615	71,874
	136,604	72,117
	136,461	152,975
	1,197,857	1,229,705

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	-	40,728
Cost of Sales	(1,737)	37,737
Gain On Sale Of Housing Stock	<u>1,737</u>	<u>2,991</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	580,084	651,675
On Other Loans	46,392	54,630
	<u>626,476</u>	<u>706,305</u>

## 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,790,249	2,490,887
Auditors' Remuneration - Audit Services	7,788	8,820
Auditors' Remuneration - Other Services	1,315	1,170
Loss on sale of fixed assets	<u>1,737</u>	<u>2,991</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>60,981</u>	<u>49,741</u>

# CLOCH 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 £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2015	105,593,360	505,504	921,131	107,019,995
Additions	1,121,351	13,405	-	1,134,756
Disposals	(1,168,509)	-	-	(1,168,509)
As at 31st March 2016	105,546,202	518,909	921,131	106,986,242
<b>DEPRECIATION</b>				
As at 1st April 2015	28,766,175	-	263,819	29,029,994
Charge for Year	2,449,233	-	17,942	2,467,175
Disposals	(1,083,025)	-	-	(1,083,025)
As at 31st March 2016	30,132,383	-	281,761	30,414,144
<b>NET BOOK VALUE</b>				
As at 31st March 2016	75,413,819	518,909	639,370	76,572,098
As at 31st March 2015	76,827,185	505,504	657,312	77,990,001

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £1,121,351 (2015 £610,047).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £2,310,558. The amount capitalised is £1,121,351, with the balance charged to the statement of comprehensive income. The amounts capitalised relates to component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £56,987,440 (2015 - £58,297,601).

# CLOCH 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						
	Office Premises £	Office Furniture & Equipment £	Computer Equipment £	Furniture - Supported Accommodation £	Sheltered Housing F&F £	Total £
<b>COST</b>						
As at 1st April 2015	1,121,245	66,002	185,794	118,457	18,416	1,509,914
Additions	-	666	5,452	-	-	6,118
As at 31st March 2016	1,121,245	66,668	191,246	118,457	18,416	1,516,032
<b>AGGREGATE DEPRECIATION</b>						
As at 1st April 2015	159,286	59,315	174,895	118,457	15,167	527,120
Charge for year	311,959	2,522	7,413	-	1,180	323,074
As at 31st March 2016	471,245	61,837	182,308	118,457	16,347	850,194
<b>NET BOOK VALUE</b>						
As at 31st March 2016	650,000	4,831	8,938	-	2,069	665,838
As at 31st March 2015	961,959	6,687	10,899	-	3,249	982,794

## 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	834,371	-

The above commitments will be financed by 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:-		
Not later than one year	4,104	5,810
Later than one year and not later than five years	12,203	6,893

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

## CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

**15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Arrears of Rent & Service Charges	128,867	136,287
Less: Provision for Doubtful Debts	(70,515)	(76,454)
	58,352	59,833
Social Housing Grant Receivable	23,497	674,000
Other Receivables	212,388	244,650
	<u>294,238</u>	<u>978,483</u>

**16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Housing Loans	795,500	1,104,261
Trade Payables	545,779	286,113
Rent in Advance	341,932	324,787
Social Housing Grant Repayable/In Advance	532,211	325,948
Other Taxation and Social Security	18,932	19,838
Other Payables	425,503	470,519
Liability for Past Service Contributions	185,254	182,162
Accruals and Deferred Income	121,070	248,323
	<u>2,966,182</u>	<u>2,961,951</u>

At the Statement of Financial Position date there were pension contributions outstanding of £30,748 (2015 £28,126)

**17 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR**

	2016 £	2015 £
Liability for Past Service Contributions	906,075	1,030,347
Housing Loans	17,064,762	17,857,934
	<u>17,970,837</u>	<u>18,888,281</u>
<i>Housing Loans</i>		
Amounts due within one year	795,500	1,104,261
Amounts due in one year or more but less than two years	1,050,900	1,138,282
Amounts due in two years or more but less than five years	3,278,600	3,631,875
Amounts due in more than five years	12,735,262	13,087,777
	17,860,262	18,962,195
Less: Amount shown in Current Liabilities	795,500	1,104,261
	<u>17,064,762</u>	<u>17,857,934</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	185,254	182,162
Amounts due in one year or more but less than two years	185,912	178,847
Amounts due in two years or more but less than five years	561,711	530,534
Amounts due in more than five years	158,452	320,967
	<u>1,091,329</u>	<u>1,212,510</u>

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

Lender	Security	Effective Interest Rate	Maturity	Variable/Fixed
Bank of Scotland	Standard Security over 16 properties	3.28%	2025	Variable
Bank of Scotland	Standard Security over 108 properties	2.68%	2037	Variable
Bank of Scotland	Standard Security over 59 properties	4.79%	2037	Fixed
Bank of Scotland	Standard Security over 175 properties	4.28%	2037	Fixed
Nationwide	Standard Security over 11 properties	1.05%	2023	Variable
Nationwide	Standard Security over 46 properties	1.27%	2025	Variable
Nationwide	Standard Security over 134 properties	1.05%	2025	Variable
Nationwide	Standard Security over 134 properties	1.05%	2027	Variable
Nationwide	Standard Security over 32 properties	1.05%	2028	Variable
Nationwide	Standard Security over 0 properties	1.05%	2030	Variable
Royal Bank of Scotland	Standard Security over 80 properties	4.82%	2027	Fixed
Oak Tree Housing Association	Standard Security over 53 properties	2.60%	2027	Variable

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

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%).

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

*Reconciliation of operating surplus to balance as at 31st march 2016*

	2016 £	2015 £
Operating Surplus	2,204,590	2,299,449
Depreciation	2,835,417	2,490,887
Amortisation of Capital Grants	(1,679,627)	(1,712,943)
Change in debtors	33,743	40,171
Change in creditors	(223,805)	(312,538)
Loss on sale of fixed assets	-	-
Unwinding of Discount on Pension Liability	(60,981)	(49,741)
Share Capital Written Off	(3)	(8)
Balance as at 31st March 2016	3,109,334	2,755,277

## 19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	52,425,025	53,469,159
Additions in year	(194,595)	679,503
Released / Repaid as the result of property disposal	(40,316)	(32,235)
Amortisation in Year	(1,658,256)	(1,691,402)
Balance as at 31st March 2016	50,531,858	52,425,025
<i>Other Grants</i>		
Balance as at 1st April 2015	665,990	654,646
Additions in year	(3,196)	32,885
Amortisation in Year	(21,371)	(21,541)
Balance as at 31st March 2016	641,423	665,990
Total	51,173,281	53,091,015

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

	2016 £	2015 £
Amounts due within one year	1,679,627	1,712,943
Amounts due in one year or more	49,493,654	51,378,072
	51,173,281	53,091,015



# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	61
Issued in year	4
Cancelled in year	(3)
At 31st March 2016	<u>62</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

## 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016 No.	2015 No.
General Needs - New Build	1,329	1,329
Shared Ownership	19	19
Supported Housing	58	62
	<u>1,406</u>	<u>1,410</u>

The reduction in Supported Housing is due to reconfiguration of 5 separate units into 1 individual 4 bedroom property.

# CLOCH 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	£
Factoring Charges received from owners on the Committee	18,983
	NIL

At the year end total rent arrears owed by the tenant members of the Committee were £NIL

At the year end total factoring arrears owed by the factored owners of the Committee were £NIL.

## 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 19 Bogle Street, Greenock, PA15 1ER.

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

## 24. GOVERNING BODY MEMBER EMOLUMENTS

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

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. INVESTMENTS

	2016 £	2015 £
Investments in Subsidiaries		
As at 31st March 2016 & 31st March 2015	<u>2</u>	<u>2</u>

In the opinion of the Management Committee 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 Association's Statement of Financial Position.

The Association has a 100% owned subsidiary Cloch Property Services Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The company was incorporated on 29 September 2009 and for the year ended 31st March 2016 filed dormant accounts.

The Association participates in a shared equity arrangement at 31 March 2016. At this date the Association has expended £852,311 on shared equity properties.

## 26. CONTROLLING PARTY

The Association's parent undertaking at the reporting date was Oak Tree Housing Association Ltd, a charitable registered social landlord registered under the Co-operative and Community Benefit Societies Act. Oak Tree Housing Association Ltd exercises dominant control through its ability to control the majority of the membership of Committee of Management. Cloch Housing Association Ltd continues to have primary responsibility for all aspects of its business operations.

The Association has taken advantage of the exemption from disclosing related party transactions, available to 100% subsidiaries, within FRS102.

## 27. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Short Term Deposits	<u>-</u>	<u>54,408</u>

# CLOCH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28. RETIREMENT BENEFIT OBLIGATIONS

### General

Cloch Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

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 £191,503 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the Statement of Financial Position date the present value of this obligation was £1,091,329 (2015 - £1,212,509). 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 £182,162 (2015: £176,856) to the pension scheme during the year.

# CLOCH HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 29. 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) 102,391,243	(23,418,448)	78,972,795	102,254,537	(22,389,175)	79,865,362	
Investments	2	-	2	2	-	2	
Negative Goodwill	-	-	-	-	-	-	
Current Assets	3,149,975	-	3,149,975	3,231,364	-	3,231,364	
Current Liabilities	(ii) (2,764,932)	(197,019)	(2,961,951)	(3,488,102)	(185,358)	(3,673,460)	
Non Current Liabilities	(ii) (17,857,934)	(1,030,347)	(18,888,281)	(18,495,227)	(2,116,054)	(20,611,281)	
Deferred Income	(i) (76,347,108)	23,256,093	(53,091,015)	(76,254,945)	22,131,140	(54,123,805)	
	8,571,246	(1,389,721)	7,181,525	7,247,629	(2,559,447)	4,688,182	
Capital & Reserves	(8,571,246)	1,389,721	(7,181,525)	(7,247,629)	2,559,447	(4,688,182)	

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated £	Effect of Transition £	As Restated £
Revenue	(i) 6,373,492	1,712,943	8,086,435
Operating Costs	(i) & (ii) (4,346,863)	(1,440,123)	(5,786,986)
Other Income	(3,860)	6,851	2,991
Interest Receivable	7,174	-	7,174
Interest Payable	(706,305)	-	(706,305)
Change in Fair Value of Financial Inst.	-	-	-
Other Finance Income / Costs	-	(49,741)	(49,741)
	1,323,638	229,930	1,553,568
Surplus	1,323,638	229,930	1,553,568

#### 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.

(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.

