

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

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**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**ADVISERS AND REGISTERED OFFICE**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**Auditors**

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

**Bankers**

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

**Legal advisors**

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

**Registered Office**

43 Tharsis Street  
Glasgow  
G21 2LF

**Registration information**

The Scottish Housing Regulator:  
Registered number:

Housing (Scotland) Act 2014  
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 2016

The Committee of Management present their report and the audited financial statements for the year ended 31<sup>st</sup> March 2016.

#### 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 £67,738 (2015 – Restated £35,575).

Copperworks Housing Co-operative Limited converted to a charity registered in Scotland on 19<sup>th</sup> January 2015 and the Registered Charity Number is SC045357. Copperworks Housing Co-operative Limited is now known as Copperworks Housing Association Limited.

#### Changes in fixed assets

Details of changes in fixed assets are set out in Note 13.

#### 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

. G. McLaughlin (Chairperson)	. V. Mullen	
. J. Laing (Vice-Chairperson)	. C. Dioka	(Appointed 22.09.15 - Resigned 17.03.16)
. R. Gallagher (Secretary)		(Resigned 28.01.16)
. D. Gorman (Treasurer)	. S. Akun	(Appointed 22.09.15)
. J. Brown (Appointed 22.09.15)	. C. Collins	(Appointed 23.02.16)
. M. Flynn (Appointed 22.09.15)	. N. Park	
. F. Dioka	. R. McLaughlin	

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 2016**

### **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 2014 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 : 30/08/2016



**COPPERWORKS HOUSING ASSOCIATION LIMITED**  
**COMMITTEE STATEMENT ON THE ASSOCIATION'S**  
**SYSTEM OF INTERNAL FINANCIAL CONTROL**  
**FOR THE YEAR ENDED 31ST MARCH 2016**

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 2016 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 : 30/08/2016

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITORS TO THE COMMITTEE**

**ON CORPORATE GOVERNANCE MATTERS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**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 : 13th September 2016



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

We have audited the financial statements of Copperworks Housing Association Limited for the year ended 31<sup>st</sup> March 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement on 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.

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.

**Respective responsibilities of Committee and Auditors**

As explained more fully in the Statement of Committee's Responsibilities set out on page three, the Committee are responsible for the preparation of the financial statements and for being satisfied that they 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 of 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 Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Committee to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31<sup>st</sup> March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.

**Matters on which we are required to report**

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

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Management Committee is inconsistent in any material respect with the financial statements; or
- The Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for 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 : 13th September 2016

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	Notes	2016 £	Restated 2015 £
Turnover	2	1,020,615	888,942
Operating costs	2	912,879	787,886
<b>Operating surplus</b>	2	<u>107,736</u>	<u>101,056</u>
Loss on disposal of property		( 3,610)	( 3,944)
Interest receivable and other income	9	1,221	1,098
Interest payable and similar charges	10	( 25,609)	( 27,737)
Other finance charges	11	( 12,000)	( 15,000)
<b>Surplus before tax</b>		<u>67,738</u>	<u>55,473</u>
Taxation		-	19,898
<b>Surplus for the year</b>		<u>67,738</u>	<u>35,575</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>67,738</u>	<u>35,575</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 2016

	Notes	2016 £	Restated 2015 £
<b>Fixed assets</b>			
Tangible assets - social housing	13a	5,408,713	5,443,248
Other tangible assets - plant and equipment	13b	8,608	110,020
		<u>5,417,321</u>	<u>5,553,268</u>
<b>Current assets</b>			
Investments	14	1,291,017	1,144,795
Debtors	15	174,695	124,378
Cash at bank and in hand		37,997	21,967
		<u>1,503,709</u>	<u>1,291,140</u>
<b>Creditors: amounts falling due within one year</b>	16	( 403,305)	( 306,956)
<b>Net current assets</b>		<u>1,100,404</u>	<u>984,184</u>
<b>Total assets less current liabilities</b>		6,517,725	6,537,452
<b>Creditors : amounts falling due after more than one year</b>	17	( 1,512,513)	( 1,599,982)
<b>Net assets</b>		<u>5,005,212</u>	<u>4,937,470</u>
<b>Equity</b>			
Share capital	18	194	190
Revenue reserves	26	5,005,018	4,937,280
		<u>5,005,212</u>	<u>4,937,470</u>

These financial statements were approved by the Committee on 30/05/2016 and signed on their behalf by:

G. McLaughlin

Chairperson

R. McLaughlin

Treasurer

R. Gallagher

Secretary

The notes form part of these financial statements.

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
<b>Balance as at 1st April 2014</b>	184	4,901,705	4,901,889
Issue of shares	12	-	12
Cancellation of shares	( 6)	-	( 6)
Total comprehensive income	-	35,575	35,575
<b>Balance as at 31st March 2015</b>	<u>190</u>	<u>4,937,280</u>	<u>4,937,470</u>

	<b>Share Capital £</b>	<b>Revenue Reserve £</b>	<b>Total £</b>
<b>Balance as at 1st April 2015</b>	190	4,937,280	4,937,470
Issue of shares	6	-	6
Cancellation of shares	( 2)	-	( 2)
Total comprehensive income	-	67,738	67,738
<b>Balance as at 31st March 2016</b>	<u>194</u>	<u>5,005,018</u>	<u>5,005,212</u>

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

	Notes	2016 £	Restated 2015 £
Net cash inflow from operating activities	1	<u>226,269</u>	<u>379,478</u>
<b>Cash flows from investing activities</b>			
Payments to acquire and develop housing properties		( 10,088)	( 162,283)
Proceeds from sale of tangible fixed assets		17,400	17,400
Payments to acquire other fixed assets		-	( 591)
Interest received		1,221	1,098
Net cash outflow from investing activities		<u>8,533</u>	<u>( 144,376)</u>
<b>Cashflow from financing activities</b>			
Interest paid		( 25,609)	( 27,737)
Repayments of borrowings		( 46,947)	( 45,912)
Issue of share capital		6	12
Net cash outflow from financing activities		<u>( 72,550)</u>	<u>( 73,637)</u>
Net change in cash and cash equivalents		162,252	161,465
Cash and cash equivalents at the beginning of the year		1,166,762	1,005,297
Cash and cash equivalents at the end of the year		<u>1,329,014</u>	<u>1,166,762</u>

**Notes**

<b>1) Cashflow from operating activities</b>		<b>2016 £</b>	<b>Restated 2015 £</b>
Surplus for the year		67,738	35,575
<b>Adjustments for non cash items</b>			
Depreciation of tangible fixed assets		160,393	160,857
Decrease/(increase) in trade and other debtors	( 60,788)		( 22,010)
Increase/(decrease) in trade and other creditors	84,025		126,885
Pension costs less contributions payable	( 33,000)		15,000
Share capital written off	( 2)		( 6)
Amortisation of Grants	-		-
Carrying amount of tangible fixed assets		20,813	80,633
<b>Adjustments for investing or financing activities</b>			
Proceeds from the sale of tangible fixed assets	( 17,400)		( 1,098)
Interest payable	25,609		27,737
Interest receivable	( 1,221)		( 17,400)
Tax	( 19,898)		( 26,695)
		<u>226,269</u>	<u>379,478</u>



# **COPPERWORKS HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST MARCH 2016**

#### **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 2014, 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
Offices	- 2% Straight line

# **COPPERWORKS HOUSING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31ST MARCH 2016**

#### **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 requiring a prior year adjustment (see Note 24).

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 2016

#### 1. Principal accounting policies (continued)

##### **Development administration costs**

Administration expenses which relate to development and are incremental to the other costs on 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 2016**

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

<b>Income and expenditure from lettings</b>	<b>Turnover £</b>	<b>2016 Operating costs £</b>	<b>Operating surplus / (deficit) £</b>
Social lettings	892,587	795,330	97,257
Other activities	128,028	117,549	10,479
<b>Total</b>	<b><u>1,020,615</u></b>	<b><u>912,879</u></b>	<b><u>107,736</u></b>

  

	<b>Turnover £</b>	<b>Restated 2015 Operating costs £</b>	<b>Operating surplus / (deficit) £</b>
Social lettings	865,343	767,036	98,307
Other activities	23,599	20,850	2,749
<b>Total</b>	<b><u>888,942</u></b>	<b><u>787,886</u></b>	<b><u>101,056</u></b>

**3. Particulars of income and expenditure from social letting activities**

	<b>General needs £</b>	<b>2016 Total £</b>	<b>Restated 2015 Total £</b>
<b>Income from letting</b>			
Rent receivable net of identifiable service charges	895,575	895,575	867,774
Service charges	-	-	-
<b>Gross income from rents and service charges</b>	<b><u>895,575</u></b>	<b><u>895,575</u></b>	<b><u>867,774</u></b>
Less : voids	( 2,988)	( 2,988)	( 2,431)
<b>Total turnover from social letting activities</b>	<b><u>892,587</u></b>	<b><u>892,587</u></b>	<b><u>865,343</u></b>
<b>Expenditure on lettings</b>			
Management and maintenance admin costs	428,571	428,571	433,058
Reactive maintenance	81,882	81,882	63,305
Planned maintenance	125,088	125,088	113,903
Bad debts - rents and service charges	3,430	3,430	( 122)
Depreciation of social housing	156,359	156,359	156,892
Service charges	-	-	-
<b>Total expenditure on lettings</b>	<b><u>795,330</u></b>	<b><u>795,330</u></b>	<b><u>767,036</u></b>
<b>Operating surplus for social lettings for 2016</b>	<b><u>97,257</u></b>	<b><u>97,257</u></b>	<b><u>98,307</u></b>
<b>Operating surplus for social lettings for 2015</b>	<b><u>98,307</u></b>		

No service charges were receivable on housing accommodation not eligible for housing benefit (2015 - £Nil).

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

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

	<b>Other Income £</b>	<b>Operating Costs £</b>	<b>2016 Total £</b>	<b>2015 Total £</b>
Factoring	7,950	-	7,950	5,975
Grants from Scottish Ministers	30,330	29,082	1,248	1,720
Other income	90	-	90	4
Wider action	89,658	88,467	1,191	( 4,950)
<b>Total for other activities for 2016</b>	<u>128,028</u>	<u>117,549</u>	<u>10,479</u>	<u>2,749</u>
<b>Total for other activities for 2015</b>	<u>23,599</u>	<u>20,850</u>	<u>2,749</u>	

**5. Loss on sale of housing stock**

	<b>2016 £</b>	<b>2015 £</b>
Sale of proceeds	<u>17,400</u>	<u>17,400</u>
Value of property	20,814	21,145
Other costs	<u>196</u>	<u>199</u>
	<u>21,010</u>	<u>21,344</u>
Loss on sale of housing stock	<u>3,610</u>	<u>3,944</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:-

	<b>2016 £</b>	<b>2015 £</b>
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>1,314</u>	<u>1,104</u>
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**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**7. Employee information**

**2016                      2015**

The monthly average number of full time equivalent employees during the year was :-

6                      6

Staff costs (including Executive emoluments)

Wages and salaries

199,385                      152,589

Social security costs

20,125                      14,225

Pension contributions

12,369                      12,020

231,879                      178,834

**8. Surplus for year**

**2016                      2015**

Surplus is stated after charging (crediting):-

**£                      £**

Operating lease

1,127                      1,127

Depreciation/loss on sale - tangible other fixed assets

7,644                      7,939

Depreciation - tangible land & buildings fixed assets

156,359                      156,892

Auditors' remuneration (incl. VAT)

4,980                      4,890

Bad debts

3,430                      ( 122)

**9. Interest receivable and similar income**

**2016                      2015**

**£                      £**

Interest receivable

1,221                      1,098

**10. Interest payable and similar charges**

**2016                      2015**

**£                      £**

Other interest payable

25,609                      27,737

**11. Other finance income / charges**

**2016                      2015**

**£                      £**

Unwinding of discounted liabilities and remeasurement

12,000                      15,000



**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**12. Tax on surplus on ordinary activities**

Analysis of the tax (credit)/charge	2016 £	2015 £
UK corporation tax at 20% (2015 - 20%)	<u>-</u>	<u>19,898</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Surplus on ordinary activities before tax	<u>-</u>	<u>66,058</u>
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	-	13,212
Effects of:		
Depreciation in excess of capital allowances and component replacement	-	11,404
Treatment of the disposal of property	-	4,435
Element of adjusted profit not subject to taxation	-	( 9,153)
Current tax charge	<u>-</u>	<u>19,898</u>

Copperworks Housing Association Limited converted to a charity registered in Scotland on 19th January 2015 and from that date it is no longer subject to taxation.

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**13. Non-current assets**  
**a) Housing properties**

	Housing Property Held for Letting £	Housing Property Under Construction £	Total £
<b>Deemed Cost</b>			
As at 1st April 2015	5,600,140	-	5,600,140
Additions during year	-	142,637	142,637
Disposals in year	( 21,345)	-	( 21,345)
As at 31st March 2016	<u>5,578,795</u>	<u>142,637</u>	<u>5,721,432</u>
<b>Depreciation</b>			
As at 1st April 2015	156,892	-	156,892
Charge for year	156,359	-	156,359
Eliminated on disposal	( 532)	-	( 532)
As at 31st March 2016	<u>312,719</u>	<u>-</u>	<u>312,719</u>
<b>Net book value at 31.03.16</b>	<u>5,266,076</u>	<u>142,637</u>	<u>5,408,713</u>
<b>Net book value at 31.03.15</b>	<u>7,764,302</u>	<u>201,934</u>	<u>7,966,236</u>

All housing property is freehold.

No development administration costs were capitalised during the year.

Completed housing properties were revalued on the basis of existing use value for social housing at 21st May 2013 by Allied Scotland, Chartered Surveyors. This value has been incorporated in the financial statements. The valuation report has been made in accordance with the RICS Appraisal and Valuation Manual. On transition to FRS 102 the Co-operative has elected to adopt the valuation as the deemed cost of the housing property. Accordingly all Social Housing Grant has now been written off.

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**13. Non-current assets**  
**b) Other tangible assets**

	Office premises £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
As at 1st April 2015	171,082	53,557	13,359	237,998
Additions during year	-	-	10,471	10,471
Transfers in year	( 171,082)	-	-	( 171,082)
As at 31st March 2016	<u>-</u>	<u>53,557</u>	<u>23,830</u>	<u>77,387</u>
<b>Aggregate depreciation</b>				
As at 1st April 2015	63,233	51,386	13,359	127,978
Provided in year	-	544	3,490	4,034
Transfers in year	( 63,233)	-	-	( 63,233)
As at 31st March 2016	<u>-</u>	<u>51,930</u>	<u>16,849</u>	<u>68,779</u>
<b>Net book value at 31.03.16</b>	<u>-</u>	<u>1,627</u>	<u>6,981</u>	<u>8,608</u>
<b>Net book value at 31.03.15</b>	<u>107,849</u>	<u>2,171</u>	<u>-</u>	<u>110,020</u>

**14. Investments**

	<b>2016</b> £	<b>2015</b> £
Deposit accounts	<u>1,291,017</u>	<u>1,144,795</u>

**15. Trade and other receivables**

	<b>2016</b> £	<b>2015</b> £
Rental debtors	24,631	31,217
Prepayments and accrued income	106,481	56,232
Other debtors	43,583	36,929
	<u>174,695</u>	<u>124,378</u>

**16. Creditors - Amounts falling due within one year**

	<b>2016</b> £	<b>2015</b> £
Loans	47,438	46,404
Liability for past service contributions	39,488	33,000
Rent overpayments	30,940	34,216
Trade payables	60,866	38,322
Other creditors	219,230	130,011
Taxation	-	19,898
Other taxes and social security	5,343	5,105
	<u>403,305</u>	<u>306,956</u>

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**17. Creditors due outwith one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Housing loans	1,041,001	1,088,982
Liability for past service contributions	471,512	511,000
	<u>1,512,513</u>	<u>1,599,982</u>

The Association has 3 loans with Nationwide Building Society. The facilities total £1,088,439 and will be fully repaid during 2034. The loans are secured over the housing property. The interest rate was 2.255% during the year (2015 - 1.392% to 2.255%).

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Due within one year	<u>47,438</u>	<u>46,404</u>
Between one and two years	48,519	47,461
Between two and five years	152,290	148,972
In five years or more	<u>840,192</u>	<u>892,549</u>
	<u>1,041,001</u>	<u>1,088,982</u>

**18. Share capital**

Ordinary Shares of £1 each	<b>2016</b>	<b>2015</b>
<b>Allotted, issued and fully paid</b>		
As at 01.04.15	190	184
Shares issued at par during year	<u>6</u>	<u>12</u>
	<u>196</u>	<u>196</u>
 Shares forfeited	 ( 2 )	 ( 6 )
 As at 31.03.16	 <u>194</u>	 <u>190</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.

**19. 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 30<sup>th</sup> 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.



**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**19. Pensions/Cont...**

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<sup>st</sup> April)

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.

	<b>2016</b> £	<b>2015</b> £
Due within one year	<u>39,488</u>	<u>33,000</u>
Between one and two years	40,365	42,583
Between two and five years	126,558	136,000
In five years or more	<u>304,589</u>	<u>332,417</u>
	<u>471,512</u>	<u>511,000</u>

**PRESENT VALUES OF PROVISION**

	<b>31 March</b> <b>2016</b> <b>(£000s)</b>	<b>31 March</b> <b>2015</b> <b>(£000s)</b>	<b>31 March</b> <b>2014</b> <b>(£000s)</b>
Present value of provision	511	544	529

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	<b>Period</b> <b>Ending</b> <b>31 March</b> <b>2016</b> <b>(£000s)</b>	<b>Period</b> <b>Ending</b> <b>31 March</b> <b>2015</b> <b>(£000s)</b>
Provision at start of period	544	529
Unwinding of the discount factor (interest expense)	12	17
Deficit contribution paid	( 42)	( 41)
Remeasurements - impact of any change in assumptions	( 2)	38
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	<u>512</u>	<u>543</u>

**COPPERWORKS HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2016**

**19. Pensions (Continued)**

**INCOME AND EXPENDITURE IMPACT**

	<b>Period Ending 31 March 2016 (£000s)</b>	<b>Period Ending 31 March 2015 (£000s)</b>
Interest expense	12	17
Remeasurements - impact of any change in assumptions	( 2)	38
Remeasurements - amendments to the contribution schedule	-	-
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**

	<b>31 March 2016 % per annum</b>	<b>31 March 2015 % per annum</b>	<b>31 March 2014 % per annum</b>
Rate of discount	2.29	2.22	3.42

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.

**20. Legislative provisions**

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

**21. 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.

**22. Housing stock**

	<b>2016</b>	<b>2015</b>
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 2016

### 23. Related party transactions

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

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

- 7 members are tenants of the Association
- 2 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	<u>23,304</u>
Factoring charges received from owners on the Committee	<u>545</u>
At the year end, total rent arrears owed by tenant members of the Committee	<u>459</u>
At the year end, total factoring arrears owed by tenant members of the Committee	<u>3</u>

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 £134,568 (2015 - £57,223). At the year end £191,791 (2015 - £45,087) 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 £55,888 (2015 - £28,798). At the year end £86,441 (2015 - £23,866) was outstanding and is included in debtors.

Copperworks Housing Association Limited incurred a cost of £Nil (2015 - £6,686) on behalf of Spire View Housing Association Limited. At the year end this amount was outstanding and is included in debtors.

### 24. Capital commitments

	2016 £	2015 £
Expenditure authorised and contracted less certified	<u>96,000</u>	<u>-</u>

The Committee expect that expenditure authorised and contracted will be fully funded from Grants, Banks and Building Societies or from own resources.

### 25. Finance leases

Obligations under hire purchase contracts and finance leases:-

	2016 £	2015 £
Finance lease due within one year	1,127	1,127
Finance leases due between one and five years	<u>2,254</u>	<u>2,254</u>
	<u>3,381</u>	<u>3,381</u>



# COPPERWORKS HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST MARCH 2016

#### 26. Transition to FRS 102

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 1st April 2015. As a result of this the comparative figures for the period ending 31st March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in several 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 31st March 2016.

Changes for FRS 102 adoption:

- (i) On transition to the SORP FRS 102 the Co-operative has adopted the revalued fixed assets in the accounts as the deemed cost. Social Housing Grants at that date have been transferred to the Statement of Comprehensive Income.
- (ii) Social Housing Grants for property under construction 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.
- (iii) As the Co-operative 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.
- (iv) The liability recognised as a result of (iii) 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.

#### Restated Statement of Financial Position

	31.03.15 £	01.04.15 £
Original capital and reserves	7,994,888	7,948,722
Increase in pension deficit	( 544,000)	( 559,000)
Increase in accumulated depreciation	( 156,892)	( 155,852)
Revaluation of housing properties	11,213,797	11,248,533
Social housing grants	( 13,574,323)	( 13,580,519)
Restated statement of financial position	<u>4,933,470</u>	<u>4,901,884</u>

#### Restated Surplus for the Year Ended 31.03.15

	31.03.15 £
Original profit on ordinary activities	46,160
Adjustment to depreciation	( 1,040)
Adjustment to property disposal	5,455
Unwinding of pension discount	( 15,000)
Restated surplus for the year	<u>35,575</u>