

**DUMFRIES & GALLOWAY HOUSING
PARTNERSHIP LIMITED
AND SUBSIDIARIES**

Report of the Board of Management and
Financial Statements for the year ended
31 March 2016

Registration Particulars:

Register of Companies

Companies Act 2006
Registered Number: SC220297

Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered Number: 315

Office of the Scottish Charity Regulator
(Scotland)

Charities and Trustee Investment
Act 2005
Charity No. SC039896

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2016

CONTENTS

	Page
Board members & advisor contacts	2-4
Strategic Report	5-8
Report of the Board	9-11
Board Statement on Internal Financial Control	12-14
Report of the Auditors	15-17
Statement of Comprehensive Income - Group	18
Statement of Comprehensive Income – Company	19
Statement of Financial Position – Group	20
Statement of Financial Position – Company	21
Statement of Changes in Equity – Group	22
Statement of Changes in Equity – Company	22
Statement of Cash flows– Group	23
Notes to the financial statements	24-60

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2016

Board Members

David McMillan (Chairman)	George McBurnie
Beryl Castle	Pat McTaggart (resigned 24 May 2016)
Thomas Gillan	Annie Murray (appointed 24 September 2015)
John Hay	Fred Murray
Robert Higgins (Vice Chairman)	Bill Robertson
Billy Lockhart	Liz Roper (resigned 1 April 2016)
Robert Love (appointed 24 September 2015)	Jim Steen
Bill Marshall (resigned 24 September 2015)	Bill Zemaititis

Executive Management Team

Chief Executive and Company Secretary	Zoe Forster
Director of Finance	Hugh Carr
Director of Housing Services	Jayne Moore
Director of Investment & Regeneration	James Shirazi

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2016

Registered Office: Grierson House
The Crichton
Bankend Road
Dumfries
DG1 4ZS

Auditors: Haines Watts
1st Floor, 24 Blythswood Square
Glasgow,
G2 4BG

Principal Bankers: Dexia Public Finance Bank
13th Floor
200 Aldersgate Street
London
EC1A 4HD

The Housing Finance Corporation plc
4th Floor, 107 Cannon Street
London,
EC4 5AF

Royal Bank of Scotland plc
Kirkstane House,
139 St Vincent Street
Glasgow
G2 5JF

Nationwide International Ltd
5-11 St Georges Street
Douglas
Isle of Man
IM99 1RN

Santander UK plc
Customer Service Centre
Bootle
Merseyside
L30 4GB

Barclays Bank plc
1st Floor Aurora House
120 Bothwell Street
Glasgow
G2 7JT

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

For the year ended 31 March 2016

Solicitors:

**BTO Solicitors LLP
48 St. Vincent Street
Glasgow
G2 5HS**

**Harper MacLeod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE**

**Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY**

**Clyde and Co
144 West George Street
Glasgow
G2 2HG**

Internal Auditors:

**Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE**

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**
STRATEGIC REPORT
YEAR ENDED 31 MARCH 2016

The Board presents its Strategic Report together with the audited accounts for the year to 31 March 2016.

Principal Activity

The principal activity of Dumfries and Galloway Housing Partnership Limited (DGHP) is the provision of housing which:

- improves the quality of housing and of management services for the people of Dumfries and Galloway;
- is let at affordable and sustainable rent levels under a range of tenure types;
- encourages and strengthens tenant and resident participation in communities and in the Company;
- will provide through regeneration and new building homes to meet housing need; and
- meets the range of housing needs in Dumfries and Galloway, such as those of elderly and single people, and those seeking low cost home ownership.

Financial Summary

In the year to 31 March 2016, DGHP generated a surplus of £4,766k (2015 – surplus of £2,725k) before tax.

Turnover

Turnover was £43million (2015 - £38 million). Of this, over £38m was the income from the letting of properties at affordable rents. DGHP's policy is to set rents at affordable levels. DGHP also sold 20 properties under the Scottish Government's New Supply Shared Equity scheme

Treasury Management

DGHP has a long term funding agreement with Dexia Public Finance Bank, which provides the funding required to meet investment and regeneration commitments entered into before 2011. At 31 March 2016, total loan commitments to Dexia were £110m (2015- £101.3m), from a total facility of £130m. The Company's policy is to manage debt in a prudent and non-speculative manner, and therefore £85m of this loan is subject to interest rates fixed until various dates up to 2030.

DGHP also has a 30 year fixed rate loan with The Housing Finance Corporation plc of £40m. This loan was drawn down in March 2012, and provides sufficient funds for the new build developments currently being delivered with Scottish Government and Dumfries and Galloway Council grant support.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2016

Business Plan and Budgetary Process

Each year the Board approves the 30 year Business Plan, annual budget and rolling three year Internal Management Plan. Key risk areas are identified and risk management processes implemented. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year, information on the key risk areas and service and performance standards. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Risk Management

The Board has developed, with advice from internal auditors and insurers, a formal risk management process to identify and assess business risks and implement appropriate risk management strategies. This involved identifying the types of risks the Company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board has reviewed the adequacy of the Partnership's current internal controls.

Accordingly the Board has set policies on internal controls which cover the following:

- consideration of the type of risks the Company faces
- the level of risks regarded as acceptable
- the likelihood of risks occurring
- the Company's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained
- defining the appropriate responsibilities of management to implement the Board's policies and to identify and evaluate risks for the Board's consideration
- embedding risk management and effective control systems in the Company's operations
- developing systems to identify, assess and respond quickly to evolving risks in the Company and in the external environment
- including procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Board has established with a view to providing effective internal financial control are outlined on page 11.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2016

Housing Services

DGHP is committed to a high standard of customer service in all its activities. Key to this is the Customer Service Centre, which is the principal point of contact for all customer enquiries, and locally based neighbourhood management and technical staff. The quality and customer satisfaction of these services is closely monitored, and steps are taken to improve them further on an ongoing basis.

Asset Management and Investment

Since acquiring the housing stock of Dumfries and Galloway Council in 2003, DGHP has invested approximately £160m in bringing its tenants homes to the Scottish Housing Quality Standard, which was achieved at the Scottish Government's deadline of March 2015. The major elements of this programme were the installation of modern secure front and rear doors; modern kitchens and bathrooms, including a significant number of bathrooms adapted for people with mobility needs, and affordable and effective heating systems. In 2014/15, the Company completed the installation of modern heating systems, including many state of the art low carbon systems to bring affordable heating to all its tenants. DGHP is now working on achieving the new Energy Efficiency Standard for Social Housing, which the Scottish Government requires RSLs to meet by 2020.

DGHP has developed an asset management strategy that seeks to:

- develop a strategic approach to investing in and restructuring the housing stock.
- use DGHP's assets and resources to build stronger communities.
- provide housing in line with need across Dumfries and Galloway.
- build asset value.

DGHP will therefore continue to improve the quality of its stock through active asset management, which may include demolitions, selective market sales of stock no longer fit for its original purpose, improvements where economically justifiable and new build where the appropriate funding is available.

On a routine basis, DGHP is committed to maintaining its properties to the highest standard. To this end programmes of cyclical repairs are carried out to deal with the gradual and predictable deterioration of building components, and a comprehensive responsive maintenance service is provided.

Of the total expenditure on works to new and existing properties in the year; £7,350k (2015: £12,736k) were capitalised. Of these total capitalised costs £2,946k relates to replaced components (2015: £2,914k) and £4,404k relates to new built and improved properties (2015 £9,822k).

Regeneration and Development

DGHP, in conjunction with Dumfries and Galloway Council and the Scottish Government, has an ambitious programme of regeneration and new build housing development, to meet the high levels of demand for new affordable homes across the region and will continue to explore opportunities for the provision of new housing in other parts of the region. Full financial appraisals are conducted on each potential development to ensure its viability and affordability before DGHP commits to a development.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

STRATEGIC REPORT

YEAR ENDED 31 MARCH 2016

During 2015/16, DGHP completed 66 new build properties for rent, plus 27 for sale under the Scottish Government's New Supply Shared Equity scheme. The regeneration schemes in Dumfries and Stranraer are now close to completion, and other schemes were completed in Kirkcudbright, Monreith, Newton Stewart and Thornhill.

Looking forward, DGHP is committed to completing approximately 110 further new homes by 2018.

Big Lottery

During 2011/12, DGHP completed the development of 10 flats in Dumfries for young people leaving care and setting up their own home for the first time, supported by DGHP staff living in the same accommodation. This important project has been supported by the Scottish Government and by the Big Lottery Fund. The Big Lottery Fund is funding the costs of staff, other administration costs and the capital costs of fittings and equipment.

Sales of housing properties

DGHP sold 56 (2015 – 53) properties under Right to Buy in the year. When tenants exercise their Right to Buy; the largest part of the sale proceeds are passed to Dumfries and Galloway Council under the terms of the stock transfer agreement; DGHP retains only a small amount from each sale

Signed by order of the Board



Secretary – Zoe Forster

Date: 17 August 2016

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2016

The Board presents its Directors' Report together with the audited accounts for the year to 31 March 2016.

Memorandum and Articles

DGHP is a Company Limited by Guarantee and does not have a share capital. The liability of the members is limited to £1 each. At 31 March 2016, there were approximately 1,650 members.

Registered Office

The Registered Office of the Company and its subsidiary companies is Grierson House, The Crichton, Bankend Road, Dumfries, DG1 4ZS.

The Board

The DGHP Board is elected by the members of the Company. It is the responsibility of the Board to determine the strategy, policy and overall direction of the Company. It also monitors the operational activities of the Company. Board members are unpaid.

The members of the Board are directors for the purposes of company law and each of those members who have served during the year are noted on page 2.

The Boards of Novantia Limited and of DGHP 3 Limited comprise 3 members appointed by DGHP, who select 2 further members of each subsidiary's Board. The DGHP Board oversees the activities of Novantia and DGHP 3 within the Group Business Plan.

Executive Management Team

The Executive Management Team is responsible for achieving the strategy, through undertaking the operational activities in line with the policies and standards set by the Board.

Statement the Board's Responsibilities

Company law requires the Board to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company at the end of the period and of the surplus or deficiency for the period then ended.

In preparing those financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2016

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014. The Board is responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employee Involvement and Health & Safety

The Company encourages employee involvement in all initiatives and holds annual conferences for staff and the Board to agree its objectives. A health and safety report is regularly reviewed by the Board.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training. High quality personnel are seen as an essential part of the control environment and the standards of integrity expected are communicated directly through the Chief Executive.

Employees with disabilities

Applications for employment by people with disabilities are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with DGHP may continue. DGHP's policy is that training, career development and promotion opportunities should be available to all employees.

Charitable Donations and Community Involvement

The Company made no charitable donations in the year (2015 - £29,000).

Credit Payment Policy

The Company's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 24 days. The Company seeks to pay all suppliers within 30 days, subject to the need to ensure costs are properly incurred and invoiced.

Going Concern

The Board has reviewed the results for this year and has also reviewed the projections for the next five years. It therefore has a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Other Information

The directors have included other information, in accordance with s414(C) of the Companies Act 2006, within the strategic report, being information on the future development of the company.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2016

Information for auditors

As far as the Board members are aware there is no relevant audit information of which the auditors are unaware and the Board members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Haines Watts has indicated its willingness to continue in office.

Signed by order of the Board



Secretary – Zoe Forster

Date: 17 August 2016

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2016

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial operational information and the safeguarding of the Group's assets and interest.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with the Turnbull principles as incorporated in the GPN15: demonstrating internal controls assurance in housing associations.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework include;

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive Management Team (EMT) regularly considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

Documentation of Controls

Written policies and procedures, including Standing Orders and Financial Regulations, cover all key areas, setting out the authority delegated by the Board to the Chief Executive, EMT and staff.

Monitoring and corrective action

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board has adopted and disseminated to all employees a Code of Conduct for Employees. This sets out the Group's policies with regard to the quality, integrity and ethics of its employees. It

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2016

is supported by a framework of policies and procedures with which employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and deterrence of fraud and corruption. (including anti-bribery policy).

Information and financial reporting systems

The company uses integrated accounting systems, with specialist sub-modules for key activity areas including rent accounting, purchasing and payroll. It has strong procedures for investment and development appraisal and project management, and for procurement of contracts

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and quarterly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the EMT and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Fraud Assurance

As part of its system of internal control the Board has a well-defined and clear policy on fraud. It covers the specific responsibilities all employees and Board Members must adopt in preventing, detecting and reporting fraudulent activity. In addition, a clearly established whistleblowing policy is in place for all staff.

Staffing

All staff are trained in fraud awareness, data protection and anti-bribery processes annually. Staff with financial management and reporting duties are recruited and trained on the basis of job descriptions and person specifications that require the appropriate skills and experience. Processes and systems are designed to ensure that appropriate segregation of duties is in place

Internal Audit Assurance

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Executive directors and report to the Audit Committee. The Audit Committee considers internal control and risk at each of its meetings during the year. The annual Internal Audit programme is informed by an analysis of the risks facing the company, and the programme is approved annually by the Audit Committee.

The Audit Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes that may be needed to maintain the effectiveness of the risk management and control process. The Audit Committee makes an annual report to the Board. The Board has received this report.

The Board confirms that there is an ongoing process for identifying and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and accounts and is regularly reviewed by the Board.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2016

On behalf of the Group, the Audit Committee has reviewed the effectiveness of the systems of internal financial control in existence for the year ended 31 March 2016.

The Board has reviewed the effectiveness of the system of internal control and is satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and that those systems were aligned to an on-going process for the management of the significant risks facing the Group. No weaknesses were identified which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

By order of the Board



Secretary – Zoe Forster

Date : 17 August 2016

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

**REPORT BY THE AUDITORS' TO THE MEMBERS ON CORPORATE GOVERNANCE
MATTERS YEAR ENDED 31 MARCH 2016**

Corporate Governance

In addition to the audit of the financial statements, we have reviewed the Board of Management's statement on pages 12 to 14 concerning the Company'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 Advisory 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 with Bulletin 2006/5 issues by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the statement on internal financial control on pages 10 and 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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 the Board of Management and Officers of the Company and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Haines Watts

Haines Watts
1st Floor
24 Blythswood Square
Glasgow
G2 4BG
Date: 19 August 2016

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

We have audited the group and parent financial statements of Dumfries and Galloway Housing Partnership Limited (DGHP) for the year ended 31 March 2016 on pages 18 to 60. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 9, the Board 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 company's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board of Management's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND
SUBSIDIARIES**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2016 and of the group's and the company's income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements-2014.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Haines Watts

David Brophy (Senior Statutory Auditor)
For and on behalf of Haines Watts, Statutory Auditor
1st Floor, Blythswood Square
Glasgow
G2 4BG

Date: *17 August 2016*

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 Restated £'000
Turnover	2	44,062	38,866
Operating Costs	2	<u>(32,569)</u>	<u>(28,752)</u>
Operating surplus		11,493	10,114
Loss on disposal of fixed assets		(495)	(503)
Finance income		93	34
Finance charges	4	(7,024)	(7,078)
Other finance (costs)/income		0	55
Movement in Fair Value of Financial Instruments	24	<u>699</u>	<u>103</u>
Surplus on ordinary activities before tax		4,766	2,725
Taxation	5	(26)	(55)
Surplus for the year		<u>4,740</u>	<u>2,670</u>
Actuarial gain (loss) on pension scheme	19	1,235	(1,555)
Total comprehensive income for the year		<u>5,975</u>	<u>1,115</u>

The results for the year relate wholly to continuing activities.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2016

	Notes	2016 £'000	2015 Restated £'000
Turnover	2	44,002	38,801
Operating costs	2	<u>(32,549)</u>	<u>(28,711)</u>
Operating surplus		11,453	10,090
Loss on disposal of fixed assets		(495)	(503)
Finance income		92	35
Finance charges	4	(7,024)	(7,078)
Other finance (costs)/income		0	55
Movement in Fair Value of Financial Instruments	24	<u>699</u>	<u>103</u>
Surplus on ordinary activities before tax		4,725	2,702
Taxation	5	-	-
Surplus for the year		<u>4,725</u>	<u>2,702</u>
Actuarial gain (loss) on pension scheme	19	1,235	(1,555)
Total comprehensive income		<u><u>5,960</u></u>	<u><u>1,147</u></u>

The results for the year relate wholly to continuing activities.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
GROUP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016	2015
		£'000	Restated £'000
Property, plant & equipment			
Housing properties	6	201,939	202,308
Other Fixed Assets	6	532	615
		<hr/>	<hr/>
		202,471	202,923
Investment Properties	7	626	626
Total Fixed Assets		<hr/>	<hr/>
		203,097	203,549
 Current Assets			
Work in Progress	9	5,831	7,817
Debtors	10	3,756	3,004
Cash in bank and on hand		24,037	5,888
		<hr/>	<hr/>
		33,624	16,709
Creditors: Amounts falling due within one year	11	<hr/>	<hr/>
		(11,274)	(11,653)
Net current assets		<hr/>	<hr/>
		22,350	5,056
Total assets less current liabilities		<hr/>	<hr/>
		225,447	208,605
Creditors: Amounts falling due after more than one year	12	(219,312)	(207,635)
Pension (liability)	20	(3,558)	(4,368)
		<hr/>	<hr/>
		(222,870)	(212,003)
Provision for Liabilities		(130)	(130)
		<hr/>	<hr/>
Net liabilities		2,447	(3,528)
 Reserves			
Revenue reserve	17	1,946	(4,029)
Revaluation Reserve		501	501
		<hr/>	<hr/>
Total Funds		2,447	(3,528)

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

These financial statements were approved by the Board and authorised for issue on 17 August 2016 and signed on its behalf by:

Secretary – Zoe Forster



Director – David McMillan




DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES**COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

	Notes	2016	2015
		£'000	Restated £'000
Property, plant & equipment			
Housing properties	6	202,700	203,242
Other Fixed Assets	6	505	588
		<u>203,205</u>	<u>203,830</u>
Current Assets			
Work in Progress	9	5,801	7,534
Debtors	10	3,937	3,202
Cash in bank and on hand		23,645	5,372
		<u>33,383</u>	<u>16,108</u>
Creditors: Amounts falling due within one year	11	(11,638)	(11,847)
Net current assets		21,709	4,260
Total assets plus current assets		<u>224,914</u>	<u>208,090</u>
Creditors: Amounts falling due after more than one year	12	(219,291)	(207,615)
Pension (liability)	20	(3,558)	(4,368)
		<u>(222,849)</u>	<u>(211,983)</u>
Provision for Liabilities		<u>0</u>	<u>0</u>
Net Assets (liabilities)		<u>2,065</u>	<u>(3,894)</u>
Reserves			
Revenue reserve	17	<u>2,065</u>	<u>(3,894)</u>
Total Funds		<u>2,065</u>	<u>(3,894)</u>

The comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS 102.

These financial statements were approved by the Board and authorised for issue on 17 August 2016 and signed on its behalf by:

Secretary – Zoe Forster 

Director – David McMillan 

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2016

	Revenue reserve	Revaluation Reserve	Total
	£'000	£'000	£'000
Balance at 31 March 2014 - Restated	-5,144	501	-4,643
Total comprehensive income	1,115		1,115
Balance at 31 March 2015 - Restated	-4,029	501	-3,528
Total comprehensive income	5,975		5,975
Balance at 31 March 2016	1,946	501	2,447

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2016

	Revenue reserve	Total
	£'000	£'000
Balance at 31 March 2014 - Restated	-5,042	-5,042
Total comprehensive income	1,147	1,147
Balance at 31 March 2015 - Restated	-3,895	-3,895
Total comprehensive income	5,960	5,960
Balance at 31 March 2016	2,065	2,065

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

GROUP STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2016

	Notes	2016	2015
		£'000	Restated £'000
Cash flows from operating activities	18a		
Cash generated from operations		18,487	12,768
Tax paid		(49)	(55)
Net cash from operating activities		<hr/> 18,387	<hr/> 12,713
 Cash flow from investing activities			
Improvement of properties		(4,619)	(11,753)
Construction of new properties		(2,743)	
Purchase of other fixed assets		(72)	(237)
Right-to-buy proceeds		465	2,040
Government grants received		4,913	6,216
Repayment of proceeds to council			(1,608)
Net cash from investing activities		<hr/> (2,056)	<hr/> (5,342)
 Cash flow from financing activities			
Finance income		92	34
Finance charges		(7,023)	(6,964)
Bank loans drawn down		8,700	
Bank loans repaid			
Net cash from financing activities		<hr/> 1,769	<hr/> (6,930)
 Increase/(decrease) in cash and cash equivalents	18a	18,051	441
 Cash and cash equivalents at the start of year		5,888	5,447
 Cash and cash equivalents at end of year		<hr/> 24,039	<hr/> 5,888

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

1. Statement of Principal Accounting Policies

- 1.1. The Company is incorporated under the Companies Act 2006 and is registered as a company limited by guarantee with Companies House in Scotland.
- 1.2. The financial statements of the company are prepared in accordance with the Companies Act 2006, the Determination of Accounting Requirements 2014 and in compliance with the Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers 2014" and in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102).

Basis of Preparation

- 1.3. The financial statements are prepared under the historical cost convention and on a going concern basis. To support its operation the Company has in place loan facilities totalling £170m. The Company's activities are based on a long term business plan, which anticipates that it will continue to generate the cashflow required to support and repay its borrowings. The Board believes that with the continuing support of its lenders it is proper to continue to prepare the financial statements on a going concern basis.

Consolidation

- 1.4. In accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the financial statements show the consolidated position of Dumfries & Galloway Housing Partnership Limited and its subsidiaries Novantie Limited and DGHP 3 Limited.

Turnover

- 1.5. Turnover represents rental, service and management charges from properties, agency fees, revenue based grants receivable from the Scottish Ministers and others, and sales of shared equity properties.

Sale of housing properties

- 1.6. Properties are disposed of under the relevant legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.
- 1.7. Disposals under shared equity schemes are accounted for in the Comprehensive Statement of Income.

Improvements

- 1.8. Improvements are capitalised where they 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 or
 - A material reduction in future maintenance costs or
 - A significant extension of the life of the property.
- 1.9. Works to existing properties, which fail to meet the above criteria, are charged to the Comprehensive Statement of Income.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

Housing, land and buildings – depreciation

1.10. Housing Properties are stated at cost, less accumulated depreciation.

1.11. Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 75 years
Kitchen	Over 20 years
Bathroom	Over 30 years
Windows	Over 30 years
Rewiring	Over 30 years
Heating-Radiators	Over 24 years
Boiler	Over 10 years
Heating - Green	Over 20 years
Roofs (pitched)	Over 45 years
Roofs (flat)	Over 15 years
Extensions	Over 55 years
Garages	Over 20 years
Aids and Adaptations	Over 20 years

Investment Properties

1.12. Investment properties are accounted for at valuation.

Other fixed assets

1.13. All other fixed assets are initially recorded at cost. Depreciation is charged on a straight line basis at rates estimated to write off costs less any residual value over expected useful lives

Fixtures, fittings & equipment - over 3 or 5 years

Office property - over 75 years

Housing Association Grants (HAG) & Mortgage to Rent Grants (MTR)

1.14. HAG and MTR grants are receivable from the Scottish Government and are used to reduce the capital costs of housing properties. Grants received in respect of capital expenditure are credited to the Comprehensive Statement of Income under the accruals method in line with the depreciation rates adopted for the underlying asset to which the expenditure relates. Where following the sale of a property, HAG or MTR grant becomes repayable subject to abatement, it is included as a current liability until repaid. HAG is subordinated in respect of loans by agreement with the Scottish Government. HAG is repayable under certain circumstances.

Other Grants

1.15. These include grants from local authorities and other organisations. The capital costs of housing properties are stated net of grants receivable on these properties. Grants in respect of revenue expenditure are credited to the Comprehensive Statement of Income in the same period as the expenditure to which they relate.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Work in Progress

- 1.16. Work in progress relates to New Supply Shared Equity (NSSE) properties and is valued at the lower of cost and net realisable value. Cost comprises the cost of land, development. Net realisable value is based on estimated sale price after allowing for all further costs of completion and disposal.
- 1.17. Grants received for NSSE properties are held as deferred income and released to the Comprehensive Statement of Income in line with the costs incurred

Investments

- 1.18. Investments in unlisted investments are held at cost.

Financial Instruments

- 1.19. Financial Instruments are classified as basic or non-basic as set out in the SORP and FRS102.
- 1.20. Basic loans are accounted for at amortised cost applying the effective interest method
- 1.21. Non-basic financial instruments are accounted for at fair value with changes to the fair value taken through the Comprehensive Statement of Income

Value Added Tax

- 1.22. The Company is VAT registered. Minimal recovery of input VAT is made, and as a result expenditure is shown inclusive of irrecoverable VAT.

Deferred Taxation

- 1.23. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the Statement of Financial Position where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.
- 1.24. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases and hire purchase contracts – operating leases

- 1.25. Rentals paid under operating leases are charged to income as incurred.

Capitalisation of development overheads.

- 1.26. Directly attributable external development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice. The Company does not capitalise internal costs.

Development Interest

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

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

Retirement benefits (Note 18)

- 1.28. Retirement benefits to employees of the Company recruited after October 2003 are provided by a defined contribution scheme provided by Scottish Widows. Contributions are made by DGHP of 10% of salary, and by the employee. Contributions charged to the Comprehensive Statement of Income represent the contributions payable by the company in the year.
- 1.29. Retirement benefits to employees of the Company recruited before October 2003 are provided by the Local Government Pension Scheme (LGPS). This is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.
- 1.30. The Company has fully adopted the defined benefit pension requirements of accounting standard FRS102. The impact of this standard has been reflected throughout the financial statements. For defined benefit schemes the amount charged to the Comprehensive Statement of Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.
- 1.31. Actuarial gains and losses arising from new valuations and from updating valuations to the date of the Statement of Financial Position are recognised in the Comprehensive Statement of Income.
- 1.32. Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Estimation and Uncertainty

- 1.33. The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgement in applying the company'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, are disclosed below:

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

- 1.35. The Company estimates the useful lives of major components of its housing property with reference to surveys carried out by qualified surveyors and specialist advice.

Useful life of properties, plant and equipment

- 1.36. The Company assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Key Judgements made in the application of Accounting Policies

Exemptions taken in the transition to FRS 102

- 1.37. The Group and Company has considered and taken advantage of the following exemptions in its first time application of FRS 102 the Group and Company has not revisited previous accounting estimates

The Categorisation of Housing Properties

- 1.38. In the judgement of the Board the entirety of the Company'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

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

Financial Instruments

- 1.40. Following recent guidance from the Financial Reporting Council, the Group and Company and its Board of Management are of the view that the clauses held within the loan agreements do not require these financial instruments, other than the 'non-cancellable call option', to be classified as 'non-basic' financial instruments.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

2. Particulars of turnover, operating costs and operating surplus and surplus before taxation by class of business

GROUP

	Turnover	Operating Costs	Operating Surplus/ (Deficit)	2015 Restated
	£'000	£'000	£'000	£'000
Social lettings	39,968	(28,753)	11,215	10,190
Other Activities	4,094	(3,816)	278	(76)
Total	<u>44,062</u>	<u>(32,569)</u>	<u>11,493</u>	<u>10,114</u>
2015 Restated	<u>38,866</u>	<u>(28,752)</u>	<u>10,114</u>	

COMPANY

	Turnover	Operating Costs	Operating Surplus/ (Deficit)	2015 Restated
	£'000	£'000	£'000	£'000
Social lettings	39,968	(28,753)	11,215	10,190
Other Activities	4,034	(3,796)	238	(100)
Total	<u>44,002</u>	<u>(32,549)</u>	<u>11,453</u>	<u>10,090</u>
2015 Restated	<u>38,801</u>	<u>(28,711)</u>	<u>10,090</u>	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	General Needs Housing £000	Supported Housing £000	Other £000	Total 2016 £000	Total 2015 Restated £000
Rents receivable net of service charges	36,450	1,400	418	38,268	36,059
Service charges	54	94		148	135
Gross income from rents and service charges	36,504	1,494	418	38,416	36,194
Less voids	458	35	78	571	585
Net income from rents and service charges	36,046	1,459	340	37,845	35,609
Revenue grants from the Scottish Ministers	302			302	245
Other revenue grants		776		776	775
Grants released from deferred income	1,008	35	2	1,045	822
Total turnover from social letting activities	37,356	2,270	342	39,968	37,451
Management and maintenance administration costs	10,699	774		11,473	10,748
Service Costs	90	59		149	109
Planned and cyclical maintenance including major repairs costs	2,812	1		2,813	2,363
Reactive maintenance costs	6,802	196	35	7,033	6,935
Bad debts – rents and service charges	530			530	642
Depreciation of social housing	6,512	228	15	6,755	6,464
Operating costs for social letting activities	27,445	1,258	50	28,753	27,261
Operating surplus for social lettings	9,911	1,012	292	11,215	10,190
Operating surplus for social lettings for previous period of account - restated	9,001	938	251	10,190	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities - Group

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or (deficit)</i>	<i>2015 Operating surplus or (deficit)</i>
Wider action/wider role					0		(1)	(1)	(64)
Factoring		165			165		(286)	(121)	(105)
Development activities					0			0	-
Support activities			176	4	180		(212)	(32)	(41)
Care activities					0			0	-
Agency/management services				187	187		(351)	(164)	(126)
Developments and improvements for sale to non-registered social landlords				2,885	2,885		(2,954)	(69)	(33)
Environmental Grants				409	409			409	-
Commercial Rent				60	60		(12)	48	53
Other activities				208	208			208	240
Total from other activities		176	3,918	4,094	4,094		(3,816)	278	(76)
2015		-	-	1,245	1,415		(1,491)	(76)	

Included in other activities is income in relation to cost recovery e.g. legal costs and staff telephone costs.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities - Company

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or (deficit)</i>	<i>2015 Operating surplus or (deficit)</i>
Wider action/wider role					0		(1)	(1)	(64)
Factoring				165	165		(286)	(121)	(105)
Development activities					0			0	
Support activities			176	4	180		(204)	(24)	(13)
Care activities					0			0	
Agency/management services				187	187		(351)	(164)	(126)
Developments and improvements for sale to non-registered social landlords				2,885	2,885		(2,954)	(69)	(33)
Environmental Grants				409	409		-	409	-
Other activities				208	208		-	208	241
Total from other activities			176	3,857	4,034	0	(3,796)	238	(100)
2015	-	-	170	1,180	1,350	-	(1,450)	(100)	

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

4. Finance charges

	Group		Company	
	2016	2015	2016	2015
	£'000	Restated £'000	£'000	Restated £'000
Interest payable in period	(7,024)	(7,078)	(7,024)	(7,078)
	(7,024)	(7,078)	(7,024)	(7,078)

5. Taxation

DGHP has charitable status and its charitable activities are therefore exempt from corporation tax.

Novantie is subject to UK Corporation Tax and was charged £12k current taxation and £0k deferred taxation (2015 - £8k current taxation, £2k deferred taxation) in the year.

DGHP 3 is subject to UK Corporation Tax and was charged £16k (2015 – £41k) in the year

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

6. Property, plant & equipment –Group – Social Housing Properties

	Housing Properties Under Construction £'000	Housing Properties Held for Letting £'000	Total £'000
Gross Cost			
As at 1 April 2015 - restated	15,698	229,062	244,760
Additions	2,731	4,619	7,350
Disposals in year		(1,380)	(1,380)
Transfers	(8,042)	8,042	-
As at 31 March 2016	<u>10,387</u>	<u>240,343</u>	<u>250,730</u>
Depreciation			
As at 1 April 2015 – restated	-	42,452	42,452
Charge for year	-	6,757	6,757
Disposals	-	(420)	(420)
Transfer	-		
As at 31 March 2016	<u>-</u>	<u>48,789</u>	<u>48,789</u>
Net book value			
31 March 2016	<u>10,387</u>	<u>191,554</u>	<u>201,941</u>
31 March 2015 - Restated	<u>15,698</u>	<u>186,610</u>	<u>202,308</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

6. Property, plant & equipment –Company – Social Housing Properties

	Housing Properties Under Construction £'000	Housing Properties Held for Letting £'000	Total £'000
Gross Cost			
As at 1 April 2015 - restated	15,698	229,715	245,413
Additions	2,831	4,619	7,450
Disposals in year		(1,380)	(1,380)
Transfers	(8,042)	8,042	-
As at 31 March 2016	<u>10,487</u>	<u>240,996</u>	<u>251,483</u>
Depreciation			
As at 1 April 2015 - restated		42,454	42,454
Charge for year		6,755	6,755
Disposals		(420)	(420)
Transfers			
As at 31 March 2016		<u>48,789</u>	<u>48,789</u>
Net book value			
31 March 2016	<u>10,487</u>	<u>192,215</u>	<u>202,700</u>
31 March 2015 - Restated	<u>15,698</u>	<u>187,261</u>	<u>202,959</u>

None of the Company's properties are held under lease agreements. A valuation of certain of the housing property (9,224 units) has been carried out, as at 31 March 2016, for security purposes by Savills (L&P) Limited, which placed the value of the properties on this basis at £232m, which is significantly in excess of the carrying value of the housing property. No material impairment of the Company's housing stock was identified at the year end.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

6. Property, plant & equipment – Group – Other Fixed Assets

	Office Property	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2015	390	2,897	3,287
Additions		73	73
Disposals		(11)	(11)
As at 31 March 2016	<u>390</u>	<u>2,959</u>	<u>3,349</u>
Depreciation			
As at 1 April 2015	41	2,631	2,672
Charge for year	5	151	156
Disposals		(11)	(11)
As at 31 March 2016	<u>46</u>	<u>2,771</u>	<u>2,817</u>
Net book value			
31 March 2016	<u>344</u>	<u>188</u>	<u>532</u>
31 March 2015 - Restated	<u>349</u>	<u>266</u>	<u>615</u>

Property, plant & equipment – Company – Other Fixed Assets

	Office Property	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000
Cost			
As at 1 April 2015	390	2,848	3,238
Additions		65	65
Transfers		(11)	(11)
Disposals			
As at 31 March 2016	<u>390</u>	<u>2,902</u>	<u>3,292</u>
Depreciation			
As at 1 April 2015	41	2,609	2,650
Charge for year	5	143	148
Disposals		(11)	(11)
Transfers			
As at 31 March 2016	<u>46</u>	<u>2,741</u>	<u>2,787</u>
Net book value			
31 March 2016	<u>344</u>	<u>161</u>	<u>505</u>
31 March 2015 - Restated	<u>349</u>	<u>239</u>	<u>588</u>

None of the Group or Company's properties are held under lease agreements.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

7. Investment Properties

Novantie Ltd owns 17 shops which are held to generate rental income. These properties are stated at valuation. Investment property was valued on an open market basis on 22 July 2015 and 31 May 2016 by MR Rodgers and Partners and Allied Surveyors Scotland PLC, who are independent firms of Chartered Quantity Surveyors.

8. Investments

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Investment in Subsidiary Companies	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>

Dumfries and Galloway Housing Partnership Ltd owns 2 ordinary shares of £1 each in Novantie Limited, representing a 100% shareholding. Novantie's principal activity is management of commercial property. At 31 March 2016, the capital and reserves of Novantie Ltd were £609k (2015: £560k restated), with a profit after taxation for the period of £49k (2015: £33k restated).

Dumfries and Galloway Housing Partnership Ltd owns 2 ordinary shares of £1 each in DGHP 3 Limited, representing a 100% shareholding. At 31 March 2016, the capital and reserves of DGHP 3 Ltd were £599k (2015 £535k restated), with a profit after taxation for the period of £65k (2015: £161k restated). DGHP 3 Ltd's principal activity is to perform design and build contracts.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

9	Stock and Work in Progress	Group		Company	
		2016 £'000	2015 Restated £'000	2016 £'000	2015 Restated £'000
	Cost of developing shared equity properties	3,111	7,113	3,111	7,113
	Properties held for sale	2,720	704	2,690	704
		<u>5,831</u>	<u>7,817</u>	<u>5,801</u>	<u>7,817</u>
10.	Debtors	2016 £'000	2015 Restated £'000	2016 £'000	2015 Restated £'000
	Rent arrears	2,297	2,059	2,289	2,054
	Less: bad debt provision	(1,032)	(914)	(1,024)	(914)
		<u>1,265</u>	<u>1,145</u>	<u>1,264</u>	<u>1,140</u>
	Prepayments and accrued income	390	402	390	402
	Amounts owed by group companies			228	251
	Other debtors	2,101	1,457	2,055	1,408
		<u>3,756</u>	<u>3,004</u>	<u>3,937</u>	<u>3,202</u>

Included in Other Debtors are amounts totalling £11k (2015 £11k) which are receivable after more than 12 months.

Included in amounts owed by group companies is an amount of £10k (2015 £19k) which is receivable after more than 12 months.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

	Group		Company	
	2016 £'000	2015 Restated £'000	2016 £'000	2015 Restated £'000
11 Creditors – Amounts falling due within one year				
Trade creditors	2,682	2,924	1,251	1,594
Other tax and social security	174	176	174	176
Accruals and deferred income	28	76	28	76
Rent in advance	242	274	239	274
Amounts owed to Group companies			1,862	1,598
Corporation tax creditor	28	51		
Other creditors	3,527	3,174	3,527	3,152
NSSE Grant	3,662	3,938	3,662	3,938
Deferred Capital Grant	931	1,040	931	1,039
	<u>11,274</u>	<u>11,653</u>	<u>11,675</u>	<u>11,847</u>
12 Creditors – Amounts falling due after one year				
Loans	153,454	145,505	153,454	145,505
Deferred capital grant (note 13)	65,858	62,130	65,837	62,110
	<u>219,312</u>	<u>207,635</u>	<u>219,291</u>	<u>207,615</u>

Dexia Credit Local London Branch holds a standard security and floating charge over approximately 9,200 of the company's properties. Interest is payable at rates of 1.45% to 5.46%. (2015 1.45% to 5.46%). The loan is repayable in instalments due as follows:

	£'000	£'000
Within 2 - 5 years	60,000	60,000
In five years or more	50,000	41,300
	<u>110,000</u>	<u>101,300</u>

The Housing Finance Corporation plc holds a standard security over 1,165 of the company's properties. The loan of £40,000k is repayable in full in October 2043 and interest is fixed at 4.948%. The loan premium of £1,602k received on drawdown in 2012 is being amortised over the life of the loan and at the balance sheet date stood at £1,395k (2015 - £1,447).

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

13 Deferred grant	Group		Company	
	2016	2015 Restated	2016	2015 Restated
	£000	£000	£000	£000
At 1 April 2015	63,170	58,638	63,149	58,617
Grant Received	4,658	5,349	4,658	5,349
Grant Released	-1,039	-817	-1,039	-817
At 31 March 2016	66,789	63,170	66,768	63,149
Projected Amortisation of Grant				
Amounts to be released in one year	931	1,040	931	1,039
Amounts to be released in more than one year	65,858	62,130	65,837	62,110
	66,789	63,170	66,768	63,149
Housing Association Grant	Group		Company	
	2016	2015 Restated	2016	2015 Restated
	£000	£000	£000	£000
At 1 April 2015	62,768	58,198	62,768	58,198
Grant Received	4,661	5,352	4,661	5,352
Grant Released	-999	-782	-999	-782
At 31 March 2016	66,430	62,768	66,430	62,768
Projected Amortisation of Grant				
Amounts to be released in one year	890	999	890	999
Amounts to be released in more than one year	65,540	61,769	65,540	61,769
	66,430	62,768	66,430	62,768
Other Grant	Group		Company	
	2016	2015 Restated	2016	2015 Restated
	£000	£000	£000	£000
At 1 April 2015	402	440	381	419
Grant Received	-3	-3	-3	-3
Grant Released	-40	-35	-40	-35
At 31 March 2016	359	402	338	381
Projected Amortisation of Grant				
Amounts to be released in one year	42	41	41	40
Amounts to be released in more than one year	317	361	297	341
	359	402	338	381

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

14. Employees

	Group	
	2016	2015
	£'000	Restated £'000
Staff costs during year		
Wages and salaries	6,544	6,314
Social security costs	635	618
Other pension costs	<u>1,264</u>	<u>1,169</u>
	<u>8,443</u>	<u>8,101</u>

	No	No
The average full time equivalent number of persons employed during the year was as follows:		
Administration and Leasing services	222	218

No member of the Board received any emoluments in respect of their services to the Company or the subsidiary companies.

The Directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 (2015: £60,000 per year).

All the Directors emoluments were paid through the parent company.

	2016	2015
	£'000	£'000
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	464	444
Emoluments payable to Highest Paid Director (excluding pension contributions)	114	112

The number of Directors, excluding the highest paid Director, who received emoluments (excluding pension contributions) in the following ranges were:-

	No	No
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	3	2

The Company's pension contributions for the Chief Executive in the year amounted to £25k, (2015 £26k).

	2016	2015
	£'000	£'000
Total Board Members' expenses reimbursed insofar as not chargeable to UK Income Tax	<u>12</u>	<u>14</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

15. Auditors' Remuneration

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
The remuneration of the external auditors for the year	28	23	20	15
Auditors' remuneration for non-audit services:				
- Taxation compliance	2	2	1	1
	<u>30</u>	<u>25</u>	<u>21</u>	<u>16</u>

16. Company limited by guarantee

The Company is a company limited by guarantee and does not have a share capital. The liability of the members is limited to £1 each.

17. Big Lottery

During the year, the company received £187,240 (2015 – £182,780) from the Big Lottery Fund in respect of the company's Supported Housing Pathway to Independence project. This is the fifth year of a five year commitment by the Big Lottery Fund to part fund this project to a total of £941,842.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

18a. Group Statement of Cash Flows

	2016	2015
	£'000	Restated £'000
Reconciliation of operating surplus to net cash outflow from operating activities		
Operating surplus	11,493	9,981
Depreciation charges	6,913	5,921
Amortisation of Capital Grants	(1,294)	
Pension adjustment	280	221
(Increase)/decrease in work in progress	1,703	(1,461)
Decrease/(increase) in debtors	(752)	791
(Decrease)/increase in creditors	144	(2,685)
	<u>18,487</u>	<u>12,768</u>
Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash for the year	<u>18,149</u>	<u>441</u>
Loans received	(8,700)	
Loan repayments		
Loan amortisation	751	52
Change in net debt	<u>10,200</u>	<u>493</u>
Net debt as at 1 April 2015	<u>(136,859)</u>	<u>(137,352)</u>
Net debt as at 31 March 2016	<u>(126,659)</u>	<u>(136,859)</u>

Analysis of Changes in net debt

	As at 31 March 2015 £'000	Cash Flow £'000	Other Changes £'000	As at 31 March 2016 £'000
Cash at bank and in hand	5,888	18,149		24,037
Debt due within one year				
Debt due after one year	(145,505)	(8,700)	751	(153,454)
	<u>(139,617)</u>	<u>9,449</u>	<u>751</u>	<u>(129,417)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

19. Pension Funds

The Company operates two different pension schemes for its employees. Retirement benefits for employees of the Company recruited since 10 October 2003 are provided by a defined contribution scheme provided by Scottish Widows. Contributions are made by the employer, of 10% of salary and by employees. Contributions charged to the Income and Expenditure account represent the contributions payable by the Company in the year.

At 31 March 2016, £41k was due to be paid over to the defined contribution pension scheme (2015: £41k). This sum was paid in April 2016.

Employees who transferred to or joined the Company before 10 October 2003 belong to the Dumfries and Galloway Council Pension Fund which is part of the Local Government Pension Scheme (LGPS), which is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method. In 2015/16, the employer's contribution was 22.8% of pensionable salary (2014/15 – 21.5%).

The amounts recognised in the balance sheet are as follows:

	2016	2015
	£'000	£'000
Present value of funded obligations	15,587	16,201
Fair value of plan assets	12,029	11,833
(Deficit)	(3,558)	(4,368)
Related deferred tax asset	-	-
Net (Liability)	(3,558)	(4,368)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

19. Pension Funds (cont'd.)

Actuarial assumptions	2016	2015
Rate of increase in salaries	4.2%	4.3%
Rate of limited price indexation increases in pension in payment	2.2%	2.4%
Discount rate	3.5%	3.2%
Expected long rate return on scheme assets		3.2%
Post retirement mortality	Based on PFA92 and PMA 92 'year of birth' tables.	Based on PFA92 and PMA 92 'year of birth' tables.

Changes in the present value of the defined benefit obligation are as follows:

	2016	2015
	£,000	£'000
Opening defined benefit obligation	16,201	12,006
Current Service cost	875	791
Past Service Cost	-	-
Member Contributions	172	176
Interest cost	528	533
Actuarial (gains) / losses	(1,719)	2,858
Benefits paid	(470)	(163)
Closing defined benefit obligation	15,587	16,201

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

19. Pension Funds (cont'd.)

Changes in the fair value of plan assets are as follows:

	2016	2015
	£'000	£'000
Opening plan assets	11,833	9,525
Expected return	383	422
Actuarial gains/(losses)	(484)	1,303
Contributions by employer	595	570
Contributions by members	172	176
Benefits paid	(470)	(163)
Closing plan assets	12,029	11,833

The amounts recognised in income and expenditure account are as follows:

	2016	2015
	£'000	£'000
Current service cost	875	791
Net interest on obligation	145	111
Past service cost		
Total	1,020	902

Total remeasurements recognised in Other Comprehensive Income:

	2016	2015
	£'000	£'000
Actuarial (losses)/gains	1,235	(1,555)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

19. Pension Funds (cont'd.)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2016	2015
Equities	73%	74%
Bonds	16%	16%
Property	11%	10%
Other	0%	0%
	100%	100%

The company expects to contribute £564k to the scheme in the year to March 2017. The company expects to contribute £402k to its defined contribution scheme in the year to March 2017.

20. Commitments – Group and Company

	2016	2015
	£'000	£'000
Expenditure authorised by the Board contracted less certified	10,787	15,360

The commitments include both the costs for long term contracts for major repairs and contracts for the acquisition and construction of new housing developments.

These commitments will be financed by a combination of Housing Association Grants and Other Grants of £350k with the balance to be funded by private finance arranged by DGHP and secured on specific properties, which is already in place.

21. Housing Stock

The number of units in management at 31 March 2016 was as follows:-

	2016	2015
General Needs	10,060	10,040
Supported Housing	303	303
	10,363	10,343

All housing units are owned and managed by the Company.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

22. Related Parties

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies.

Various members of the Board are tenants of the Company. Their transactions with the Company are all conducted on standard terms, as applicable to all tenants. In aggregate, the tenant board members and their immediate family were charged rent of £62k in 2015/16 and had arrears of £NIL (2015:£NIL)

23. Leasing Commitments

At 31 March 2016 the Group and Company had total commitments under non-cancellable operating leases as set out below.

Land and buildings

	2016	2015
	£'000	£'000
Operating leases which expire:		
Within 1 year	326	23
Within 2 to 5 years	8	375
After more than 5 years	-	-
	<u>334</u>	<u>398</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

24. Financial instruments

The carrying amounts of the Group's financial instruments are as follows:

	2016 £'000	2015 £'000
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 9)	1,264	1,264
- Other debtors (note 9)	2,491	2,673
	<u>3,755</u>	<u>3,937</u>
<i>Financial liabilities</i>		
Measured at fair value through the statement of comprehensive income:		
- Derivative financial instruments (note 11)	2,059	2,758
	<u>2,059</u>	<u>2,758</u>
Measured at amortised cost:		
- Bank loans (note 11)	151,395	142,747
- Trade creditors (note 10)	2,682	2,924
- Other creditors (note 10)	8,592	8,714
	<u>162,669</u>	<u>154,385</u>

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	2016 £'000	2015 £'000
<i>Net gains and losses (including changes in fair value)</i>		
Financial assets measured at fair value	699	103

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £NIL (2015- £NIL) and £5,814K (2015 - £5,816K) respectively.

The Group uses derivative financial instruments to manage interest rate risk on borrowings. The fair value of these instruments is determined by reference to the equivalent market rate at the accounting date.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

The carrying amounts of the Company's financial instruments are as follows:

	2016	2015
	£'000	£'000
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 9)	1,264	1,140
- Amounts owed by group undertakings (note 9)	228	251
- Other debtors (note 9)	2,445	1,810
	3,937	3,201
<i>Financial liabilities</i>		
Measured at fair value through the statement of comprehensive income:		
- Derivative financial instruments (note 11)	2,059	2,758
	2,059	2,758
Measured at amortised cost:		
- Bank loans (note 11)	151,395	142,747
- Trade creditors (note 10)	1,251	1,594
- Amounts owed to group undertakings (note 10)	1,862	1,598
- Other creditors (note 10)	8,562	8,655
	163,070	154,594

The income, expenses, net gains and net losses attributable the Group's financial instruments are summarised as follows:

	2016	2015
	£'000	£'000
<i>Net gains and losses (including changes in fair value)</i>		
Financial liabilities measured at fair value	699	103

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was £NIL (2015- £NIL) and £5,814k (2015 - £5,816k) respectively.

The Company uses derivative financial instruments to manage interest rate risk on borrowings. The fair value of these instruments is determined by reference to the equivalent market rate at the accounting date.

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

26. First time adoption of FRS 102 - Group

Transition from UK GAAP to FRS102 has necessitated the following Prior Year Adjustments

- A. Novantie owns 17 shops, which were previously stated at cost of £NIL. Under FRS102, they are classed as Investment Properties and are therefore stated at valuation, with a consequential provision for deferred taxation
- B. In previous years, all capital grants were netted of the cost of the appropriate housing properties. In line with FRS102 and SORP 2014, capital grants are now accounted for under the accruals method, and are shown as deferred income and are amortised over the expected useful life of the housing property structure and components.
- C. Previously, depreciation of housing properties was calculated on the net cost after capital grant. As noted above, grants are no longer netted off against the cost of housing properties, and therefore depreciation is now calculated on the gross cost of housing properties
- D. Previously, NSSE properties under construction were stated net of Scottish Government grant received. In line with FRS102 and SORP 2014, the grant is now accounted for as deferred income
- E. FRS102 requires an accrual for holiday pay accrued but not taken
- F. In line with FRS102, one tranches of the company's loan with Dexia Credit Local London Branch is stated at fair value as it falls within FRS102's definition of non-basic financial instruments
- G. The company participates in a defined benefit pension scheme, and under FRS102 must account for the net of the fair value of scheme assets less the present value of scheme obligations
- H. Other adjustments relating to prior years

Reconciliation of Equity at 1 April 2014

	UK GAAP	Effect of Transition to FRS102	FRS102
	£'000	£'000	£'000
Total Assets less Current Liabilities	142,649	58,794	201,443
Net Liabilities	(2,633)	(2,010)	(4,643)
Reserves	(2,633)	(2,010)	(4,643)
Net Funds	(2,633)	(2,010)	(4,643)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Statement of Financial Position at 1 April 2014

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Property, plant & equipment				
Investment Properties	A		626	626
Housing properties	B, C	141,693	57,903	199,596
Other Fixed Assets		654	(79)	575
Total Fixed Assets		142,347	58,450	200,797
Current Assets				
Work in Progress	D	1,504	3,522	5,026
Debtors		3,926	-128	3,798
Cash in bank and on hand		5,447	0	5,447
		10,877	3,394	14,271
Creditors: Amounts falling due within one year	B, D, E	(10,575)	(3,055)	(13,630)
Net current assets		302	339	641
Total assets less current liabilities		142,649	58,789	201,438
Creditors: Amounts falling due after more than one year	B, F	(142,799)	(60,674)	(203,473)
Pension (liability)		(2,481)	0	(2,481)
Provision for Liabilities		(2)	(125)	(127)
Net Assets (liabilities)		(2,633)	(2,010)	(4,643)
Reserves				
Revenue reserve		(2,633)	(2,511)	(5,144)
Revaluation Reserve			501	501
Total Funds		(2,633)	(2,010)	(4,643)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

**Reconciliation of Equity at 31 March
2015**

	UK GAAP	Effect of Transition to FRS102	FRS102
	£'000	£'000	£'000
Total Assets less Current Liabilities	145,367	62,903	208,270
Net Liabilities	(1,751)	(1,777)	(3,528)
Reserves	(1,751)	(1,777)	(3,528)
Net Funds	(1,751)	(1,777)	(3,528)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Statement of Financial Position at 31 March 2015

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Property, plant & equipment				
Investment Properties	A		626	626
Housing properties	B, C	140,736	61,848	202,584
Other Fixed Assets		690	(76)	614
Total Fixed Assets		141,426	62,398	203,824
Current Assets				
Work in Progress	D	2,805	4,729	7,534
Debtors	H	3,135	(131)	3,004
Cash in bank and on hand		5,888	0	5,888
		11,828	4,598	16,426
Creditors: Amounts falling due within one year	B, D, E, H	(7,887)	(3,758)	(11,645)
Net current assets		3,941	840	4,781
Total assets less current liabilities		145,367	63,244	208,605
Creditors: Amounts falling due after more than one year	B, F	(142,747)	(64,888)	(207,635)
Pension (liability)		(4,368)	0	(4,368)
Provision for Liabilities		(3)	(127)	(130)
Net Assets (liabilities)		(1,751)	(1,777)	(3,528)
Reserves				
Revenue reserve		(1,751)	(2,278)	(4,029)
Revaluation Reserve			501	501
Total Funds		(1,751)	(1,777)	(3,528)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Reconciliation of Comprehensive Income for the year to 31 March 2015

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Turnover	B	38,043	823	38,866
Operating Costs	C	(28,062)	(690)	(28,752)
Operating Surplus		9,981	133	10,114
Loss on Sale of Fixed Assets		(503)	0	(503)
Interest receivable		34	0	34
Interest payable and other charges		(6,912)	(166)	(7,078)
Other finance (costs)/income		55	0	55
Movement in Fair Value of Financial Instruments	F	0	103	103
Surplus on ordinary activities before tax		2,655	(63)	2,725
Taxation on ordinary activities		(55)	0	(55)
Surplus on ordinary activities after tax		2,604	236	2,670
Actuarial loss on pension scheme	G	(1,721)	0	(1,555)
Total comprehensive income for the year		883	236	1,115

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

27 First time adoption of FRS 102 - Company

Transition from UK GAAP to FRS102 has necessitated the following Prior Year Adjustments

- A. In previous years, all capital grants were netted of the cost of the appropriate housing properties. In line with FRS102 and SORP 2014, capital grants are now accounted for under the accruals method, and are shown as deferred income and are amortised over the expected useful life of the housing property structure and components.
- B. Previously, depreciation of housing properties was calculated on the net cost after capital grant. As noted above, grants are no longer netted off against the cost of housing properties, and therefore depreciation is now calculated on the gross cost of housing properties
- C. Previously, NSSE properties under construction were stated net of Scottish Government grant received. In line with FRS102 and SORP 2014, the grant is now accounted for as deferred income
- D. FRS102 requires an accrual for holiday pay accrued but not taken
- E. In line with FRS102, one tranches of the company's loan with Dexia Credit Local London Branch is stated at fair value as it falls within FRS102's definition of non-basic financial instruments
- F. The company participates in a defined benefit pension scheme, and under FRS102 must account for the net of the fair value of scheme assets less the present value of scheme obligations
- G. Other adjustments relating to prior years

Reconciliation of Equity at 1 April 2014

	Reference	UK GAAP	Effect of Transition to FRS102	FRS102
		£'000	£'000	£'000
Total Assets less Current Liabilities		142,747	58,168	200,915
Net Liabilities		(2,533)	(2,509)	(5,042)
Reserves		(2,533)	(2,509)	(5,042)
Net Funds		(2,533)	(2,509)	(5,042)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Statement of Financial Position at 1 April 2014

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Property, plant & equipment				
Housing properties	A, B	142,145	57,966	200,111
Other Fixed Assets		631	(79)	552
Total Fixed Assets		<u>142,776</u>	<u>57,887</u>	<u>200,663</u>
Current Assets				
Work in Progress	C	1,504	3,522	5,026
Debtors		4,131	(128)	4,003
Cash in bank and on hand		5,388	0	5,388
		<u>11,023</u>	<u>3,394</u>	<u>14,417</u>
Creditors: Amounts falling due within one year	A, C, D	(11,052)	(3,116)	(14,168)
Net current assets		<u>(29)</u>	<u>278</u>	<u>249</u>
Total assets less current liabilities		<u>142,747</u>	<u>58,165</u>	<u>200,912</u>
Creditors: Amounts falling due after more than one year	A, E	(142,799)	(60,674)	(203,473)
Pension (liability)		(2,481)	0	(2,481)
Net Assets (liabilities)		<u>(2,533)</u>	<u>(2,509)</u>	<u>(5,042)</u>
Reserves				
Revenue reserve		(2,533)	(2,509)	(5,042)
Total Funds		<u>(2,533)</u>	<u>(2,509)</u>	<u>(5,042)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

**Reconciliation of Equity at 1 April
2015**

	UK GAAP	Effect of Transition to FRS102	FRS102
	£'000	£'000	£'000
Total Assets less Current Liabilities	145,491	62,340	207,831
Net Liabilities	<u>(1,624)</u>	<u>(2,271)</u>	<u>(3,895)</u>
Reserves	(1,624)	(2,271)	(3,895)
Net Funds	<u>(1,624)</u>	<u>(2,271)</u>	<u>(3,895)</u>

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Statement of Financial Position at 31 March 2015

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Property, plant & equipment				
Housing properties	A, B	141,416	61,826	203,242
Other Fixed Assets		664	-76	588
Total Fixed Assets		142,080	61,750	203,830
Current Assets				
Work in Progress	C	2,805	4,729	7,534
Debtors	H	3,330	(128)	3,202
Cash in bank and on hand		5,372	0	5,372
		11,507	4,601	16,108
Creditors: Amounts falling due within one year	A, C, D	(8,096)	(3,754)	(11,850)
Net current assets		3,411	847	4,258
Total assets less current liabilities		145,491	62,597	208,088
Creditors: Amounts falling due after more than one year	A, E, F	(142,747)	(64,868)	(207,615)
Pension (liability)		(4,368)	0	(4,368)
Net Assets (liabilities)		(1,624)	(2,271)	(3,895)
Reserves				
Revenue reserve		(1,624)	(2,271)	(3,895)
Total Funds		(1,624)	(2,271)	(3,895)

DUMFRIES & GALLOWAY HOUSING PARTNERSHIP LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

Reconciliation of Comprehensive Income for the year to 31 March 2015

	Reference	UK GAAP £'000	Effect of Transition to FRS102 £'000	FRS102 £'000
Turnover		37,978	823	38,801
Operating Costs	B	(28,021)	(690)	(28,711)
Operating Surplus		9,957	133	10,090
Loss on Sale of Fixed Assets		(503)	0	(503)
Interest receivable		35	0	35
Interest payable and other charges	G	(6,912)	(166)	(7,078)
Other finance (costs)/income		55	0	55
Movement in Fair Value of Financial Instruments	E	0	103	103
Surplus on ordinary activities before tax		2,632	70	2,702
Taxation on ordinary activities		0	0	0
Surplus on ordinary activities after tax		2,632	236	2,702
Actuarial loss on pension scheme	F	(1,721)	0	(1,555)
Total comprehensive income for the year		911	236	1,147

