

Dunbritton Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No.HAL260

FCA Reference No. 2021R(S)

Scottish Charity No. SC036518

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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DUNBRITTON HOUSING ASSOCIATION LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2014

**MANAGEMENT COMMITTEE**

Sephton MacQuire	Convenor
Alistair Tuach	Vice Convenor
Sonja Aitken	Secretary
John O'Connor	Treasurer
Lillian Kennedy MBE	
May Howie	Deceased
Councillor Gary Mulvaney	Co-optee
Alfred Timothy Rhead	Resigned 18/09/13
Eamonn Hughes	Appointed 18/09/13
Fiona Murphy	Appointed 18/09/13
Garry Smith	
Councillor Hazel Sorrell	
Emma Jardine	
Anthony Davey	
Terence Smalls	
Michael Appleton	Appointed 10/04/13
Anna Hemphill	Appointed 18/09/13
Thomas Rainey	Co-optee
Dean Walker	Appointed 12/06/13

**EXECUTIVE OFFICERS**

Morven Short	Director
Anne Marie McCann	Depute Director

**REGISTERED OFFICE**

1st Floor  
32 High Street  
Dumbarton  
G82 1LL

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Bank of Scotland  
94/104 High Street  
Dumbarton  
G82 1PQ

**SOLICITORS**

Harper McLeod  
Ca'd'oro Building  
45 Gordon Street  
Glasgow  
G1 3PE

**FINANCE AGENTS**

FMD Financial Services Limited  
Unit 29, Ladyloan Place  
Drumchapel  
G15 8LB

## DUNBRITTON HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

#### Legal Status

The Association is a registered non-profit making organisation under the Co-Operative and Community Benefit Societies Act 2014 No.2021R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036518.

#### Principal Activities

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

#### Review of Business and Future Developments

We concluded 2013/14 with a healthy balance sheet and, having thoroughly reviewed our financial position, confidence in our plans and projections for a healthy future despite challenges that are facing us as a registered social landlord and employer.

The Association generated a surplus of £558,338 in the financial year and a 21.9% increase in net assets which now total £3.1 million. Following a comprehensive review of our finances in 2012/13 our long term financial projections were updated again in late 2013 while we reviewed our development programme and loan finance requirements. These demonstrate, subject to continued control, a positive financial outlook over the short, medium and long term with no material issues or concerns with the assumptions employed or the overall conclusion regarding the positive projected financial position of the Association.

We have a 3 year rolling Business Planning system, including our Internal Management Plan, Risk Register and Asset Management, Development, Wider Role and Tenant Participation Strategies. Our strategic objectives and risks are backed by clear operational actions aimed at delivering on our Vision & Purpose.

#### Our Vision

*'Dunbritton Housing Association's Vision for our area is a thriving, diverse, healthy and safe community with amenities that enhance quality of life.'*

#### Our Purpose

Dunbritton Housing Association's Purpose is to:

- Support our tenants to sustain their tenancies and have a better quality of life
- Work with our customers, staff and partners to achieve our Vision
- Provide good quality housing and services that are affordable and accessible to all
- Support the physical, social, economic and environmental regeneration of our estates and the communities in our area
- Enhance quality of life in diverse communities that are safe, sustainable and attractive

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

Some key outcomes this financial year, based on our stated Purpose, included:

1. Providing an additional 51 homes for rent and in the process of building 51 more for rent with at least 50 more in the pipeline

The 12 flats completed at Upland Road, Garelochhead, in May 2013, which were initially intended for shared equity, failed to sell and we obtained Scottish Government's and Argyll & Bute Council's approvals to convert them to rent and all were let early in 2014. The Clydeview, Helensburgh, development of 39 amenity standard social rented flats was completed in July 2013. Towards the year end a start was made finally on the development of 51 houses and flats for social rent at the former Hermitage Academy site in Helensburgh. Fifteen houses were complete and handed over in April/May 2014 with the remaining flats due to be complete by Autumn 2014. In addition we received Scottish Government grant to cover the costs of a site for 16 units that we had bought in 2012 out of our own resources from the Helensburgh Golf Club. In addition, we progressed with our proposals to develop the site we have owned in Succoth Arrochar for a number of years (with planning approval granted in May 2014 for a development of 26 flats and houses for rent which will start on site in Autumn 2014). At the year end, following an approach from a private developer and approvals to proceed from the Council and Scottish Government we progressed plans for 24 rented flats at East King Street in Helensburgh, with a site start anticipated in September 2014.

2. Securing further Loan Finance to enable our continuing development programme

A competitive loan tender saw us enter provisional arrangements with the Charities Aid Foundation for loan funding for our latest pipeline developments.

3. Providing good quality homes and services

At 31<sup>st</sup> March 2014 we owned 737 homes and managed 66 shared ownership properties. Of our own properties, we have 34 properties which we term 'supported' accommodation, whether individual or multiple occupancy tenancies where a range of agencies provide support (e.g. for disabled people or women's aid). In addition, we provide a factoring service to 344 home owners and provide a rent management and repairs service to the Scottish Veterans Garden City Association for the 8 properties they own in Alexandria and Dumbarton.

Our Satisfaction Surveys, carried out on a quarterly basis backed up by repairs satisfaction surveys, continued to demonstrate good results, with an overall satisfaction level of 92.4%, although a slight drop on the 94% in 2012/13.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

4. Working to sustain tenancies in a challenging economic climate

As at 31<sup>st</sup> March 2014, our gross arrears were 5.6%. This compares with 3.84% in the previous financial year.

With Welfare Reform changes in progress and more to come, we continue to analyse the changes that would impact on our business and our tenants and sharing owners. This includes managing and updating an action plan to deal with the reforms; working with welfare advice providers, credit unions and citizens advice as well as maintaining contact with tenants who are most likely to be affected to discuss their support needs and requirements.

Along with neighbouring RSLs in Argyll & Bute and West Dunbartonshire, we were successful in getting Big Lottery Funding for projects which will assist in providing additional support and advice to our tenants and other residents in our area of operation as they come to terms with welfare reform changes. This includes a 'Crisis Intervention' officer covering our communities in Argyll and dedicated welfare rights support from CAB as well as development of Credit Union services in West Dunbartonshire. The total value of these projects exceeds £530,000.

We aim to maximising income whilst helping our customers to sustain their tenancies and, to this end, as part of our reviewed staff structure that we will put in place during 2014/15 we have included a new post of an income collection assistant.

5. Supporting physical, social and economic community needs and working in partnership with others

The Wider Role grant funding stream ended in 2011/12 and was replaced with the new People & Communities Fund (PCF) which is open to an extensive range of community bodies, not just housing associations. This presented challenges in terms of competition for funding. One of the projects we had been pursuing during 2012/13 finally received funding approval in May 2013. With an overall value of £279,155, this 'Growing Our Own' project has been deliver a variety of environmental improvements across various estates and communities as well as create a number of job opportunities and this work will continue in to 2015. We also employed a Modern Apprentice as part of this project within our Operational Services team.

Our partnership with Dumbarton & District Women's Aid continues as we support a project valued at £34k (£23k in PCF funding) entitled 'Moving On' which helps build confidence and employability of women in or having just left the Women's Refuge in Haldane, Balloch.

We completed our input to the Mill of Haldane estate's regeneration with the renovation of 2 shops and 3 flats at Brown Street and this will be finished off with landscaping works to the surrounding area during 2014.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014

Review of Business and Future Developments (Contd)

We are working with residents at Clydeview and in Churchill, Helensburgh assisting them to set up residents groups and have given our commitment to assist the Succoth & Arrochar communities in exploring means of enhancing play and sports facilities in the area, in partnership with Argyll & Bute Council and the National Park.

6. Focussing on our Customers

In our 2013/14 Business Plan we said we would Focus on our Customers.

During the year we embarked on a 'Journey to Excellence' and achieved the Quality Scotland 'Committed to Excellence' Award. This Standard is awarded to businesses that can demonstrate principles of excellence assessed against the European Foundation for Quality Management (EFQM) objective measures. We set up three projects following ideas from staff which were centred on Communication, Tenant Participation and Complaints Handling.

We commissioned a Review of the Association to assist in fulfilling the following desired outcomes and future benefits:

- Design an organisation that is able to fulfil its vision & purpose with the capacity to respond to external challenges of welfare reform, governance expectations, financial & other strategic risks, etc., as well as the less visible challenges around staff health & welfare.
- Reinforce our commitment to existing and future customers through effective front line service delivery.
- Clarity in our future direction - consolidation, growth, or a combination of both.
- Propose a staff structure that is fit for purpose.
- Propose staff roles that are clear and empower staff to fulfil their functions.
- Sufficient organisation capacity to enable responsive and proactive service delivery.
- Assist us to identify what we do well and what we can do better.
- Assist in improving/embedding the Association's culture in all aspects of the work that we do and the way we all serve the Association (staff & committee).

This review was completed in March 2014 and a new staff structure approved by Committee in May 2014 which we are now in the process of implementing.

Review of Business and Future Developments (Contd)

7. Taking a robust approach to Risk Management, Governance & Internal Control

Whilst we continue to develop more homes we expect to continue on 'medium engagement' with the Scottish Housing Regulator. Our Committee's standards of governance and financial controls demonstrate we are a competent and viable organisation that has a strong asset base. Our Internal Audit reviews, carried out during the course of the year by TIAA Ltd., have continued to result in substantial or reasonable assurance assessments in respect of the effectiveness of the Association's internal controls and approach to risk management. Our external audit has also confirmed confidence in our control processes and no issues have been raised by way of a Management Letter from our external Auditors.



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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014

**Management Committee and Executive Officers**

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

**Statement of Management Committee's Responsibilities**

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefits Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. 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.

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014

**Statement on Internal Financial Control**

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

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

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

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- regular 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;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**Donations**

During the year the Association made charitable donations amounting to £2,650 (2013 £4,300).

**Auditors**


A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

SONJA AITKEN

Secretary

13 August 2014



DUNBRITTON HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 8 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
13 August 2014

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNBRITTON HOUSING ASSOCIATION LIMITED**

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We have audited the financial statements of Dunbritton Housing Association Limited for the year ended 31st March 2014 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. 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).

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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Services Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

### **Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

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

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Matters on which we are required to report by exception (contd.)

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
13 August 2014

DUNBRITTON HOUSING ASSOCIATION LIMITED

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	3,051,575	2,865,532
Operating Costs	2.	<u>(2,204,755)</u>	<u>(1,828,941)</u>
OPERATING SURPLUS	9.	846,820	1,036,591
Gain On Sale Of Housing Stock	7.	3,205	23,206
Interest Receivable and Other Income		16,807	14,789
Interest Payable and Similar Charges	8.	<u>(308,494)</u>	<u>(307,195)</u>
		(288,482)	(269,200)
<b>SURPLUS ON ORDINARY ACTIVITIES FOR THE YEAR</b>		<u><u>558,338</u></u>	<u><u>767,391</u></u>

All amounts relate to continuing activities.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## BALANCE SHEET AS AT 31st MARCH 2014

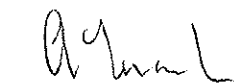
	Notes	£	2014 £	£	2013 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		64,711,831		56,411,537
Less: Social Housing Grant	11.(a)		(45,942,711)		(42,785,770)
: Other Public Grants	11.(a)		(4,374,331)		(1,478,012)
			<u>14,394,789</u>		<u>12,147,755</u>
Other fixed assets	11.(b)		5,294		8,041
			<u>14,400,083</u>		<u>12,155,796</u>
<b>FIXED ASSET INVESTMENTS</b>					
Investment in subsidiaries	22.		2		2
Shared Equity Cost	22.	288,446		318,761	
Shared Equity Grant	22.	(288,446)		(318,761)	
			<u>-</u>	<u>-</u>	
<b>CURRENT ASSETS</b>					
Debtors	14.	706,139		672,122	
Development Cost of Housing Property	23.	-		872,408	
Investments	24.	750,274		500,000	
Cash at bank and in hand		993,515		2,631,618	
		<u>2,449,928</u>		<u>4,676,148</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15.	<u>(2,232,897)</u>		<u>(1,925,230)</u>	
<b>NET CURRENT ASSETS</b>			<u>217,031</u>		<u>2,750,918</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,617,116</u>		<u>14,906,716</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16.		<u>(11,511,014)</u>		<u>(12,358,935)</u>
<b>NET ASSETS</b>			<u><u>3,106,102</u></u>		<u><u>2,547,781</u></u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	18.		66		83
Designated Reserves	19.(a)		994,038		994,038
Revenue Reserves	19.(b)		2,111,998		1,553,660
			<u>3,106,102</u>		<u>2,547,781</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 13 August 2014.



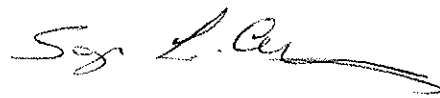
S MacQuire

Chairperson



A Tuach

Vice-Chairperson



S Aitken

Secretary

DUNBRITTON HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2014

	Notes	2014	2013
		£	£
Net Cash Inflow / (Outflow) from Operating Activities	17.	2,083,697	(168,781)
Returns on Investment and Servicing of Finance			
Interest Received		4,069	10,543
Interest Paid		(308,494)	(306,213)
Net Cash Outflow from Investment and Servicing of Finance		(304,425)	(295,670)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(8,292,583)	(4,528,873)
Purchase of Other Fixed Assets		(1,223)	(8,746)
Social Housing Grant Received		3,329,976	2,796,957
Other Grants Received		2,872,142	-
Proceeds on Disposal of Properties		57,038	29,273
Net Cash Outflow from Capital Expenditure and Financial Investment		(2,034,650)	(1,711,389)
Net Cash Outflow before use of Liquid Resources and Financing		(255,378)	(2,175,840)
Management of Liquid Resources			
Change in short term deposits with banks		(250,274)	(500,000)
Financing			
Loan Advances Received		-	4,000,000
Loan Principal Repayments		(874,588)	(734,588)
Share Capital Issued		13	1
Net Cash (Outflow) / Inflow from Financing		(874,575)	3,265,413
(Decrease) / Increase in Cash	17.	(1,380,227)	589,573



# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### Basis Of Consolidation

The Association has obtained exemption from the Financial Services Authority from producing Consolidated Financial Statements as provided by Section 98 of the Co-operative and Community Benefit Society Act 2014. The Financial Statements for Dunbritton Housing Association Limited present information about it as an individual undertaking and not about its Group.

##### Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefit 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.

##### Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and 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 11. 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>
Structure	50 years
Windows	30 years
Kitchens	16 years
Bathrooms	30 years
Central Heating	36 years
Boilers	18 years
Rewiring	40 years
Internal doors	35 years

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### Depreciation And Impairment Of Other Fixed Assets

Other Fixed 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:-

Furniture and Fittings	25%
Computer Equipment	25%
Office Equipment	25%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

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 period as the expenditure to which it relates.

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

##### Sales Of Housing Properties

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

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

### Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet 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.

### Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

### Development Interest

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

### Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

### Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2014			2013		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	2,941,427	2,000,248	941,179	2,735,200	1,750,738	984,462
Other Activities	4.	110,148	204,507	(94,359)	130,332	78,203	52,129
<b>Total</b>		<b>3,051,575</b>	<b>2,204,755</b>	<b>846,820</b>	<b>2,865,532</b>	<b>1,828,941</b>	<b>1,036,591</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2014 Total £	2013 Total £
<b>Income from Lettings</b>					
Rent Receivable Net of Identifiable Service Charges	2,472,151	263,168	149,242	2,884,561	2,665,110
Service Charges Receivable	51,955	5,531	-	57,486	70,365
<b>Gross Rents Receivable</b>	<b>2,524,106</b>	<b>268,699</b>	<b>149,242</b>	<b>2,942,047</b>	<b>2,735,475</b>
Less: Rent losses from voids	620	-	-	620	275
<b>Net Rents Receivable</b>	<b>2,523,486</b>	<b>268,699</b>	<b>149,242</b>	<b>2,941,427</b>	<b>2,735,200</b>
<b>Total Income From Social Letting</b>	<b>2,523,486</b>	<b>268,699</b>	<b>149,242</b>	<b>2,941,427</b>	<b>2,735,200</b>
<b>Expenditure on Social Letting Activities</b>					
Service Costs	77,883	8,291	-	86,174	82,248
Management and maintenance administration costs	884,402	94,147	53,391	1,031,940	960,422
Reactive Maintenance	282,349	30,057	-	312,406	218,524
Bad Debts - Rents and Service Charges	15,562	-	-	15,562	3,498
Planned and Cyclical Maintenance, including Major Repairs	179,459	19,104	-	198,563	175,377
Depreciation of Social Housing	313,855	33,411	8,337	355,603	310,669
<b>Operating Costs of Social Letting</b>	<b>1,753,510</b>	<b>185,010</b>	<b>61,728</b>	<b>2,000,248</b>	<b>1,750,738</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>769,976</b>	<b>83,689</b>	<b>87,514</b>	<b>941,179</b>	<b>984,462</b>
<b>2013</b>	<b>698,476</b>	<b>153,258</b>	<b>132,728</b>		

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2014	Operating Surplus / (Deficit) 2013
	£	£	£	£	£	£	£
Wider Role Activities	83,251	-	83,251	-	128,935	(45,684)	2,946
Factoring	-	20,466	20,466	5,089	13,114	2,263	(3,881)
Development and construction of property activities	-	-	-	-	36,576	(36,576)	-
Other Income and Costs	-	6,431	6,431	-	2,083	4,348	3,545
Covenanted Income	-	-	-	-	-	-	70,780
Other Activities - Tenant Participation	-	-	-	-	18,710	(18,710)	(21,261)
<b>Total From Other Activities</b>	<b>83,251</b>	<b>26,897</b>	<b>110,148</b>	<b>5,089</b>	<b>199,418</b>	<b>(94,359)</b>	<b>52,129</b>
<b>2013</b>	<b>-</b>	<b>130,332</b>	<b>130,332</b>	<b>4,618</b>	<b>73,585</b>	<b>52,129</b>	<b>52,129</b>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

2014	2013
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>59,624</u>	<u>59,597</u>
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#### 6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>18</u>	<u>17</u>

Staff Costs were:	£	£
Wages and Salaries	576,971	528,387
Social Security Costs	51,220	46,467
Other Pension Costs	64,346	66,796
Temporary, Agency and Seconded Staff	76,123	65,499
	<u>768,660</u>	<u>707,149</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	57,038	29,273
Cost of Sales	<u>53,833</u>	<u>6,067</u>
Gain On Sale Of Housing Stock	<u>3,205</u>	<u>23,206</u>

#### 8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	308,494	218,224
On Other Loans	<u>-</u>	<u>88,971</u>
	308,494	307,195
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>308,494</u>	<u>307,195</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2013 £0).

Interest capitalised was incurred at varying rates of interest.

#### 9. SURPLUS ON ORDINARY ACTIVITIES FOR THE YEAR

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	359,574	306,122
Auditors' Remuneration - Audit Services	7,260	5,760
Operating Lease Rentals - Land & Buildings	42,000	42,000
Operating Lease Rentals - Other	<u>4,136</u>	<u>5,366</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.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2013	51,613,292	4,760,316	3,853,945	60,227,553
Additions	138,817	6,633,622	-	6,772,439
Transfers	1,964,854	-	-	1,964,854
Disposals	(36,278)	-	(54,122)	(90,400)
Schemes Completed	5,114,545	(5,114,545)	-	-
As at 31st March 2014	58,795,230	6,279,393	3,799,823	68,874,446
<b>DEPRECIATION</b>				
As at 1st April 2013	3,681,572	-	134,444	3,816,016
Charge for Year	345,407	-	8,337	353,744
Disposals	(6,856)	-	(289)	(7,145)
As at 31st March 2014	4,020,123	-	142,492	4,162,615
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2013	35,306,258	4,226,690	3,252,822	42,785,770
Additions	75,135	1,912,428	-	1,987,563
Transfers	1,237,891	-	-	1,237,891
Disposals	(27,562)	-	(40,951)	(68,513)
Schemes Completed	3,434,816	(3,434,816)	-	-
As at 31st March 2014	40,026,538	2,704,302	3,211,871	45,942,711
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2013	1,462,528	-	15,484	1,478,012
Additions	22,659	2,873,660	-	2,896,319
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2014	1,485,187	2,873,660	15,484	4,374,331
<b>NET BOOK VALUE</b>				
As at 31st March 2014	13,263,382	701,431	429,976	14,394,789
As at 31st March 2013	11,162,934	533,626	451,195	12,147,755

Transfers relate to Upland Road properties which have been transferred from stock during year. The Association had originally intended to sell these properties, but they have now been designated for social housing.

Additions to housing properties includes capitalised development administration costs of £21,210 (2013 - £61,308) and capitalised major repair costs to existing properties of £38,102 (2013 - £231,355)

All land and housing properties are freehold.



# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS (Continued)

##### b) Other Tangible Assets

	Changing Facilities £	Office Improvements £	Office Equipment £	Office Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2013	137,852	23,167	134,881	44,558	340,458
Additions	-	-	-	1,223	1,223
As at 31st March 2014	<u>137,852</u>	<u>23,167</u>	<u>134,881</u>	<u>45,781</u>	<u>341,681</u>
<b>GRANTS RECEIVED</b>					
As at 1st April 2013	137,821	-	-	-	137,821
As at 31st March 2014	<u>137,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,821</u>
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2013	31	22,540	127,877	44,148	194,596
Charge for year	-	626	2,629	715	3,970
As at 31st March 2014	<u>31</u>	<u>23,166</u>	<u>130,506</u>	<u>44,863</u>	<u>198,566</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2014	<u>-</u>	<u>1</u>	<u>4,375</u>	<u>918</u>	<u>5,294</u>
As at 31st March 2013	<u>-</u>	<u>627</u>	<u>7,004</u>	<u>410</u>	<u>8,041</u>

#### 12. CAPITAL COMMITMENTS

	2014 £	2013 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>6,209,899</u>	<u>8,368,978</u>

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

#### 13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2014 £	2013 £
Land and Buildings		
Expiring in over five years	42,000	42,000
Other		
Expiring within one year	-	3,999
Expiring between two and five years	<u>4,136</u>	<u>1,460</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 14. DEBTORS

	2014	2013
	£	£
Arrears of Rent & Service Charges	165,512	105,114
Less: Provision for Doubtful Debts	<u>(56,235)</u>	<u>(40,673)</u>
	109,277	64,441
Social Housing Grant Receivable	410,555	468,020
Other Debtors	186,307	106,248
Amounts Due from Group Undertakings	-	33,413
	<u>706,139</u>	<u>672,122</u>

## 15. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Bank Overdrafts (secured)	-	257,876
Housing Loans	874,589	901,256
Trade Creditors	344,115	283,743
Rent in Advance	190,409	186,455
Other Taxation and Social Security	33,027	31,297
Amounts Due to Group Undertakings	2	-
Other Creditors	329,112	230,888
Accruals and Deferred Income	461,643	33,715
	<u>2,232,897</u>	<u>1,925,230</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2013 £Nil)

## 16. CREDITORS: Amounts falling due after more than one year

	2014	2013
	£	£
Housing Loans	<u>11,511,014</u>	<u>12,358,935</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	874,589	901,256
Between one and two years	874,589	901,256
Between two and five years	2,623,767	2,703,767
In five years or more	8,012,658	8,753,912
	<u>12,385,603</u>	<u>13,260,191</u>
Less: Amount shown in Current Liabilities	874,589	901,256
	<u>11,511,014</u>	<u>12,358,935</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow / (outflow) from operating activities</i>			2014	2013
			£	£
Operating Surplus			846,820	1,036,591
Depreciation			359,574	315,782
Change in properties developed for resale			872,408	(829,274)
Change in Debtors			(101,624)	(43,384)
Change in Creditors			106,549	(648,494)
Share Capital Written Off			(30)	(2)
			<u>2,083,697</u>	<u>(168,781)</u>
<i>Reconciliation of net cash flow to movement in net debt</i>				
	2014		2013	
	£	£	£	£
(Decrease) / Increase in Cash	(1,380,227)		589,573	
Cash flow from management of liquid resources	250,274		500,000	
Cash flow from change in debt	874,588		(3,265,413)	
			<u>(255,365)</u>	<u>(2,175,840)</u>
Movement in net debt during year				
Net debt at 1st April 2013			(10,386,449)	(8,210,609)
Net debt at 31st March 2014			<u>(10,641,814)</u>	<u>(10,386,449)</u>
<i>Analysis of changes in net debt</i>				
	At	Cash	Other	At
	01.04.13	Flows	Changes	31.03.14
	£	£	£	£
Cash at bank and in hand	2,631,618	(1,638,103)		993,515
Bank Overdrafts	(257,876)	257,876		-
	<u>2,373,742</u>	<u>(1,380,227)</u>		<u>993,515</u>
Liquid Resources	500,000	(250,274)		750,274
Debt: Due within one year	(901,256)	874,588	(847,921)	(874,589)
Due after more than one year	(12,358,935)		847,921	(11,511,014)
Net Debt	<u>(10,386,449)</u>	<u>(755,913)</u>	<u>-</u>	<u>(10,641,814)</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	83
Issued in year	13
Cancelled in year	<u>(30)</u>
At 31st March 2014	<u>66</u>

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

## 19. RESERVES

(a) Designated Reserves	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2013	216,619	777,419	994,038
At 31st March 2014	<u>216,619</u>	<u>777,419</u>	<u>994,038</u>

(b) Revenue Reserves	Total
	£
At 1st April 2013	1,553,660
Surplus for the year	558,338
At 31st March 2014	<u>2,111,998</u>

## 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014	2013
	No.	No.
General Needs - New Build	476	425
- Rehabilitation	227	227
Shared Ownership	66	67
Supported Housing	34	34
	<u>803</u>	<u>753</u>

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

3 members are tenants of the Association

3 members are relevant local councillors

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

22. FIXED ASSET INVESTMENT

	2014	2013
	£	£
Shared Equity Properties		
Development Cost of Shared Equity Property	288,446	318,761
Less: Grants Receivable	288,446	318,761
	<u>-</u>	<u>-</u>
Investments in Subsidiaries		
As at 31st March 2014 & 31st March 2013	<u>2</u>	<u>2</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Dunbritton Commercial Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Ltd for the year ended 31st March 2014 were as follows:

	2014	2013
	£	£
Capital & Reserves	<u>2</u>	<u>2</u>
Loss for the year	<u>-</u>	<u>(50,188)</u>