

# Dunbritton Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No. HAL260

FCA Reference No. 2421R (S)

Scottish Charity No. SCO36518

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

### BOARD OF MANAGEMENT

Septon MacQuire	Chair
Alistair Tuach	Vice Chair
Sonja Aitken	Secretary
John O'Connor	Treasurer
Councillor Gary Mulvaney	Co-optee
Craig Russell	Co-opted 10/02/16
Ken Baker	Co-opted 08/04/2015 Resigned 12/08/15
Anthony Davey	
Terence Smalls	
Michael Appleton	
Anna Hemphill	
Councillor Thomas Rainey	Co-optee Resigned 24/06/15
Dean Walker	

### EXECUTIVE OFFICERS

Morven Short	Director
Allan Murphy	Customer Services Manager
Callum Smith	Asset Manager

### REGISTERED OFFICE

1st Floor  
32 High Street  
Dumbarton  
G82 1LL

### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

### INTERNAL AUDITORS

TIAA Limited  
53-55 Gosport Business Centre  
Aerodrome Road  
Gosport  
PO13 0FQ

### 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 BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

The Board of Management presents its report and the Financial Statements for the year ended 31st March 2016.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2421R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO36518.

### 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 2015/16 with a healthy balance sheet and, having carried out a robust review of our long term financial projections, remain confident in our plans and projections for a healthy future despite challenges that are facing us as a registered social landlord and employer. Our projections 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. The new accounting requirements (FRS 102), changing the way we present our accounts, has been the subject of ongoing review and dialogue with our lenders during the course of the year.

The Association generated a surplus of £688k in the financial year and a 14% increase in net assets which now total £5.714 million.

We have a 3 year rolling Business Planning system, including our Internal Management Plan, Risk Register and Asset Management, Development, Wider Role and Customer 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 is thriving, diverse, healthy and safe communities that enhance quality of life for our customers.'

### Our Purpose

Dunbritton Housing Association's Purpose is to:

- Support our customers to sustain their homes 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

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

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Our Purpose (Contd.)

##### 1. Providing and planning for more good quality homes for rent

We made a start on a development in Helensburgh which will deliver 24 flats by July 2016 and another which will deliver 6 flats in Central Alexandria at the same time.

On the 31st March 2016 we acquired a portion of the Dumbarton Harbour site on which we will develop up to 108 properties for rent by 2018/19. This will be our biggest ever single development and we are delighted with the opportunity to be able to provide so much social housing for rent which will help to reinvigorate Dumbarton town centre.

Another significant achievement this year was being able to resolve the financial restraints which will enable us to start on site in 2016/17 on our development of 26 properties in Succoth, Arrochar.

##### 2. Providing good quality homes and services that are affordable and accessible

At 31st March 2016 we owned 789 homes and managed 60 shared ownership properties. Within our wholly owned stock, we have 16 multiple occupancy properties and other self-contained tenancies managed by a range of agencies (including Women's Aid) to provide support to tenants with particular needs. In addition, we provide a factoring service to 341 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.

During the year we completed a review of our rent & service charge structure resulting in what we consider to be a fairer and more accountable basis for setting our rents. This involved external consultants, Arneil Johnston, who carried out extensive internal and external consultation during the process of arriving at a finalised structure which was approved by the Board in February 2016.

Our Satisfaction Surveys, carried out on a quarterly basis, continued to demonstrate good and improving results, with an overall satisfaction level of 91.89% (170 out of 185 tenants surveyed) which compares with 87.6% in 2014/15. We are working on a programme of continuous improvement, satisfied that our greater focus on our customers is being demonstrated through improving results across a range of our Key Performance areas.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Our Purpose (Contd.)

#### 3. Working to sustain tenancies in a challenging economic climate

As at 31st March 2016 our gross arrears were 4.7%. This compares with 5.1% 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 working with the DWP, welfare advice providers, credit unions and citizens' advice services as well as maintaining contact with tenants who are most likely to be affected to discuss their support needs and requirements.

People & Communities Fund grant support has enabled two projects to continue providing support to our tenants in managing their tenancies. Through this, we have our own 'Crisis Intervention' officer covering our communities in Argyll and dedicated welfare rights support from CAB in West Dunbartonshire.

#### 4. Supporting the physical, social, economic and environmental regeneration of our estates and the communities in our area

We continue to pursue an active programme of 'wider role' projects. As well as those described in the previous section we also continued with our support to Dumbarton & District Women's Aid exploring opportunities to apply for funding for work that enhances the basic support services provided to the women and families that come to the Women's Refuge for accommodation and follow on support. In principle approval has been obtained from the Lottery (Grants for Improving Lives) for a 4 year project addressing skills, confidence and well-being.

In addition, our 'Growing our Own' project continues to develop on the many years of work through the Argyll & Bute Employability Team and now through ACT Argyll. This training and employment project benefits Dunbritton directly in terms of environmental improvement works across our estates as well as securing work experience and job opportunities for unemployed people. There are squads based in Helensburgh and in Oban able to work on a range of environmental projects. The People & Communities Fund contribution to this project also enabled Dunbritton to take on 2 Modern Apprentices during 2015/16. During their year with us, both Antoni and Robert were able to attain an SVQ Level 3 in Business & Administration.

#### 5. Focussing on our Customers

In our Business Plan we said we would 'Focus on our Customers' and we continue to deliver on that promise having implemented a range of improvements in services and resources.

We set out our improvement objectives in 2015/16 with a projected March 2016 Position Statement. Of the 36 objectives we set ourselves we achieved 30 and made substantial progress on the remaining 6.

Included in this were improvements in: technological resources, customer contact & feedback, income management, access to services, performance monitoring & reporting, estate management, void management, information provision, being proactive, complaints handling, Board satisfaction and staff engagement.

We continued on our own 'Journey to Excellence', having been assessed by Quality Scotland and awarded the maximum 2 Stars for Committed to Excellence under the EFQM Excellence Model. This is a business excellence framework used throughout Europe designed to help businesses become more efficient and effective. Having achieved this, we will move on now to the next stage: striving for Recognised for Excellence accreditation.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Our Purpose (Contd.)

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

During the year we revisited our financial projections and, having submitted them to various stress scenarios, submitted our updated projections along with a fully revised Business Plan to the Scottish Housing Regulator. As a result of this, having completed their annual regulatory risk assessment, in March 2016, the Scottish Housing Regulator notified us of a return to low engagement, having been on medium engagement since 2013.

We continue regularly to review our own Regulatory Standards Action Plan and implement new and improved processes as required to ensure compliance with the Standards. Actions include annual Board appraisals and training programme; an on-going governance review; regular reviews of the Risk Register and on-going development of a more robust performance management framework.

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 provide assurance assessments in respect of the effectiveness of the Association's internal controls and approach to risk management and identify areas where improvements can be made to already good processes.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

### Board of Management and Executive Officers

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

Each member of the Board of Management 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 Board of Management.

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

### Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Board of Management 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 Board of Management 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 Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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 Board of Management 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 Board of Management 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 Board of Management 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.



# DUNBRITTON HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2016

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### Statement on Internal Financial Control

The Board of Management 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 Board of Management'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;
- suitably qualified and experienced financial consultants are employed to support staff as required;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective 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.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Auditors

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

By order of the Board of Management



SONJA AITKEN

Secretary

17th August 2016

# DUNBRITTON HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE BOARD OF MANAGEMENT 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 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

## Basis of Opinion

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

## Opinion

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

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

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
17th August 2016

We have audited the financial statements of Dunbritton Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with 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 Board of Management and Auditors**

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

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

#### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

In our opinion the exemption granted by the Financial Conduct 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.
- 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.

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.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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  
17th August 2016

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
REVENUE	2.		4,696,283		6,951,701
Operating Costs	2.		(3,619,918)		(6,149,291)
<b>OPERATING SURPLUS</b>	9.		1,076,365		802,410
Loss On Sale Of Housing Stock	7.	(9,637)		-	
Interest Receivable and Other Income		855		12,329	
Interest Payable and Similar Charges	8.	(370,789)		(348,980)	
Movement in fair value of financial instruments	25.	-		-	
Other Finance Charges	11.	(8,338)		(31,364)	
			(387,909)		(368,015)
<b>SURPLUS FOR YEAR</b>			688,456		434,395
Other Comprehensive Income			-		-
<b>TOTAL COMPREHENSIVE INCOME</b>			688,456		434,395
Tax on surplus on ordinary activities	10.		-		-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>			688,456		434,395

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 15 to 30 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016


<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	54,872,437	53,406,771
Other Non Current Assets	12.(b)	28,192	12,723
		<u>54,900,629</u>	<u>53,419,494</u>
Negative Goodwill	22.	-	-
<b>INVESTMENTS</b>			
Investment in subsidiaries	25.	2	2
Investment properties	25.	62,500	62,500
		<u>62,502</u>	<u>62,502</u>
<b>RECEIVABLES : Amounts falling due after more than one year</b>			
	14.	-	-
<b>CURRENT ASSETS</b>			
Receivables	15.	467,220	985,881
Investments	28.	-	1,000,000
Cash at bank and in hand		2,053,454	673,325
		<u>2,520,674</u>	<u>2,659,206</u>
<b>CREDITORS: Amounts falling due within one year</b>			
	16.	(2,190,516)	(2,403,761)
<b>NET CURRENT ASSETS</b>			
		<u>330,158</u>	<u>255,445</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		55,293,289	53,737,441
<b>CREDITORS: Amounts falling due after more than one year</b>			
	17.	(12,639,949)	(13,223,711)
<b>DEFERRED INCOME</b>			
Social Housing Grants	19.	(36,119,722)	(34,622,618)
Other Grants	19.	(820,058)	(866,006)
		<u>(36,939,780)</u>	<u>(35,488,624)</u>
<b>NET ASSETS</b>			
		<u>5,713,560</u>	<u>5,025,106</u>
<b>EQUITY</b>			
Share Capital	20.	62	64
Revenue Reserves		5,713,498	5,025,042
		<u>5,713,560</u>	<u>5,025,106</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 17th August 2016.

  
Chairperson

  
Vice-Chairperson

  
Secretary

The notes on pages 15 to 30 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

Net Cash Inflow from Operating Activities	18.	855,650	811,694
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(3,752,596)	(2,438,578)	
Purchase of Other Fixed Assets	(28,359)	(13,230)	
Purchase of investment properties	-	-	
Social Housing Grant Received	3,838,663	646,550	
Social Housing Grant Repaid	(40,951)	-	
Other Grants Received	47,310	-	
Changes on short term deposits with banks	1,000,000	(249,726)	
Proceeds on sale of investments	-	-	
Proceeds on Disposal of Properties	331,196	-	
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>		<b>1,395,264</b>	<b>(2,054,984)</b>
<b>Financing Activities</b>			
Loan Advances Received	382,437	2,200,000	
Loan Redemption Payments	-	-	
Interest Received on Cash and Cash Equivalents	11,825	14,097	
Interest Paid on Loans	(370,483)	(362,327)	
Loan Principal Repayments	(894,569)	(874,589)	
Share Capital Issued	5	9	
<b>Net Cash (Outflow) / Inflow from Financing</b>		<b>(870,785)</b>	<b>977,190</b>
<b>Increase / (decrease) in Cash</b>		<b>1,380,129</b>	<b>(266,100)</b>
<b>Opening Cash &amp; Cash Equivalents</b>		<b>673,325</b>	<b>939,425</b>
<b>Closing Cash &amp; Cash Equivalents</b>		<b>2,053,454</b>	<b>673,325</b>
<b>Cash and Cash equivalents as at 31 March 2016.</b>			
Cash		2,053,454	673,325
Bank overdraft		-	-
		<b>2,053,454</b>	<b>673,325</b>

The notes on pages 15 to 30 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Shares £	Reserves £	Total £
Balance as at 1st April 2014	66	4,590,647	4,590,713
Issue of Shares	9		9
Cancellation of Shares	(11)		(11)
Adjustment from transition to FRS 102		182,885	182,885
Surplus for Year		251,510	251,510
<b>Balance as at 31st March 2015</b>	<b>64</b>	<b>5,025,042</b>	<b>5,025,106</b>
Balance as at 1st April 2015	64	5,025,042	5,025,106
Issue of Shares	5		5
Cancellation of Shares	(7)		(7)
Unrealised movement on revaluation			-
Revaluation in year			-
Transfer to revenue Reserve on disposal			-
Surplus for Year		688,456	688,456
<b>Balance as at 31st March 2016</b>	<b>62</b>	<b>5,713,498</b>	<b>5,713,560</b>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.



# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

## NOTES TO THE FINANCIAL STATEMENTS

### 1 PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Revenue

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

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

#### Retirement Benefits

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

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

#### Valuation Of Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	16 years
Bathrooms	30 years
Boilers	18 years
Radiators	36 years
Windows	30 years
External Doors	35 years
Internal Doors	35 years
Rewiring	40 years
Structure	50 years

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises	- 2% Straight Line
Furniture and Fittings	- 25% Reducing Balance
Computer Equipment	- 25% Straight Line
Office Equipment	- 25% Reducing Balance

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

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

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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

#### Sales Of Housing Properties

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

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

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

#### Estimation Uncertainty

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

##### *Rent Arrears - Bad Debt Provision*

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

##### *Life Cycle of Components*

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

##### *Useful life of properties, plant and equipment*

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

##### *Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### Estimation Uncertainty (Continued)

##### *Pension Liability*

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

##### **Leases/Leased Assets**

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

##### **Works to Existing Properties**

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

##### **Development Interest**

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

##### **Negative Goodwill**

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

##### **Key Judgements made in the application of Accounting Policies**

###### *a) Exemptions taken in the transition to FRS 102*

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Association has not revisited the accounting of previous business combinations

###### *b) The Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

###### *c) Identification of cash generating units*

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

##### **Financial Instruments - Basic**

The Association believes all loans fall within the definition of basic financial instruments and that any break clauses within the agreements do not change the classification of the loan. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

Notes	2016			2015			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3.	4,534,827	3,456,335	1,078,492	4,349,829	3,477,339	872,490
Other Activities	4.	161,456	163,583	(2,127)	2,601,872	2,671,952	(70,080)
<b>Total</b>		<b>4,696,283</b>	<b>3,619,918</b>	<b>1,076,365</b>	<b>6,951,701</b>	<b>6,149,291</b>	<b>802,410</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
<b>Revenue from Lettings</b>					
Rent Receivable Net of Service Charges	2,952,581	230,212	143,899	3,326,692	3,161,740
Service Charges	64,637	56,417	-	121,054	86,502
<b>Gross income from rent and service charges</b>	<b>3,017,218</b>	<b>286,629</b>	<b>143,899</b>	<b>3,447,746</b>	<b>3,248,242</b>
Less: Rent losses from voids	6,079	-	-	6,079	2,206
<b>Net Rents Receivable</b>	<b>3,011,139</b>	<b>286,629</b>	<b>143,899</b>	<b>3,441,667</b>	<b>3,246,036</b>
Grants released from deferred income	1,059,856	-	-	1,059,856	1,103,793
Revenue grants from Scottish Ministers	33,304	-	-	33,304	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>4,104,299</b>	<b>286,629</b>	<b>143,899</b>	<b>4,534,827</b>	<b>4,349,829</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,104,827	86,142	53,845	1,244,814	1,269,848
Service Costs	66,696	56,417	-	123,113	86,502
Planned and cyclical maintenance, including major repairs	309,596	36,561	-	346,157	369,352
Reactive maintenance costs	321,630	25,147	-	346,777	340,067
Bad Debts - rents and service charges	28,557	-	-	28,557	798
Depreciation of affordable let properties	1,208,224	95,694	62,999	1,366,917	1,410,772
Impairment of affordable letting activities	-	-	-	-	-
<b>Operating costs of affordable letting activities</b>	<b>3,039,530</b>	<b>299,961</b>	<b>116,844</b>	<b>3,456,335</b>	<b>3,477,339</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,064,769</b>	<b>(13,332)</b>	<b>27,055</b>	<b>1,078,492</b>	<b>872,490</b>
<b>2015</b>	<b>715,037</b>	<b>69,553</b>	<b>87,900</b>		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	£	£	£	£	£	£	£	£	£
Wider Role Activities	131,530	-	-	131,530	-	-	135,128	-	(42,972)
Care and Repair	-	-	-	-	-	-	-	-	(3,598)
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	7,500	7,500	-	-	631	-	6,869
Support Activities	-	-	18,580	18,580	-	5,100	12,457	-	2,500
Care Activities	-	-	-	-	-	-	-	-	228
Contracted out services undertaken for other RSLs	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other o	-	-	-	-	-	-	-	-	-
Development for sale to registered social landl	-	-	-	-	-	-	-	-	-
Development and improvement for sale to othe	-	-	-	-	-	-	-	-	-
Other Income and Costs	-	-	3,846	3,846	-	-	997	-	2,849
Other activities - Tenant Participation	-	-	-	-	-	-	7,027	-	(7,027)
Chargeable Repairs	-	-	-	-	-	2,243	-	-	(2,243)
<b>Total From Other Activities</b>	<b>131,530</b>	<b>-</b>	<b>29,926</b>	<b>161,456</b>	<b>7,343</b>	<b>156,240</b>	<b>2,127</b>	<b>(70,080)</b>	<b>(70,080)</b>
<b>2015</b>	<b>81,339</b>	<b>2,493,711</b>	<b>26,822</b>	<b>2,601,872</b>	<b>17,419</b>	<b>2,654,533</b>	<b>(70,080)</b>	<b>(70,080)</b>	<b>(70,080)</b>

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. OFFICERS' EMOLUMENTS

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

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>63,349</u>	<u>63,474</u>
Compensation payable to Officers for loss of Office	<u>-</u>	<u>109,712</u>
No Pension contributions were made to Officers receiving greater than £60,000		
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,831</u>	<u>7,487</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>63,349</u>	<u>63,474</u>
Total emoluments paid to key management personnel	<u>179,257</u>	<u>135,454</u>

Consideration paid for services of key management personnel paid to third parties

-      -

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	-	-
	<u>-</u>	<u>-</u>

## 6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>22</u>	<u>19</u>
Staff Costs were:	£	£
Wages and Salaries	685,697	744,178
Social Security Costs	63,738	57,391
Other Pension Costs	50,183	35,211
Temporary, Agency and Seconded Staff	-	-
	<u>799,618</u>	<u>836,780</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. LOSS ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	331,196	-
Cost of Sales	340,834	-
Loss On Sale Of Housing Stock	<u>(9,637)</u>	<u>-</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	370,789	378,734
Less: Interest Capitalised	-	29,754
	<u>370,789</u>	<u>348,980</u>

## 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,379,807	1,416,573
Auditors' Remuneration - Audit Services	7,483	7,260
Auditors' Remuneration - Other Services	-	1,640
Operating Lease Rentals - Land & Buildings	42,000	42,000
Operating Lease Rentals - Other	5,971	5,794
Gain on sale of fixed assets	-	-
	<u>-</u>	<u>-</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

## 11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>8,338</u>	<u>31,364</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12 NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
<b>COST</b>					
As at 1st April 2015	62,625,290	1,541,828	3,799,823	-	67,966,941
Additions	79,916	3,081,122	-	-	3,161,038
Disposals	(210,321)	-	(305,767)	-	(516,089)
Schemes Completed	-	-	-	-	-
As at 31st March 2016	<u>62,494,885</u>	<u>4,622,950</u>	<u>3,494,056</u>	<u>-</u>	<u>70,611,890</u>
<b>DEPRECIATION</b>					
As at 1st April 2015	13,334,518	-	1,225,652	-	14,560,170
Charge for Year	1,303,917	-	62,999	-	1,366,917
Disposals	(95,828)	-	(91,806)	-	(187,634)
As at 31st March 2016	<u>14,542,608</u>	<u>-</u>	<u>1,196,846</u>	<u>-</u>	<u>15,739,453</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2016	<u>47,952,277</u>	<u>4,622,950</u>	<u>2,297,210</u>	<u>-</u>	<u>54,872,437</u>
As at 31st March 2015	<u>49,290,772</u>	<u>1,541,828</u>	<u>2,574,171</u>	<u>-</u>	<u>53,406,771</u>

Additions to housing properties includes capitalised development administration costs of £37090 (2015 - £39,772) and capitalised major repair costs to existing properties of £121722 (2015 £491,568)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £426,073. The amount capitalised is £79,916, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £79,916 and improvement of £nil.



# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Office Improvements £	Changing Facilities £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>					
As at 1st April 2015	23,167	137,852	145,398	48,494	354,911
Additions	-	-	27,645	714	28,359
Eliminated on Disposals	-	-	-	-	-
As at 31st March 2016	<u>23,167</u>	<u>137,852</u>	<u>173,043</u>	<u>49,208</u>	<u>383,270</u>
<b>AGGREGATE DEPRECIATION</b>					
As at 1st April 2015	23,167	137,852	135,322	45,847	342,188
Charge for year	-	-	11,727	1,163	12,890
Eliminated on disposal	-	-	-	-	-
As at 31st March 2016	<u>23,167</u>	<u>137,852</u>	<u>147,049</u>	<u>47,010</u>	<u>355,078</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2016	<u>-</u>	<u>-</u>	<u>25,994</u>	<u>2,198</u>	<u>28,192</u>
As at 31st March 2015	<u>-</u>	<u>-</u>	<u>10,076</u>	<u>2,647</u>	<u>12,723</u>

## 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>5,510,797</u>	<u>5,992,155</u>

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

## 14. COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,575	-
Later than one year and not later than five years	46,789	47,794
Later than five years	-	-
	<u>-</u>	<u>-</u>

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Arrears of Rent & Service Charges	160,392	167,204
Less: Provision for Doubtful Debts	<u>(86,467)</u>	<u>(78,723)</u>
Social Housing Grant Receivable	73,925	88,481
Other Receivables	109,638	646,823
	<u>283,657</u>	<u>250,577</u>
	<u>467,220</u>	<u>985,881</u>

## 16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Housing Loans	889,886	874,589
Derivative Financial Instruments	-	-
Trade Payables	-	-
Rent in Advance	598,804	185,357
Amounts Due to Group Undertakings	112,835	146,708
Other Payables	-	2
Liability for Past Service Contributions	505,586	431,466
Accruals and Deferred Income	64,666	62,783
	<u>18,739</u>	<u>702,856</u>
	<u>2,190,516</u>	<u>2,403,761</u>

## 17 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for Past Service Contributions	351,605	407,933
Housing Loans	<u>12,288,344</u>	<u>12,815,778</u>
	<u>12,639,949</u>	<u>13,223,711</u>
<i>Housing Loans</i>		
Amounts due within one year:	889,886	255,825
Amounts due in one year or more but less than two years:	3,089,886	265,504
Amounts due in two years or more but less than five years:	2,669,659	856,566
Amounts due in more than five years:	<u>6,528,799</u>	<u>4,564,883</u>
Less: Amount shown in Current Liabilities:	13,178,231	5,942,778
	<u>889,886</u>	<u>874,589</u>
	<u>12,288,344</u>	<u>5,068,189</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year:	64,666	62,783
Amounts due in one year or more but less than two years:	70,544	64,666
Amounts due in two years or more but less than five years:	214,582	223,036
Amounts due in more than five years:	<u>66,479</u>	<u>120,231</u>
	<u>416,271</u>	<u>470,716</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Variable	Term	Interest Rate	Amount
Fixed	2027	circa 2.5% all in rate	4,644,814
Fixed	2027	circa 5% all in rate	2,300,000
Variable	2028	circa 1% all in rate	3,691,606
Variable	2018	circa 2.65% all in rate	2,200,000
Variable	2030	circa 2.65% all in rate	382,437
Effective interest rate adjustment			<u>(40,626)</u>
			<u>13,178,231</u>

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loan

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.22% (2015 - 2.29%)

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	1,076,365	802,410
Depreciation	1,379,803	1,416,573
Amortisation of Capital Grants	(1,059,856)	(1,103,793)
Change in debtors	(657,989)	21,891
Change in creditors	125,673	(294,012)
Gain on sale of fixed assets	-	-
Unwinding of Discount on Pension Liability	(8,338)	(31,364)
Share Capital Written Off	(7)	(11)
Balance as at 31st March 2016	<u>855,650</u>	<u>811,694</u>

## 19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	34,622,618	34,840,765
Additions in year	2,764,293	882,818
Released / Repaid as the result of property disposal	(209,281)	-
Amortisation in Year	(1,057,908)	(1,100,965)
Balance as at 31st March 2016	<u>36,119,722</u>	<u>34,622,618</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	866,006	3,295,412
Additions in year	(44,000)	86,000
Released / Repaid as the result of property disposal	-	(2,512,578)
Amortisation in Year	(1,948)	(2,828)
Balance as at 31st March 2016	<u>820,058</u>	<u>866,006</u>
Total	<u>36,939,780</u>	<u>35,488,624</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2,016 £	2,015 £
Amounts due within one year	1,059,856	1,103,793
Amounts due in one year or more	35,879,923	34,384,831
	<u>36,939,780</u>	<u>35,488,624</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2015	64
Issued in year	5
Cancelled in year	(7)
At 31st March 2016	<u>62</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.

## 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
General Needs - New Build	526	526
General Needs - Rehabilitation	231	231
Shared Ownership	60	64
Supported Housing	32	32
	<u>849</u>	<u>853</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. RELATED PARTY TRANSACTIONS

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

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.

Transactions with governing body members (and their close family) were as follows:

Rent Received from Tenants on the Committee	£ 14,194
---	-------------

At the year end total rent arrears owed by the tenant members of the Committee were £580

One member of the Management Committee is a local councillor

## 23. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 1st Floor, 32 High Street, Dumbarton.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Dunbartonshire.

## 24. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £nil in the year by way of reimbursement of expenses.(2015 - £nil). No remuneration is paid to Board members in respect of their duties in the Association.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 25. INVESTMENTS

### Investment properties

	Commercial Properties	Total
Valuation		
As at 1 April 2015 (restated)	62,500	62,500
Additions	-	-
Disposals	-	-
Revaluation taken to operating surplus	-	-
	<u>62,500</u>	<u>62,500</u>

Commercial properties were valued by an independent professional adviser Graham Figes of Whitelaw Baikie Figes, Chartered Surveyors on 31 March 2015 in accordance with the appraisal and valuation manual of the RICS. Commercial properties are subject to valuation at least every five years. No further revision was considered appropriate in the year 2015/16

	2016 £	2,015 £
<b>Investments in Subsidiaries</b>		
As at 31st March 2016 & 31st March 2015	2	2
	<u>2</u>	<u>2</u>

In the opinion of the Board of Management 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 Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Limited for the

	2016 £	2015 £
Capital & Reserves	2	2
	<u>2</u>	<u>2</u>
Loss for the year	-	-
	<u>-</u>	<u>-</u>
<b>Shared equity</b>		

Shared equity properties sold to date had a cost of £288,446 which was fully grant funded.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. RETIREMENT BENEFIT OBLIGATIONS

### General

Dunbritton Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

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

The last provisional valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £72,159 per annum from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £416,271 (2015 - £470,716). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29%.

The Association made payments totalling £64940 (2015: £63112) to the pension scheme during the year.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£	£	£	£
Non Current Assets	15,875,805	37,543,689	53,419,494	14,400,083	40,645,650	55,045,733	
Investment	2	62,500	62,502	2	60,000	60,002	
Current Assets	2,659,206	-	2,659,206	2,449,928	-	2,449,928	
Current Liabilities	(2,340,978)	(62,783)	(2,403,761)	(2,232,897)	(60,954)	(2,293,851)	
Non Current Liabilities	(12,836,425)	(387,286)	(13,223,711)	(11,511,014)	(445,260)	(11,956,274)	
Deferred Income	-	(35,488,624)	(35,488,624)	-	(38,714,825)	(38,714,825)	
Capital & Reserves	3,357,610	1,667,496	5,025,106	3,106,102	1,484,611	4,590,713	
	(3,357,610)	(1,667,496)	(5,025,106)	(3,106,102)	(1,484,611)	(4,590,713)	

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated	Effect of Transition	As Restated	
	£	£	£	
Revenue	(i)	5,845,408	1,106,293	6,951,701
Operating Costs	(i) & (ii)	(5,268,678)	(880,613)	(6,149,291)
Other Income		-	-	-
Exceptional item		-	-	-
Interest Receivable		12,329	-	12,329
Interest Payable		(337,549)	(11,431)	(348,980)
Change in Fair Value of Financial Inst.		-	-	-
Other Finance Income / Costs		-	(31,364)	(31,364)
Surplus		251,510	182,885	434,395
		251,510	182,885	434,395

### Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

As part of the review of fixed assets for FRS 102 the Association has written off assets with a cost of £999,194 and related HAG funding of £984,648.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A