

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Registered Housing Association Number: HAL 98
Charity Registration Number: SCO33471
FCA Reference Number: 1917 R S

DALMUIR PARK HOUSING ASSOCIATION LIMITED

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DALMUIR PARK HOUSING ASSOCIATION LIMITED

The Management Committee, Executives and Advisers For the Year Ended 31 March 2017

MEMBERS OF THE BOARD/ MANAGEMENT COMMITTEE

Chairman	John Gilleece
Vice Chair	James Hutcheson
Secretary	Seonaid McDonald
Treasurer	Marion Birnie
Committee Member	James Laverty
Committee Member	Anne Meikle
Casual Member	Graham Parton – appointed 25/01/17
Casual Member	Isobel Gill – appointed 25/01/17
Co-opted Member	Craig Edward – appointed 22/03/17
Co-opted Member	Francis Logan – appointed 22/03/17
Co-opted Member	Councillor Gail Casey
Co-opted Member	Jason MacGilp – appointed 16/08/17
Co-opted Member	Patricia Gallagher – appointed 21/08/17
Committee Member	Christine Bradley – Resigned 25/01/17
Committee Member	Alison Quinn – Resigned 25/01/17

EXECUTIVE OFFICERS

Director	Patrick Gilbride
Head of Finance & Corporate Services	Therese Jack
Housing Manager	John Mallon
Property Services Manager	Charles MacLellan

REGISTERED OFFICE

Beardmore House
631 Dumbarton Road
Dalmuir
Clydebank
G81 4EU

AUDITORS

French Duncan LLP
Chartered Accountants & Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

Bank of Scotland

SOLICITORS

TLT Scotland
140 West George Street
Glasgow
G2 3HG

Report from The Management Committee For the Year Ended 31 March 2017

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1917R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SCO33471

Review of business and future developments

Financial Review

The Management Committee is satisfied with the Association's financial performance during the year and is pleased to report a surplus for the year of £584,535 (2016 – £644,112).

Turnover for the year increased by 1.9% to £3,883,237 (2016 - £3,810,951) whilst operating costs increased by 8.2% to £3,392,614 (2016 - £3,134,335).

The Association's investments consist of a programmed outlay of £380,000 on shares held within a Corporate Bond Fund managed by HBOS UK Investments Funds. The Corporate Bond Fund is a cautious-medium risk fund which aims to provide an above average income from a diversified portfolio of interest bearing securities. This portfolio has been exposed to the turbulence in the global financial markets over the past few years and the value of the shares held by the Association at the end of March was valued at £354,783 (2016 - £336,646), providing an unrealised gain for the year of £18,137 (2016 - loss £19,464).

The Association has also been able to continue with its cyclical and major repairs programme and spent £952,497 in projects, which included the provision of replacement windows, new kitchens, bathrooms and central heating to many of its properties.

The Association's cash balance at March 2017 increased to £2,348,746 (2016 - £2,190,635) an increase of £158,111 and revenue reserves increased to £7,223,645 (2016 - £6,639,110)

Wider Role

The Association prioritises many social interaction activities which, when added to our own budgeted expenditure on community development, donations and activities, ensures that we create a varied range of initiatives involving the widest cross section of the community possible.

The Association has also demonstrated its commitment to wider action by creating a new community trust, the Beardmore Trust, which will create wider community involvement and increased financial support for community projects. Association sponsorship enabled the Trust to deliver the usual wide range of community projects to our tenants.

The two most significant wider role projects of Lynx Care and Dalmuir Out of School Care together produced a surplus of £7,623 (2016- £12,375).

The Future

The Association reviewed its development strategy as part of the Business Planning process, with the conclusion being made that there will be no further housing development in the foreseeable future for reasons relating to risk management, funding availability, inadequacy of local sites and potential housing quality and cost. The Association will instead re-focus its attention on the quality of existing housing stock and services.

The Association also intends to continue with smaller scale projects such as special needs adaptations. We hope to work in partnership with The Beardmore Trust to assist with our plans for community regeneration and other wider role projects. The Association is also currently working in partnership with WDCVS to further develop and expand its role within the care sector, in particular with elderly care in the community. The aim being tenancy sustainability with the provision of additional support to promote independent living for the more vulnerable, elderly residents.

The Association intends to continue with its major repairs programme with plans to spend almost £791,000 in the forthcoming year on various planned maintenance projects.

Supporting People Grant

The Supporting People Grant came into effect on 1 April 2003 and allows local authorities to fund the costs of support services provided to people in the community. The Association now provides three services which qualify for Supporting People Grant; a sheltered housing service, a community alarm service and the Lynx Care Project.

The Association entered into an interim agreement with West Dunbartonshire Council regarding the provision of these support services and the Council paid £102,463 (2016 - £136,932) to the Association as Supporting People Grant.

Principal Activities

The principal activity of the Association is to maximise its impact as a social landlord in the local community through the provision of wide ranging quality services.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 require The Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

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

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

In so far as the Management Committee are aware:

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

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Association, or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;

- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Management Committee

Signature



John Gilleece
Chair

Date : 23/08/2017

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

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 & 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



French Duncan LLP
Chartered Accountants
Statutory Auditors

GLASGOW

Date: 06/09/2017

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF DALMUIR PARK HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Dalmuir Park Housing Association Limited for the year ended 31 March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of The Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the Financial Statements:

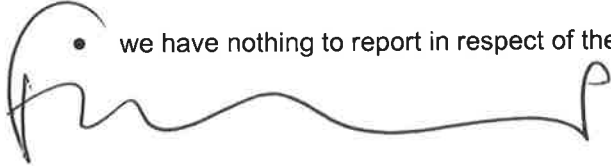
- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operation 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.
- we have nothing to report in respect of these matters.



French Duncan LLP

Chartered Accountants

Statutory Auditors

133 Finnieston Street

GLASGOW

G3 8HB

Date:

06/09/2017

DALMUIR PARK HOUSING ASSOCIATION LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £
REVENUE	2		3,883,237		3,810,951
Operating Costs	2		(3,392,614)		(3,134,335)
OPERATING SURPLUS	9		490,623		676,616
(Loss) on Sale of Property, Plant & Equipment	7	(16,299)		-	
Realised Gain / (Loss) on Investments		18,137		(19,464)	
Interest Receivable and Other Income		15,639		22,081	
Interest Payable and Similar Charges	8	(25,565)		(28,121)	
Other Finance Income / (Charges)	11	(7,000)		(7,000)	
			(15,088)		(32,504)
SURPLUS FOR YEAR			475,535		644,112
OTHER COMPREHENSIVE INCOME	23		109,000		-
TOTAL COMPREHENSIVE INCOME			584,535		644,112

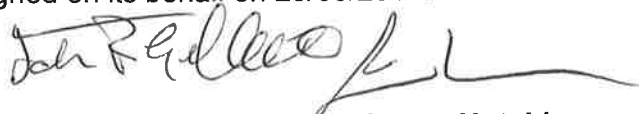
The notes on pages 15 to 27 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties – Depreciated Cost	12 (a)		20,917,318		21,598,295
Other Tangible Fixed Assets	12 (b)		354,263		394,759
Investments	12 (c)		354,783		336,646
			<u>21,626,364</u>		<u>22,329,700</u>
CURRENT ASSETS					
Trade and Other Debtors	14	373,933		458,137	
Cash and Cash Equivalents		2,348,746		2,190,635	
		<u>2,722,679</u>		<u>2,648,772</u>	
CREDITORS: Amounts falling due within one year					
	15	(394,456)		(376,242)	
		<u>2,328,223</u>		<u>2,272,530</u>	
NET CURRENT ASSETS					
			<u>23,954,587</u>		<u>24,602,230</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: Amounts falling due after more than one year					
	16		(687,535)		(894,657)
DEFERRED INCOME					
Social Housing Grants	18(a)		(15,852,663)		(16,870,486)
Other Grants	18(b)		(190,569)		(197,766)
			<u>7,223,820</u>		<u>6,639,321</u>
NET ASSETS					
EQUITY					
Share Capital	19		175		211
Revenue Reserves			<u>7,223,645</u>		<u>6,639,110</u>
			<u>7,223,820</u>		<u>6,639,321</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 23/08/2017.



John Gilleece
Chair

James Hutchison
Vice-Chair



Seonaid McDonald
Secretary

The notes on pages 15 to 27 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	17	902,823	803,514
Investing Activities			
Purchase of Other Fixed Assets	(24,582)	(27,183)	
Purchase of Component Installations	(656,326)	(619,875)	
Proceeds on Disposal of Properties	12,877	-	
Net Cash Outflow from Investing Activities		(668,031)	(647,058)
Financing Activities			
Interest Received on Cash and Cash Equivalents	15,639	22,081	
Interest Paid on Loans	(25,565)	(28,121)	
Loan Principal Repayments	(66,766)	(71,989)	
Share Capital Issued	11	21	
Net Cash (Outflow) from Financing		(76,681)	(78,008)
Increase in Cash & Cash Equivalents		158,111	78,448
Opening Cash & Cash Equivalents		2,190,635	2,112,187
Closing Cash & Cash Equivalents		2,348,746	2,190,635

The notes on pages 15 to 27 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED**STATEMENT OF CHANGES IN EQUITY
31 MARCH 2017**

	Share Capital	Revenue Reserve	Total
	£	£	
Balance as at 31 March 2016	211	6,639,110	6,639,321
Issue of Shares	11		11
Cancelled in the year	(47)		(47)
Surplus for the year		584,535	584,535
Balance as at 31 March 2017	<u>175</u>	<u>7,223,645</u>	<u>7,223,820</u>

	Share Capital	Revenue Reserve	Total
	£	£	
Balance as at 31 March 2015	201	5,994,998	5,995,199
Issue of Shares	21		21
Cancelled in the year	(11)		(11)
Surplus for the year		644,112	644,112
Balance as at 31 March 2016	<u>211</u>	<u>6,639,110</u>	<u>6,639,321</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operation and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102

Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

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

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

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	10 years
Bathrooms	15 years
Central Heating	15 years
Windows	25 years
Structure	50 & 100 years

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	6 ⅔% Straight Line
Computers and other Office Equipment	20% Straight Line
Furniture and Fittings	15% Reducing Balance
Furniture for Furnished Accommodations	33 ⅓% Straight Line
Laundry Equipment in Sheltered Accommodations	20% Straight Line

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

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

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Dalmuir Park Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) 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.

b) Identification of cash generating units

The Association considers its cash-generating units to be 660 in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102

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

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2017			2016		
		Revenue	Operating Costs	Operating Surplus / (Deficit)	Revenue	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3	3,312,542	2,755,504	557,038	3,216,300	2,513,754	702,546
Other Activities	4	570,695	637,110	(66,415)	594,651	620,581	(25,930)
Total		3,883,237	3,392,614	490,623	3,810,951	3,134,335	676,616

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,968,232	228,139	55,463	2,251,834	2,247,066
Service Charges Receivable	259,785	22,273	-	282,058	274,625
Gross Rents Receivable	2,228,017	250,412	55,463	2,533,892	2,521,691
Less: Rent losses from voids	(13,425)	(4,781)	-	(18,206)	(25,289)
Net Rents Receivable	2,214,592	245,631	55,463	2,515,686	2,496,402
Amortisation of Social Housing Grants and Other Grants	588,564	-	11,046	599,610	604,131
Revenue Grants from Local Authorities and Other Agencies	186,928	10,318	-	197,246	115,767
Total Income From Social Letting	2,990,084	255,949	66,509	3,312,542	3,216,300
Expenditure on Social Letting Activities					
Service Costs	212,212	25,967	-	238,179	200,208
Management and maintenance administration costs	831,226	86,170	19,220	936,616	894,105
Reactive Maintenance	360,100	39,087	-	399,187	345,739
Bad Debts – Rents and Service Charges	7,934	-	-	7,934	36,840
Planned and Cyclical Maintenance, including Major Repairs	289,855	6,316	-	296,171	202,981
Depreciation of Social Housing	773,418	90,269	13,730	877,417	833,881
Operating Costs of Social Letting	2,474,745	247,809	32,950	2,755,504	2,513,754
Operating Surplus on Social Letting Activities	515,339	8,140	33,559	557,038	702,546
2016	606,580	64,154	31,812	702,546	

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4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From		Supporting People Income	Other Income	Total Turnover	Operating Costs		Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	Scottish Ministers	Other Grants				Bad Debts	£			
Wider Role Activities	-	-	-	9,450	-	15,841	-	(6,391)	(17,130)	
Care Activities	-	-	99,801	302,721	325	447,948	-	(45,751)	1,775	
Factoring	-	-	-	155,204	-	172,996	-	(17,792)	(12,631)	
Development	3,519	-	-	-	-	-	-	3,519	2,106	
Other Income/Expenditure	-	-	-	-	-	-	-	-	-	
Total From Other Activities	3,519	-	99,801	467,375	325	636,785	-	(66,415)	(25,930)	
2016	2,106	-	136,833	455,712	-	620,581	-	(25,930)		

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5. COMMITTEE MEMBERS AND OFFICERS EMOLUMENTS

	2017	2016
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
No emoluments have been paid to any member of the Management Committee		
Aggregate emoluments payable to Key Management Personnel (excluding pension contributions)	<u>249,643</u>	<u>246,407</u>
Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>80,998</u>	<u>82,241</u>
Pension contributions paid on behalf of the Director	<u>19,554</u>	<u>19,360</u>
Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-		
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	<u>1</u>	<u>1</u>
There were payments to board members during the year for reimbursement of expenses of £993 (2016-£1,065)		

6. EMPLOYEE INFORMATION

	2017	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>28</u>	<u>28</u>
The average total number of Employees employed during the year was	<u>34</u>	<u>36</u>
Staff Costs were:		
Wages and Salaries	801,217	841,853
Social Security Costs	70,833	68,496
Other Pension Costs	83,417	81,112
	<u>955,467</u>	<u>991,461</u>

7. (LOSS) ON SALE OF PROPERTY, PLANT & EQUIPMENT

	2017	2016
	£	£
Proceeds from Sale	45,000	-
Cost of Sale	<u>(61,299)</u>	<u>-</u>
(Loss) on Sale	<u>(16,299)</u>	<u>-</u>

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8. INTEREST PAYABLE

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>25,565</u>	<u>28,121</u>

9. OPERATING SURPLUS

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	942,495	900,432
Housing Association grant release	(594,113)	(598,634)
Commercial grant release	(1,700)	(1,700)
Council grant release	(5,497)	(5,497)
Auditors' Remuneration - Audit Services	<u>11,000</u>	<u>14,000</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / (CHARGES)

	2017	2016
	£	£
Unwinding of the pension discount factor	<u>(7,000)</u>	<u>(7,000)</u>

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12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1 April 2016	29,265,658	431,495	1,206,893	30,904,046
Additions	656,326	-	-	656,326
Disposals	(1,735)	(431,495)	(34,521)	(467,751)
Schemes Completed	-	-	-	-
As at 31 March 2017	29,920,249	-	1,172,372	31,092,621
DEPRECIATION				
As at 1 April 2016	9,172,172	-	133,579	9,305,751
Charge for Year	863,687	-	13,730	877,417
Disposals	(1,041)	-	(6,824)	(7,865)
As at 31 March 2017	10,034,818	-	140,485	10,175,303
NET BOOK VALUE				
As at 31 March 2017	19,885,431	-	1,031,887	20,917,318
As at 31 March 2016	20,093,486	431,495	1,073,314	21,598,295

Total expenditure on existing properties in the year amounted to £1,351,684, (2016 - £1,460,033). The amount capitalised is £656,326, (2016- £619,871), with the balance charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacements of £656,326 and improvements of £nil.

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b) Other Tangible Assets	Office Furniture & Equipment £	Commercial Property £	Total £
COST			
As at 1 April 2016	859,199	396,913	1,256,112
Additions	24,582	-	24,582
Eliminated on Disposals	-	-	-
As at 31 March 2017	<u>883,781</u>	<u>396,913</u>	<u>1,280,694</u>
AGGREGATE DEPRECIATION			
As at 1 April 2016	629,018	232,335	861,353
Charge for year	40,065	25,013	65,078
Eliminated on disposal	-	-	-
As at 31 March 2017	<u>669,083</u>	<u>257,348</u>	<u>926,431</u>
NET BOOK VALUE			
As at 31 March 2017	214,698	139,565	354,263
As at 31 March 2016	<u>230,161</u>	<u>164,578</u>	<u>394,759</u>

c) Investments

	2017	2016
	£	£
Cost		
As at 1 April 2016 and 31 March 17	<u>380,000</u>	<u>380,000</u>
Provision for Loss on Investments		
As at 1 April 2016	(43,354)	(23,890)
Movement	<u>18,137</u>	<u>(19,464)</u>
As at 31 March 2017	(25,217)	(43,354)
Net Book Value		
As at 31 March 2017	<u>354,783</u>	<u>336,646</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2017	2016
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	274	274
Later than one year and not later than five years	566	772
Later than five years	<u>-</u>	<u>-</u>
	<u>840</u>	<u>1,046</u>

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14. DEBTORS

	2017	2016
	£	£
Arrears of Rent & Service Charges	279,107	294,154
Less: Provision for Doubtful Debts	<u>(40,000)</u>	<u>(40,000)</u>
	239,107	254,154
Other Receivables	<u>134,826</u>	<u>203,983</u>
	<u>373,933</u>	<u>458,137</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	69,158	68,100
Trade Payables	157,480	162,202
Rent in Advance	51,201	74,859
Other Taxation and Social Security	-	-
Other Creditors	67,119	15,940
Liability for Past Service Contribution Arrangements	37,410	20,645
Accruals	<u>12,088</u>	<u>34,496</u>
	<u>394,456</u>	<u>376,242</u>

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contribution Arrangements	152,412	291,710
Housing Loans – between one and two years	69,933	71,100
– between two and five years	201,048	234,300
– due after five years	<u>264,142</u>	<u>297,547</u>
	<u>535,123</u>	<u>602,947</u>
	<u>687,535</u>	<u>894,657</u>

Loans are secured by specific charges on the Association's properties.

All of the Association's bank borrowings are repayable in a monthly basis, at varying rates of interest, with the principal being amortised over the term of the loans.

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17. STATEMENT OF CASHFLOWS

Reconciliation of Surplus to balance as at 31 March 2017

	2017	2016
	£	£
Operating Surplus	490,623	676,616
Depreciation	942,495	900,432
Amortisation of Capital Grants	(601,310)	(605,831)
Change in debtors	84,204	(57,717)
Change in creditors	391	(89,330)
Movement in Pension Liability	(13,533)	(20,645)
Cancelled Shares	(47)	(11)
Balance as at 31 March 2017	<u>902,823</u>	<u>803,514</u>

18. DEFERRED INCOME

	2017	2016
	£	£
<i>a) Social Housing Grants</i>		
As at 1 April 2016	16,870,486	17,469,119
Additions in year	-	-
Released / Repaid as the result of property disposal	(423,710)	-
Amortisation in Year	(594,113)	(598,634)
As at 31 March 2017	<u>15,852,663</u>	<u>16,870,486</u>
 <i>b) Other Grants</i>		
Balance as at 1 April 2016	197,766	204,963
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(7,197)	(7,197)
As at 31 March 2017	<u>190,569</u>	<u>197,766</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	601,310	604,131
Amounts due in one year or more	<u>15,441,922</u>	<u>16,464,121</u>
	<u>16,043,232</u>	<u>17,068,252</u>

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19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 31 March 2016	211
Issued in year	11
Cancelled in year	(47)
	<u>175</u>
At 31 March 2017	<u>175</u>

20. HOUSING STOCK

	2017	2016
The number of units of accommodation in management at the year-end was:-	No.	No.
General Needs - New Build	127	127
- Rehabilitation	463	463
Shared Ownership	30	31
Supported Housing	70	70
	<u>690</u>	<u>691</u>

21. 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:

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.
- Transactions with Management Committee members were as follows:
 - Rent Received from Tenants on the Committee £12,064
- At the year- end total rent arrears owed by the tenant members of the Committee were £nil

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Beardmore House, 631 Dumbarton Road, Clydebank, G81 4EU.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Dalmuir, Clydebank.

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

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23. RETIREMENT BENEFIT OBLIGATIONS

General

Dalmuir Park Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

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

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

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m, equivalent to a past service funding level of 76%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2016. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £810m and indicated an increase in the shortfall of assets compared to liabilities to approximately £210m, equivalent to a past service funding level of 79%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore, in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £189,822 (2016 - £312,355) This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%.

The Association made payments totalling £26,533 (2016 - £25,760) to the pension scheme during the year.

Following the valuation as at 30 September 2015, the present value of the past service deficit liability reduced by £109,000.

24. CAPITAL COMMITMENTS

	2017	2016
	£	£
Capital expenditure which has been contracted for but has not been provided for in the financial statements	=	=
Capital expenditure which has been authorised by the Management Committee but is not contracted	=	=
Funded by	<u> -</u>	<u> -</u>