

COPPERWORKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

COPPERWORKS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

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COPPERWORKS HOUSING ASSOCIATION LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH 2018

Auditors

Armstrongs, Chartered Accountants
142 West Nile Street
Glasgow
G1 2RQ

Bankers

Clydesdale Bank plc
Head Office
30 St Vincent Street
Glasgow, G1 2EU

Legal advisors

T C Young
Solicitors
7 West George Street
Glasgow
G2 1BA

Brechin Tindal Oatts
Solicitors
40 St Vincent Street
Glasgow
G2 5HS

Registered Office

43 Tharsis Street
Glasgow
G21 2LF

Registration information

The Scottish Housing Regulator:
Registered number:

Housing (Scotland) Act 2010
HAC 233

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registration Number: 2379

Registered Scottish Charity:

SC045357

COPPERWORKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2018

The Committee of Management present their report and the audited financial statements for the year ended 31st March 2018.

Principal activities

The principal activities of the Association are the provision, construction, improvement and management of rented and shared-ownership accommodation. The results for the year are as shown in the attached Statement of Comprehensive Income. The surplus for the year after taxation was £133,221 (2017 - £357,405).

Changes in fixed assets

Details of changes in fixed assets are set out in Note 12.

Review of business and future developments

Throughout the year the Committee continued to direct the Association in carrying out its core business of providing, managing and maintaining affordable good quality rented accommodation.

The Committee of Management and Executive Officer

The Committee of Management and Executive Officer of the Association are as follows:-

Executive Officer

F. Murphy, the executive officer of Spire View Housing Association Limited provides executive management services on the basis of a service agreement.

Committee of Management

. M. Flynn	(Chairperson)	. C. Collins	
. J. Laing	(Vice-Chairperson)	. L. Paulino	
. G. McLaughlin	(Secretary)	. M. McHugh	
. R. McLaughlin	(Treasurer)	. S. Penrice	
. F. Dioka		. P. Kane	(Resigned 24.04.18)
. V. Mullen			(Co-opted 29.05.18)
. R. Gallagher		. N. Brown	(Co-opted 26.09.17)

At the Annual General Meeting one third of all serving members of the Committee will retire from office and may stand for re-election (if eligible as per the model rules). The members to retire shall be those who have been longest in office since they last became members of the Committee, including those who have attained the age of seventy years or who have filled a casual vacancy.

Each member of the Committee of Management, with the exception of co-opted members, holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and although not having the legal status of a director, acts as an executive within the authority delegated by the Committee.

COPPERWORKS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2018

Corporate Governance

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of Communities Scotland, the auditors have confirmed that they consider this statement appropriately reflects the Association's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control on page four, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they are aware from their audit work on the financial statements.

Statement of Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 require the 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 income and expenditure of the Association for the year ended on that date. In preparing these financial statements, the Committee is required to:-

- . Select suitable accounting policies and then apply them consistently;
- . Make judgements 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- . Prepare a statement on internal financial control.

The 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 it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to Auditors

So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Association's auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to appoint the auditors, Armstrongs, will be proposed at the Annual General Meeting.

By order of the Committee

Secretary

Dated :

COPPERWORKS HOUSING ASSOCIATION LIMITED
COMMITTEE STATEMENT ON THE ASSOCIATION'S
SYSTEM OF INTERNAL FINANCIAL CONTROL
FOR THE YEAR ENDED 31ST MARCH 2018

The Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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 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 misstatement or loss. Key elements include ensuring that:

- . formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- . experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- . forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term;
- . regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets 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 relevant sub-committees comprising Committee members and others;
- . the Committee review reports from management, from directors, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association;
- . formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2018 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee

Secretary

Dated :

COPPERWORKS HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE COMMITTEE
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31ST MARCH 2018

Corporate Governance

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

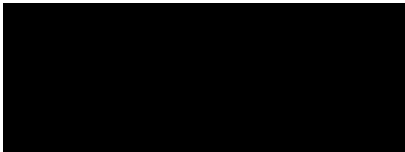
Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the 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 four has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



Adam I Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Date :



**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF COPPERWORKS HOUSING ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Copperworks Housing Association Limited for the year ended 31st March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2018 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, Part 6, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Management Committee is responsible for the other information. The other information comprises the information in the Report of the Management Committee, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF COPPERWORKS HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Committee report.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

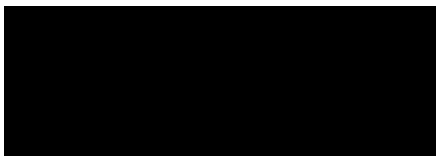
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee members;
- conclude on the appropriateness of the Management Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Association to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF COPPERWORKS HOUSING ASSOCIATION LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Adam I Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Dated :



COPPERWORKS HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018	2017
		£	£
Turnover	2	1,030,336	997,069
Operating costs	2	875,033	859,239
Operating surplus	2	<u>155,303</u>	<u>137,830</u>
Loss on disposal of property		(9,390)	-
Interest receivable and other income	9	918	930
Interest payable and similar charges	10	(8,610)	(21,355)
Other finance charges	11	(3,000)	(11,000)
Surplus before tax		<u>135,221</u>	<u>106,405</u>
Taxation		-	-
Surplus for the year		<u>135,221</u>	<u>106,405</u>
Other comprehensive income		-	-
Remeasurements - amendment to contribution schedule		(2,000)	251,000
Total comprehensive income for the year		<u><u>133,221</u></u>	<u><u>357,405</u></u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

COPPERWORKS HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2018

	Notes	2018 £	2017 £
Non-current assets			
Tangible assets - social housing	12a	5,449,389	5,601,557
Other tangible assets - plant and equipment	12b	540	4,574
		<u>5,449,929</u>	<u>5,606,131</u>
Current assets			
Investments	13	1,684,865	1,326,947
Debtors	14	120,906	137,961
Cash at bank and in hand		57,851	58,540
		<u>1,863,622</u>	<u>1,523,448</u>
Creditors: amounts falling due within one year	15	(257,423)	(521,812)
Net current assets		<u>1,606,199</u>	<u>1,001,636</u>
Total assets less current liabilities		7,056,128	6,607,767
Creditors : amounts falling due after more than one year	16	(1,064,752)	(1,170,760)
Deferred Income			
Deferred capital grants - Social Housing Grants	17	(95,601)	(74,389)
Restricted grant	18	(400,000)	-
Net assets		<u>5,495,775</u>	<u>5,362,618</u>
Equity			
Share capital	19	131	195
Revenue reserves		5,495,644	5,362,423
		<u>5,495,775</u>	<u>5,362,618</u>

These financial statements were approved by the Committee on 10-09-18

and signed on their behalf by:

.....  Chairperson

.....  Treasurer

.....  Secretary

The notes form part of these financial statements.

COPPERWORKS HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2017	195	5,362,423	5,362,618
Issue of shares	17	-	17
Cancellation of shares	(81)	-	(81)
Total comprehensive income	-	133,221	133,221
Balance as at 31st March 2018	<u>131</u>	<u>5,495,644</u>	<u>5,495,775</u>
 Balance as at 1st April 2016	 194	 5,005,018	 5,005,212
Issue of shares	5	-	5
Cancellation of shares	(4)	-	(4)
Total comprehensive income	-	357,405	357,405
Balance as at 31st March 2017	<u>195</u>	<u>5,362,423</u>	<u>5,362,618</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018 £	2017 £
Net cash inflow from operating activities	1	<u>7,179</u>	<u>157,996</u>
Cash flows from investing activities			
Payments to acquire and develop housing properties		(23,243)	(106,426)
Grants received		421,963	75,140
Interest received		918	930
Proceeds of fixed assets		13,600	-
Net cash outflow from investing activities		<u>413,238</u>	<u>(30,356)</u>
Cashflow from financing activities			
Interest paid		(8,610)	(21,355)
Repayments of borrowings		(54,595)	(49,817)
Issue of share capital		17	5
Net cash outflow from financing activities		<u>(63,188)</u>	<u>(71,167)</u>
Net change in cash and cash equivalents		357,229	56,473
Cash and cash equivalents at the beginning of the year		1,385,487	1,329,014
Cash and cash equivalents at the end of the year		<u>1,742,716</u>	<u>1,385,487</u>

Notes

1) Cashflow from operating activities	2018	2017
	£	£
Surplus for the year	133,221	357,405
Adjustments for non cash items		
Depreciation of tangible fixed assets	156,686	172,185
(Increase)/decrease in trade and other debtors	17,055	36,734
Increase/(decrease) in trade and other creditors	(271,802)	(144,998)
Pension costs less contributions payable	(44,000)	(283,000)
Share capital written off	(81)	(4)
Amortisation of Grants	(751)	(751)
Carrying amount of tangible fixed assets	22,759	-
Proceeds from the sale of tangible fixed assets	(13,600)	-
Adjustments for investing or financing activities		
Interest payable	8,610	21,355
Interest receivable	(918)	(930)
	<u>7,179</u>	<u>157,996</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

1. Principal accounting policies

The financial statements have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

Copperworks Housing Association Limited is a public benefit entity (PBE).

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Housing Regulator, local authorities and other agencies.

Housing properties

In previous years completed housing properties were professionally valued on an existing use basis. Surpluses and deficits were reflected in the revaluation reserve. Permanent diminutions in the value of housing property were eliminated first against any revaluation reserve in respect of that property with any excess being charged to the Statement of Comprehensive Income. On transition to FRS 102 the Co-operative has taken the option to adopt the valuation as the deemed cost.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Depreciation - housing properties

Properties other than heritable land are depreciated at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components is shown in the table below.

Building	100 years	Radiators	30 years
Roof	50 years	Boilers	15 years
Electrical systems	30 years	Bathrooms	22 years
Windows	30 years	Kitchens	15 years

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at annual rates :-

Furniture and Fittings	- 20% Reducing balance
Computer Equipment	- 33% Straight line

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

1. Principal accounting policies (continued)

Social Housing Grant and other grants

On transition to FRS 102 the Co-operative has taken the option of treating the valuation of the housing property as its deemed cost. All Social Housing Grants have therefore been written back to the Statement of Comprehensive Income.

Social housing grants and other capital grants are now 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.

Capitalisation of interest

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

Sales of housing properties

Surpluses and deficits on the sale of housing properties are accounted for in the Statement of Comprehensive Income in the year of disposal.

The surplus or deficit is shown on the face of the Statement of Comprehensive Income.

Stock and work in progress

Work in progress consists of properties developed for resale by the Association, and has been valued at the lower of cost, net of related grants, and resale value.

Designated reserves

The Association has designated part of its long term obligations as follows:-

Planned maintenance

The reserve is based on the Association's ability to maintain its properties in accordance with a planned programme of works provided it will not be met from revenue in the year in which it is incurred.

The Association maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure by transfers to this reserve. Previously for some schemes the reserve was established by transfers from the Rent Surplus Fund as directed by the Scottish Housing Regulator.

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

1. Principal accounting policies (continued)

Development administration costs

Administration expenses which relate to development and are incremental to the other costs of the Association are capitalised.

Mortgages

Mortgage loans are advanced by Private Lenders, Local Authorities or the Scottish Housing Regulator under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Development Department or the Scottish Housing Regulator.

Pension costs

The Association participated until July 2014 in the centralised Scottish Housing Associations' defined benefit pension scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the scheme. Payments were made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. In accordance with FRS 102 the payments in respect of the past service deficit plan have been discounted and recognised as a provision within the financial statements.

The Association from July 2014 agreed to participate in a defined contribution pension scheme with Scottish Housing Associations Pension Scheme. This scheme replaces the defined benefit scheme. The costs to the Association of such pension contributions are charged to 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 Copperworks Housing Association Limited'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.

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.

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.

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

2. Particulars of turnover, cost of sales, operating costs and operating surpluses / (deficits)

Income and expenditure from lettings	Turnover	2018 Operating costs	Operating surplus / (deficit)
	£	£	£
Social lettings	941,696	785,128	156,568
Other activities	88,640	89,905	(1,265)
Total	<u>1,030,336</u>	<u>875,033</u>	<u>155,303</u>

	Turnover	2017 Operating costs	Operating surplus / (deficit)
	£	£	£
Social lettings	916,293	779,147	137,146
Other activities	80,776	80,092	684
Total	<u>997,069</u>	<u>859,239</u>	<u>137,830</u>

3. Particulars of income and expenditure from social letting activities

	General needs	2018 Total	2017 Total
	£	£	£
Income from letting			
Rent receivable net of identifiable service charges	942,405	942,405	916,392
Service charges	-	-	-
Gross income from rents and service charges	<u>942,405</u>	<u>942,405</u>	<u>916,392</u>
Less : voids	(1,460)	(1,460)	(850)
Release of deferred capital grants	751	751	751
Total turnover from social letting activities	<u>941,696</u>	<u>941,696</u>	<u>916,293</u>
Expenditure on lettings			
Management and maintenance admin costs	407,433	407,433	408,493
Reactive maintenance	113,157	113,157	89,712
Planned maintenance	112,344	112,344	112,707
Bad debts - rents and service charges	(458)	(458)	84
Depreciation of social housing	152,652	152,652	168,151
Total expenditure on lettings	<u>785,128</u>	<u>785,128</u>	<u>779,147</u>
Operating surplus for social lettings for 2018	<u>156,568</u>	<u>156,568</u>	<u>137,146</u>
Operating surplus for social lettings for 2017	<u>137,146</u>		

No service charges were receivable on housing accommodation not eligible for housing benefit (2017 - £Nil).

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Other Income £	Operating Costs £	2018 Total £	2017 Total £
Factoring	8,571	-	8,571	8,285
Grants from Scottish Ministers	19,405	19,216	189	905
Other income	81	-	81	-
Wider action	60,583	70,689	(10,106)	(8,506)
Total for other activities for 2018	<u>88,640</u>	<u>89,905</u>	<u>(1,265)</u>	<u>684</u>
Total for other activities for 2017	<u>80,776</u>	<u>80,092</u>	<u>684</u>	

5. Loss on sale of housing stock

	2018 £	2017 £
Sale of proceeds	<u>13,600</u>	<u>-</u>
Value of property	22,759	-
Other costs	<u>231</u>	<u>-</u>
	<u>22,990</u>	<u>-</u>
Loss on sale of housing stock	<u>(9,390)</u>	<u>-</u>

6. Directors emoluments

The remuneration paid to the directors (defined as the Committee of Management and Chief Executive of Copperworks Housing Association Limited) was:-

	2018 £	2017 £
Total emoluments (including pension contributions and benefits in kind)	<u>-</u>	<u>-</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>-</u>	<u>-</u>

The Association is managed by a voluntary Management Committee who act as directors of the Association. No emoluments were paid to any member of the Management Committee during the year.

Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>2,107</u>	<u>1,086</u>
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COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

7. Employee information

	2018	2017
The monthly average number of full time equivalent employees during the year was :-	<u>5.80</u>	<u>5.80</u>
Staff costs (including Executive emoluments)		
Wages and salaries	187,530	188,122
Social security costs	18,459	19,343
Pension contributions	14,418	15,463
	<u>220,407</u>	<u>222,928</u>

8. Surplus for year

	2018	2017
Surplus is stated after charging (crediting):-	£	£
Operating lease	1,127	1,127
Loss on sale - tangible other fixed assets	9,390	-
Depreciation - tangible land & buildings fixed assets	152,652	168,151
Depreciation - tangible other assets	4,034	4,034
Auditors' remuneration (incl. VAT)	6,104	5,040
Bad debts	<u>(458)</u>	<u>84</u>

9. Interest receivable and similar income

	2018	2017
	£	£
Interest receivable	<u>918</u>	<u>930</u>

10. Interest payable and similar charges

	2018	2017
	£	£
Other interest payable	<u>8,610</u>	<u>21,355</u>

11. Other finance income / charges

	2018	2017
	£	£
Unwinding of discounted liabilities and remeasurement	<u>3,000</u>	<u>11,000</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

12. Non-current assets

a) Housing properties

	Housing Property Held for Letting £	Land £	Total £
Deemed Cost			
As at 1st April 2017	6,082,427	-	6,082,427
Additions during year	-	23,243	23,243
Disposals during year	(24,310)	-	(24,310)
As at 31st March 2018	<u>6,058,117</u>	<u>23,243</u>	<u>6,081,360</u>
Depreciation			
As at 1st April 2017	480,870	-	480,870
Charge for year	152,652	-	152,652
On disposals	(1,551)	-	(1,551)
As at 31st March 2018	<u>631,971</u>	<u>-</u>	<u>631,971</u>
Net book value at 31.03.18	<u>5,426,146</u>	<u>23,243</u>	<u>5,449,389</u>
Net book value at 31.03.17	<u>5,601,557</u>	<u>-</u>	<u>5,601,557</u>

All housing property is freehold.

No development administration costs were capitalised during the year.

b) Other tangible assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
As at 1 st April 2017 and 31 st March 2018	<u>53,557</u>	<u>23,830</u>	<u>77,387</u>
Aggregate depreciation			
As at 1st April 2017	53,557	19,256	72,813
Provided in year	-	4,034	4,034
As at 31st March 2018	<u>53,557</u>	<u>23,290</u>	<u>76,847</u>
Net book value at 31.03.18	<u>-</u>	<u>540</u>	<u>540</u>
Net book value at 31.03.17	<u>-</u>	<u>4,574</u>	<u>4,574</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

13. Investments

	2018	2017
	£	£
Deposit accounts	<u>1,684,865</u>	<u>1,326,947</u>

14. Trade and other receivables

	2018	2017
	£	£
Rental debtors	18,969	20,664
Prepayments and accrued income	53,077	70,414
Other debtors	<u>48,860</u>	<u>46,883</u>
	<u>120,906</u>	<u>137,961</u>

15. Creditors - Amounts falling due within one year

	2018	2017
	£	£
Loans	58,780	52,244
Liability for past service contributions	44,495	43,618
Rent overpayments	33,805	35,466
Trade payables	30,471	23,988
Other creditors	84,662	360,835
Other taxes and social security	<u>5,210</u>	<u>5,661</u>
	<u>257,423</u>	<u>521,812</u>

16. Creditors due outwith one year

	2018	2017
	£	£
Housing loans	925,247	986,378
Liability for past service contributions	139,505	184,382
	<u>1,064,752</u>	<u>1,170,760</u>

The Association has 3 loans with Nationwide Building Society. The facilities total £984,027 and will be fully repaid during 2034. The loans are secured over the housing property. The interest rate was 0.98% (variable) during the year.

	2018	2017
	£	£
Due within one year	<u>58,780</u>	<u>52,244</u>
Between one and two years	59,353	53,434
Between two and five years	181,551	167,720
In five years or more	<u>684,343</u>	<u>765,224</u>
	<u>925,247</u>	<u>986,378</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

17. Deferred income

	2018	2017
	£	£
At 1 st April 2017	74,389	-
Additions in year	21,963	75,140
Amortisation in year	(751)	(751)
At 31 st March 2018	<u>95,601</u>	<u>74,389</u>

This is expected to be released to the Statement of Comprehensive Income in the following year as follows:-

Amounts due within one year	751	751
Amounts due in one year or more	94,850	73,638
	<u>95,601</u>	<u>74,389</u>

18. Restricted grant

	2018	2017
	£	£
At 1 st April 2017	-	-
Received in year	400,000	-
At 31 st March 2018	<u>400,000</u>	<u>-</u>

The grant is restricted to the specific purpose of the grant, land acquisition.

19. Share capital

Ordinary Shares of £1 each

Allotted, issued and fully paid

	2018	2017
As at 01.04.17	195	194
Shares issued at par during year	<u>17</u>	<u>5</u>
	212	199
Shares forfeited	(81)	(4)
As at 31.03.18	<u>131</u>	<u>195</u>

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. These shares carry no right to dividend or distribution 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 member meetings.

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

20. Pensions

Scheme: The Pensions Trust - Scottish Housing Associations' Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30th September 2015. This actuarial valuation showed assets of £612m, liabilities of £816m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027:	£26,304,000 per annum (payable monthly and increasing by 3% each on 1 st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	184	228	511

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	228	511
Unwinding of the discount factor (interest expense)	3	11
Deficit contribution paid	(45)	(43)
Remeasurements - impact of any change in assumptions	(2)	7
Remeasurements - amendments to the contribution schedule	-	(258)
Provision at end of period	<u>184</u>	<u>228</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

20. Pensions (Continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Interest expense	3	11
Remeasurements - impact of any change in assumptions	(2)	7
Remeasurements - amendments to the contribution schedule	(45)	(258)
Contributions paid in respect of future service *		-
Costs recognised in income and expenditure account		-

* includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.51	1.06	2.29

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

21. Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

22. Contingent liability

The Association purchased stock from Communities Scotland during 1997. The purchase price for the stock was calculated in accordance with a 30 year discounted cash flow. However, because of the contractual sale terms imposed by Communities Scotland, there is potential for further payment over this period in respect of Right-to-Buy sales exceeding projections or major repairs spend being less than forecast. The Scottish Government has confirmed the process to be adopted that will result in cessation of contract agreements. This process is currently being followed by the Association and it is expected that no liability shall arise in respect of any repayments to the Scottish Government.

23. Housing stock

	2018	2017
The number of units of accommodation in management at the year end was:-		
General needs - rehabilitation	270	271
Shared ownership	-	-
Supported Housing	-	-
	<u>270</u>	<u>271</u>

COPPERWORKS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2018

24. Related party transactions

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

The related party relationships of the members of the Management Committee are summarised as:-

- 5 members are tenants of the Association
- 3 members are factored owners

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 arms length and is under normal commercial terms.

Transactions with Governing Body Members were as follows:-

Rents received from tenants on the Committee were £17,712.

Factoring charges received from owners on the Committee were £393.

At the year end, total rent arrears owed by tenant members of the Committee were £91.

There are members of the Management Committee who are tenants of the Association. Their tenancies are held on the normal tenancy terms and they cannot use their positions to their advantage.

F Murphy is the executive officer of Spire View Housing Association Limited. During the year Spire View Housing Association Limited provided management and other services at a cost of £48,898 (2017 - £338,109). At the year end £49,780 (2017 - £338,109) was outstanding and is included in creditors due within one year.

Copperworks Housing Association Limited provided services to Spire View Housing Association Limited at a value of £48,898 (2017 - £48,000). At the year end £25,102 (2017 - £48,000) was outstanding and is included in debtors.

25. Capital commitments

	2018 £	2017 £
Expenditure authorised and contracted less certified	-	-
The Committee expect that expenditure authorised and contracted will be fully funded from Grants, Banks and Building Societies or from own resources.		

26. Finance leases

Obligations under hire purchase contracts and finance leases:-

	2018 £	2017 £
Finance lease due within one year	1,127	1,127
Finance leases due between one and five years	2,254	2,254
	<u>3,381</u>	<u>3,381</u>