



**Alexander Sloan**  
Accountants and Business Advisers

# **Dunbritton Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**Registered Housing Association No. HAL260**

**FCA Reference No. 2421R(S)**

**Scottish Charity No. SCO36518**

# **DUNBRITTON HOUSING ASSOCIATION LIMITED**

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## **CONTENTS**

	<b>Page</b>
MEMBERS OF THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS	1
REPORT OF THE BOARD OF MANAGEMENT	2 - 6
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	7
REPORT OF THE AUDITORS	8 - 9
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CASH FLOWS	12
STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 28

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### BOARD OF MANAGEMENT

Septon MacQuire	Chair
Alistair Tuach	Vice Chair
Sonja Aitken	Secretary
John O'Connor	Treasurer
Councillor Gary Mulvaney	Co-optee
Anthony Davey	
Terence Smalls	
Michael Appleton	
Dean Walker	
William Clark	
Councillor Brian Walker	Co-optee (Appointed 14/01/18)
Anna Hemphill	(Resigned 23/08/17)
Craig Russell	(Resigned 27/06/17)
Jim Beattie	(Resigned 14/01/18)

### EXECUTIVE OFFICERS

Allan Murphy	Chief Executive Officer
Paul Sweeney	Asset Manager
Tricia McShane	Operations Manager
Heather Maitz	Finance Manager
Pat Bradley	Corporate Services Manager

### REGISTERED OFFICE

1st Floor  
32 High Street  
Dumbarton  
G82 1LL

### EXTERNAL AUDITORS

Alexander Sloan  
Chartered Accountants  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Quinn Internal Audit & Business Support Services Ltd  
55 Lady Place  
Livingston  
EH5 6TB

### 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 Service 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 31 MARCH 2018

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2018.

### **Legal Status**

Dunbritton Housing Association Limited 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**

During 2017/18 we have remained focussed on our strategic objectives and our Business Plan reflects that the Association remains ambitious but realistic with achievable plans going forward. We recognise that staff, customers and stakeholders are key and fundamental to our success as a progressive thinking Housing Association.

We have undergone a restructure within the organisation and we are confident that we have a Management Team with the correct mix of skills and experience to ensure we meet the challenges ahead.

During 2017/18 we have remained focussed on our strategic objectives and our Business Plan reflects that the Association remains ambitious but realistic with achievable plans going forward. We recognise that staff, customers and stakeholders are key and fundamental to our success as a progressive thinking Housing Association.

### Business Plan

Our Business plan sets out Dunbritton's Housing Association's (DHA's) vision, ambitions and strategic objectives which include its future sustainment and growth based on our 30 years financial projections.

The Board is pleased to report that similar to previous financial years the Association has ended 2017/18 with a healthy balance sheet. The Association generated a surplus of £961K and net assets totalling £7.7m. We regularly assess the impact of both the external and internal environment to ensure that our financial projections in the short, medium and long term are realistic and achievable in the current working environment.

### Our Vision and Purpose

DHA continues to demonstrate it is a viable and ambitious organisation, with a good reputation locally and across the housing movement in Scotland.

Our Vision and Purpose are core and fundamental to our activities and are integral to our strategic objectives. We have agreed that during 2017/18 we will review all of our policies and further develop robust procedures to ensure that we can deliver our key strategic objectives, whilst ensuring that we embrace a risk aware culture within the organisation.

### Our Vision

'Dunbritton Housing Association's Vision is thriving, diverse, healthy and safe communities that enhance quality of life for our customers.'

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

#### 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*

During 2016/17 the Association celebrated its 25th anniversary. This was an excellent milestone for Dunbritton considering we had no actual properties when we were set up in 1992. Over the years we have earned an excellent reputation as a developing Association providing much needed housing for the communities we serve.

As part of our 25th anniversary we also decided to rebrand the Association and have developed a new logo and strapline "Together we can". Our new logo represents a human bridge to reflect partnership working and the river Clyde that runs through West Dunbartonshire and Argyll & Bute; the two local authority areas that we serve.

We are delighted that the logo and strapline have been well received by our customers and stakeholders. This reflects the Association's commitment to work collaboratively with partners to strive for excellence in all areas of our business.

In striving to provide the best service for our customers we are continuing in our "Journey to Excellence" as part of the Quality Scotland EFQM standards for excellence. Having already achieved the level of Committed to Excellence in 2016 we are currently preparing for our next level for completion "Recognised for Excellence".

Due to our development programme the Association was in medium engagement with the Scottish Housing Regulator and was issued with a Regulation Plan. During 2017/18 the Housing Regulator commenced a Governance review to ensure that the Association could provide additional assurance about our governance capacity to manage a significant increase in our development programme. We are pleased to report that the Regulator has since confirmed that they were confident in our current Governance and Financial controls and confirmed the Association was changed from medium to Low engagement.

The Association continues with good practice in Governance and we have a structured system of Internal Management Plans that have been approved and regularly monitored by our Board of Management. The Board has a positive influence on the strategic direction of the Association, which is regularly monitored and reviewed. The Association has implemented comprehensive training for Board members and our away day in 2017 focused on our compliance with the Regulatory Standards and Governance.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

We continue to develop affordable homes and have completed a successful tendering exercise to secure the private finance required to facilitate our development at Dumbarton Harbour. This development will include 150 homes and a new office for the Association. This could not have been possible without the financial support from the Scottish Government. This is an excellent opportunity for the Association which highlights the need to work in partnership with key stakeholders such as Cullross Limited, West Dunbartonshire Council and Bank of Scotland. The contractors are now on site with handover scheduled to commence in early 2019.

We can also confirm that our current development at Succoth of 26 units is due to be completed in September 2018.

The impact of Welfare Reform is a major risk for all Associations and we continue to monitor the current environment to ensure that we are in a position to respond accordingly. We have reviewed all relevant policies and procedures to ensure that our Rent & Debt Management Policy and processes are robust to mitigate the risk of financial loss as far as possible to the Association.

Our Welfare Reform Strategy is regularly updated and presented to our Customer Services Committee. As in previous years we have continued to receive European funding to employ an intervention worker to assist our tenants in Argyll & Bute. We also continue to provide a similar service to our tenants in West Dunbartonshire, which is now funded directly by the Association. Early intervention is key if we are to be successful in mitigating the risks associated with the impact of Welfare Reform.

Community Links has also assisted in other community regeneration projects for the Association. We have had an apprentice working at the Association and their contracts will cease in June 2018.

We continue to develop services in the community and due to the great amount of interest from tenants we have recently made a successful funding bid to the Scottish Government's Climate Change Challenge Fund for our "Plot to Pot" scheme. During 2018 we will be working with Community Links and the Leamy Foundation to recruit a part time Facilitator for the project.

Our community support fund remain popular within our communities and we continue to fund and support local clubs and community initiatives such as The Brownies, football teams, dance schools and foodbanks.

Tenant consultation is of paramount importance to the Association and we have recently developed a Tenant Scrutiny Panel. Their key purpose is to look at how the Association works and what we can do to improve how we deliver the services and provide value for money to our tenants. The panel has received training from the Tenants Information Service (TIS) and is supported by our Housing Officers.

Another good year for the Association, however we are not complacent and remain focused in an ever changing environment. Our performance figure continues to improve in all aspects of our business and I am delighted to report that satisfaction levels with the overall service remain at an all-time high of 96%.

The staff team is our most valuable resource and without their commitment and drive we could not sustain such high levels of satisfaction.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### **Board of Management and Executive Officers**

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

Each non-coopted 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 Societies Act 2014 requires 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 judgements 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. They are 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 Statement of Comprehensive Income and Statement of Financial Position 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

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 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; and
- 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 misstatement 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 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 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.

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 2018. 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  
29 August 2018



# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS 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 6 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.

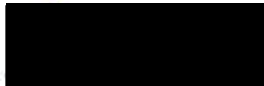
### **Basis of Opinion**

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

Through enquiry of certain members of the Board of Management, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board of Management'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**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
29 August 2018



**Alexander Sloan**  
Accountants and Business Advisers

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Dunbritton Housing Association Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 prepared in accordance with the requirements of the Co-operative and Community Benefits 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other Information

The Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- 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 Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUNBRITTON HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 5, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
29 August 2018



**Alexander Sloan**  
Accountants and Business Advisers

# **DUNBRITTON HOUSING ASSOCIATION LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
<b>REVENUE</b>	2		4,901,657		4,871,650
Operating Costs	2		<u>(3,645,673)</u>		<u>(3,524,036)</u>
<b>OPERATING SURPLUS</b>			1,255,984		1,347,614
Gain On Sale Of Housing Stock	7	42,898		8,448	
Interest Receivable and Other Income		1,152		1,586	
Interest Payable and Similar Charges	8	(338,635)		(334,155)	
Other Finance Income / (Charges)	10	<u>(159)</u>		<u>(15,395)</u>	
			<u>(294,744)</u>		<u>(339,516)</u>
<b>SURPLUS FOR THE YEAR</b>	9		<b>961,240</b>		<b>1,008,098</b>
Other Comprehensive Income			-		-
<b>TOTAL COMPREHENSIVE INCOME</b>			<b><u>961,240</u></b>		<b><u>1,008,098</u></b>

The notes on pages 14 to 28 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018


	Notes	2018		2017	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	11 (a)		61,473,758		56,404,647
Other Non-current Assets	11 (b)		20,260		29,452
			<u>61,494,018</u>		<u>56,434,099</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	24	2		2	
Investment properties	24	62,500		62,500	
			<u>62,502</u>		<u>62,502</u>
<b>CURRENT ASSETS</b>					
Receivables	14	1,513,240		842,876	
Investments	24	250,000		300,000	
Cash at bank and in hand		2,077,860		1,231,501	
		<u>3,841,100</u>		<u>2,374,377</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(3,202,473)</u>		<u>(4,617,368)</u>	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			<u>638,627</u>		<u>(2,242,991)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>62,195,147</u>		<u>54,253,610</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		<u>(12,272,790)</u>		<u>(10,094,892)</u>
<b>DEFERRED INCOME</b>					
Social Housing Grants	18	(41,369,322)		(36,621,357)	
Other Grants	18	<u>(870,120)</u>		<u>(815,704)</u>	
			<u>(42,239,442)</u>		<u>(37,437,061)</u>
<b>NET ASSETS</b>			<u><u>7,682,915</u></u>		<u><u>6,721,657</u></u>
<b>EQUITY</b>					
Share Capital	19		79		61
Revenue Reserves			<u>7,682,836</u>		<u>6,721,596</u>
			<u><u>7,682,915</u></u>		<u><u>6,721,657</u></u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 29 August 2018.

Chairperson



Board Member



Secretary



The notes on pages 14 to 28 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
<b>Net cash inflow from operating activities</b>	17	2,513,068	2,525,553
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(6,644,816)	(2,988,176)	
Purchase of Other Fixed Assets	(3,428)	(15,982)	
Social Housing Grant Received	5,043,363	762,795	
Social Housing Grant Repaid	(84,621)	(242,553)	
Other Grants Received	59,969	-	
Changes on short term deposits with banks	50,000	(300,000)	
Proceeds on Disposal of Properties	207,058	43,456	
<b>Net cash outflow from investing activities</b>		<b>(1,372,475)</b>	<b>(2,740,460)</b>
<b>Financing Activities</b>			
Loan Advances Received	3,137,110	634,332	
Interest Received on Cash and Cash Equivalents	1,152	1,586	
Interest Paid on Loans	(328,393)	(339,437)	
Loan Principal Repayments	(3,104,121)	(903,532)	
Share Capital Issued	18	5	
<b>Net cash outflow from financing activities</b>		<b>(294,234)</b>	<b>(607,046)</b>
<b>Increase / (decrease) in cash</b>		<b>846,359</b>	<b>(821,953)</b>
<b>Opening Cash &amp; Cash Equivalents</b>		<b>1,231,501</b>	<b>2,053,454</b>
<b>Closing Cash &amp; Cash Equivalents</b>		<b>2,077,860</b>	<b>1,231,501</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		2,077,860	1,231,501
		<b>2,077,860</b>	<b>1,231,501</b>

The notes on pages 14 to 28 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1 April 2016</b>	62	5,713,498	5,713,560
Issue of Shares	5	-	5
Cancellation of Shares	(6)	-	(6)
Surplus for the year	-	1,008,098	1,008,098
<b>Balance as at 31 March 2017</b>	<b>61</b>	<b>6,721,596</b>	<b>6,721,657</b>
<b>Balance as at 1 April 2017</b>	61	6,721,596	6,721,657
Issue of Shares	18	-	18
Surplus for the year	-	961,240	961,240
<b>Balance as at 31 March 2018</b>	<b>79</b>	<b>7,682,836</b>	<b>7,682,915</b>

The notes on pages 14 to 28 form part of these financial statements.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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.

#### 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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

#### Revenue

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

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

#### Retirement Benefits

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

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 a 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 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.

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



# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Furniture and Fittings	-25% Straight Line
Office Improvements	-25% Straight Line
Office Equipment	-25% Straight Line

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 non-current asset disposals and any gain or 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.

#### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

#### Estimation Uncertainty

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

##### a) 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.

##### b) 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.

##### c) 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 assessment.

##### d) Costs of shared ownership

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

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES

### **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.

### **VAT**

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

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

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

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

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

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

#### ***c) Financial instrument break clauses***

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

#### ***d) Pension Liability***

The Association received details from the Pension Trust of the 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 Management Board feels this is the best available estimate of the past service liability.

### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. 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 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Notes	2018			2017		
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities 3	4,823,575	3,535,368	1,288,207	4,719,181	3,374,862	1,344,319
Other Activities 4	78,082	110,305	(32,223)	152,469	149,174	3,295
<b>Total</b>	<b>4,901,657</b>	<b>3,645,673</b>	<b>1,255,984</b>	<b>4,871,650</b>	<b>3,524,036</b>	<b>1,347,614</b>

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2018 Total £	2017 Total £
<b>Revenue from Lettings</b>					
Rent receivable net of service charges	3,261,839	240,861	138,238	3,640,938	3,532,486
Service charges receivable	-	52,778	9,115	61,893	67,993
<b>Gross Income from rent and service charges</b>	<b>3,261,839</b>	<b>293,639</b>	<b>147,353</b>	<b>3,702,831</b>	<b>3,600,479</b>
Less: Rent losses from voids	3,925	-	-	3,925	7,193
<b>Net Rents Receivable</b>	<b>3,257,914</b>	<b>293,639</b>	<b>147,353</b>	<b>3,698,906</b>	<b>3,593,286</b>
Grants released from deferred income	1,097,852	-	-	1,097,852	1,090,773
Revenue grants from Scottish Ministers	25,817	-	-	25,817	33,000
Other revenue grants	1,000	-	-	1,000	2,122
<b>Total turnover from affordable letting activities</b>	<b>4,382,583</b>	<b>293,639</b>	<b>147,353</b>	<b>4,823,575</b>	<b>4,719,181</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,308,616	15,934	5,249	1,329,799	1,258,644
Service Costs	-	52,778	9,115	61,893	56,417
Planned and cyclical maintenance, including major repairs	294,808	5,272	-	300,080	268,649
Reactive maintenance costs	366,440	19,486	-	385,926	378,688
Bad Debts - rents and service charges	21,206	-	-	21,206	-
Depreciation of affordable let properties	1,290,948	85,466	60,050	1,436,464	1,412,464
<b>Operating costs of affordable letting activities</b>	<b>3,282,018</b>	<b>178,936</b>	<b>74,414</b>	<b>3,535,368</b>	<b>3,374,862</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,100,565</b>	<b>114,703</b>	<b>72,939</b>	<b>1,288,207</b>	<b>1,344,319</b>
<b>2017</b>	<b>1,141,004</b>	<b>105,091</b>	<b>98,224</b>		

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF REVENUE, 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) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£	£
Wider role activities	-	42,210	42,210	-	45,646	(3,436)	(24,776)
Investment property activities	-	11,500	11,500	-	-	11,500	9,653
Factoring	-	18,505	18,505	(705)	22,761	(3,551)	23,405
Managed association	-	2,877	2,877	-	2,645	232	-
Other Income and Costs	-	-	-	-	-	-	4,562
Other activities	-	2,990	2,990	-	15,885	(12,895)	(9,549)
Rechargeable repairs	-	-	-	24,073	-	(24,073)	-
<b>Total From Other Activities</b>	-	<b>78,082</b>	<b>78,082</b>	<b>23,368</b>	<b>86,937</b>	<b>(32,223)</b>	<b>3,295</b>
<b>2017</b>	<b>103,905</b>	<b>48,564</b>	<b>152,469</b>	<b>(9,798)</b>	<b>158,972</b>	<b>3,295</b>	

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 Board of Management, managers and employees of the Association.

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>64,233</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>5,214</u>	<u>-</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>64,233</u>	<u>59,655</u>
Total Emoluments paid to key management personnel	<u>267,593</u>	<u>294,650</u>

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	<u>1</u>	<u>-</u>

### 6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>21</u>	<u>23</u>
The average total number of Employees employed during the year was:	<u>23</u>	<u>23</u>
Staff Costs were:	£	£
Wages and Salaries	716,190	741,942
Social Security Costs	69,062	69,528
Other Pension Costs	56,813	58,703
	<u>842,065</u>	<u>870,173</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	207,058	43,456
Cost of Sales	<u>164,160</u>	<u>35,008</u>
Gain On Sale Of Housing Stock	<u>42,898</u>	<u>8,448</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	328,393	362,022
Less: Effective Interest rate adjustment	15,471	(21,512)
Less: Interest Capitalised	<u>(5,229)</u>	<u>(6,355)</u>
	<u>338,635</u>	<u>334,155</u>

Interest capitalised was incurred at varying rates of interest.

## 9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,449,085	1,413,151
Auditors' Remuneration - Audit Services	8,000	7,560
Operating Lease Rentals - Land & Buildings	42,000	42,000
Operating Lease Rentals - Other	3,014	4,709
Gain on sale of fixed assets	<u>(42,898)</u>	<u>(8,448)</u>

## 10. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>159</u>	<u>15,395</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
As at 1 April 2017	66,075,329	3,939,868	3,494,056	73,509,253
Additions	286,094	6,363,951	-	6,650,045
Disposals	(519,085)	-	(245,209)	(764,294)
Schemes Completed	238,250	(238,250)	-	-
As at 31 March 2018	<u>66,080,588</u>	<u>10,065,569</u>	<u>3,248,847</u>	<u>79,395,004</u>
<b>DEPRECIATION</b>				
As at 1 April 2017	15,846,744	-	1,257,862	17,104,606
Charge for Year	1,376,414	-	60,050	1,436,464
Disposals	(519,085)	-	(100,739)	(619,824)
As at 31 March 2018	<u>16,704,073</u>	<u>-</u>	<u>1,217,173</u>	<u>17,921,246</u>
<b>NET BOOK VALUE</b>				
As at 31 March 2018	<u>49,376,515</u>	<u>10,065,569</u>	<u>2,031,674</u>	<u>61,473,758</u>
As at 31 March 2017	<u>50,228,585</u>	<u>3,939,868</u>	<u>2,236,194</u>	<u>56,404,647</u>

Additions to housing properties include capitalised development administration costs of £14,563 (2017 - £21,861) and capitalised major repair costs to existing properties of £17,323 (2017 - £32,412).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £972,100 (2017 - £679,749). The amount capitalised is £286,094 (2017 - £32,412) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £286,094 (2017 - £32,412) and improvement of £0 (2017 - £0).

The Association's Lenders have standard securities over Housing Property with a carrying value of £35,692,516 (2017 - £37,408,380).

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)					
(b) Other Tangible Assets	Changing Facilities £	Office Equipment £	Furniture Fittings £	Office Improvements £	Total £
<b>COST</b>					
As at 1 April 2017	137,852	186,002	52,231	23,167	399,252
Additions	-	-	3,428	-	3,428
As at 31 March 2018	137,852	186,002	55,659	23,167	402,680
<b>AGGREGATE DEPRECIATION</b>					
As at 1 April 2017	137,852	159,829	48,952	23,167	369,800
Charge for year	-	10,150	2,470	-	12,620
As at 31 March 2018	137,852	169,979	51,422	23,167	382,420
<b>NET BOOK VALUE</b>					
As at 31 March 2018	-	16,023	4,237	-	20,260
As at 31 March 2017	-	26,173	3,279	-	29,452

## 12. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	14,251,202	21,871,444

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

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
<b>Land and Buildings</b>		
Not later than one year	-	42,000
Later than one year and not later than five years	-	3,500
<b>Other</b>		
Not later than one year	1,464	2,894
Later than one year and not later than five years	1,550	488

## 14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	136268	157702
Less: Provision for Doubtful Debts	-74375	-77310
	61893	80392
Social Housing Grant Receivable	1369247	507414
Other Receivables	82100	255070
	1513240	842876



# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	905,378	3,108,980
Trade Payables	1,334,425	1,107,290
Rent Received in Advance	132,685	122,109
Other Payables	391,344	168,186
Liability for Past Service Contributions	74,323	72,159
Accruals and Deferred Income	364,318	38,644
	<u>3,202,473</u>	<u>4,617,368</u>

At the balance sheet date there were pension contributions outstanding of £0 (2017 - £0).

### 16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Liability for Past Service Contributions	220,677	294,841
Housing Loans	12,052,113	9,800,051
	<u>12,272,790</u>	<u>10,094,892</u>
<b>Housing Loans</b>		
Amounts due within one year	905,378	3,108,980
Amounts due in one year or more but less than two years	906,208	908,980
Amounts due in two years or more but less than five years	2,981,964	2,726,940
Amounts due in more than five years	8,163,941	6,164,131
	<u>12,957,491</u>	<u>12,909,031</u>
Less: Amount shown in Current Liabilities	905,378	3,108,980
	<u>12,052,113</u>	<u>9,800,051</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	74,323	72,159
Amounts due in one year or more but less than two years	75,414	73,544
Amounts due in two years or more but less than five years	145,263	221,297
	<u>295,000</u>	<u>367,000</u>
Less: Amount shown in Current Liabilities	74,323	72,159
	<u>220,677</u>	<u>294,841</u>

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

Variable / Fixed	Maturity (Year)	Effective Interest Rate	Value of loan
Fixed	2027	circa 2.5% all in rate	3854207
Fixed	2027	circa 5% all in rate	1900000
Variable	2028	circa 0.6% all in rate	3133035
Variable	2030	circa 2.5% all in rate	979806
Variable	2033	circa 2.5% all in rate	637110
Variable	2043	circa 2.25% all in rate	2500000
		Effective interest rate adj	(46,667)
			<u>12,957,491</u>

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

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 1.51% (2017 - 1.06%).

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	1,255,984	1,347,614
Depreciation	1,489,231	1,427,186
Amortisation of Capital Grants	(1,138,000)	(1,096,135)
Change in debtors	191,469	454,965
Change in creditors	714,543	407,324
Unwinding of Discount on Pension Liability	(159)	(15,395)
Share Capital Written Off	-	(6)
Net cash inflow from operating activities	<u>2,513,068</u>	<u>2,525,553</u>

## 18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>Social Housing Grants</b>				
As at 1 April 2017	31,073,550	3,698,255	1,849,552	36,621,357
Additions in the year	-	5,905,196	-	5,905,196
Eliminated on disposal of components and property	(32,775)	-	(64,931)	(97,706)
As at 31 March 2018	<u>31,040,775</u>	<u>9,603,451</u>	<u>1,784,621</u>	<u>42,428,847</u>
<b>Amortisation</b>				
Amortisation in year	1,001,218	-	58,307	1,059,525
As at 31 March 2018	<u>1,001,218</u>	<u>-</u>	<u>58,307</u>	<u>1,059,525</u>
<b>Net book value</b>				
As at 31 March 2018	<u>30,039,557</u>	<u>9,603,451</u>	<u>1,726,314</u>	<u>41,369,322</u>
As at 31 March 2017	<u>31,073,550</u>	<u>3,698,255</u>	<u>1,849,552</u>	<u>36,621,357</u>
<b>Other Grants</b>				
As at 1 April 2017	807,653	-	8,051	815,704
Additions in the year	59,969	-	-	59,969
As at 31 March 2018	<u>867,622</u>	<u>-</u>	<u>8,051</u>	<u>875,673</u>
<b>Amortisation</b>				
Amortisation in year	5,243	-	310	5,553
As at 31 March 2018	<u>5,243</u>	<u>-</u>	<u>310</u>	<u>5,553</u>
<b>Net book value</b>				
As at 31 March 2018	<u>862,379</u>	<u>-</u>	<u>7,741</u>	<u>870,120</u>
As at 31 March 2017	<u>807,653</u>	<u>-</u>	<u>8,051</u>	<u>815,704</u>
<b>Total grants net book value as at 31 March 2018</b>	<u>30,901,936</u>	<u>9,603,451</u>	<u>1,734,055</u>	<u>42,239,442</u>
<b>Total grants net book value as at 31 March 2017</b>	<u>31,881,203</u>	<u>3,698,255</u>	<u>1,857,603</u>	<u>37,437,061</u>

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

	2018 £	2017 £
Amounts due within one year	1,059,525	1,111,494
Amounts due in one year or more	41,179,917	36,325,567
	<u>42,239,442</u>	<u>37,437,061</u>

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	61	62
Issued in year	18	5
Cancelled in year	-	(6)
At 31 March 2018	<u>79</u>	<u>61</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.

### 20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	558	558
General Needs - Rehabilitation	236	236
Shared Ownership	56	60
Supported Housing	23	23
	<u>873</u>	<u>877</u>

### 21. RELATED PARTY TRANSACTIONS

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

Those members who 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.

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

Transactions with the Board of Management members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Board of Management and their close family members	<u>18,736</u>	<u>19,100</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £0 (2017 - £349).

At the year end total factoring arrears owed by the factored owners on the Board of Management (and their close family) were £0 (2017 - £0).

Members of the Board of Management who are tenants	4	5
Members of the Board of Management who are local councillors	2	1

# DUNBRITTON HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. 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 West Dunbartonshire & Argyll & Bute.

## 23. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £5,308 (2017 - £6,201) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 24. INVESTMENTS

### Investment properties

	Commercial Properties	Total
	£	£
Valuation		
As at 1 April 2017	62,500	62,500
	<u>62,500</u>	<u>62,500</u>

Commercial properties were valued by an independent professional adviser Graham Figes of Whitelaw Balkie Figes, Chartered Surveyors on 31 May 2018 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 2017/18.

Investments in Subsidiaries	2018 £	2017 £
<b>Cost</b>		
As at 1 April 2017 and 31 March 2018	<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 named Dunbritton Commercial Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

Dunbritton Commercial Limited was dormant during the years ended 31 March 2018 and 31 March 2017.

The aggregate amount of capital and reserves and the results of Dunbritton Commercial Limited for the year ended 31 March 2018 were as follows:

	2018 £	2017 £
Capital & Reserves	<u>2</u>	<u>2</u>
Surplus for the year	<u>-</u>	<u>-</u>

### Short term deposits

	2018 £	2017 £
Short term deposits	<u>250,000</u>	<u>300,000</u>

### Shared Equity

The Association participates in a shared equity arrangement. At 31 March 2018 the Association has expended £288,446 on shared equity properties.

# DUNBRITTON HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 25. 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. For new employees, the Association has since moved to a defined contribution scheme. 3 employees remain in the defined benefit scheme. In addition, the Association has a liability for a past service deficit in the defined benefit scheme.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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 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 Actuary has prepared an Actuarial Report that provides an approximate update on the ongoing funding position of the Scheme as at 30th September 2017. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the deficit to £129 million, equivalent to a past service funding level of 87%.

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 final 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 £74,458 from 1 April 2018 (2017 - £66,824). Payments are expected to increase by 3% per annum and continue until February 2022.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £295,000 (2017 - £367,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £72,159 (2017- £64,666) towards the SHAPS pension scheme deficit during the year.



Alexander Sloan  
Accountants and Business Advisers

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**Dunbritton Commercial Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 March 2018**  
**Registration number: 304644**

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## **Dunbritton Commercial Limited**

### **Profit and Loss Account for the Year Ended 31 March 2018**

The company has not traded during the year. During this year, the company received no income and incurred no expenditure and therefore made neither profit nor loss.



**Dunbritton Commercial Limited**  
**(Registration number: 304644)**  
**Balance Sheet as at 31 March 2018**

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors	3	<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	4	<u>2</u>	<u>2</u>
Total equity		<u>2</u>	<u>2</u>

For the financial year ending 31 March 2018 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved and authorised by the Board on 29 August 2018 and signed on its behalf by:



Sephton P. MacQuire  
Director

# Dunbritton Commercial Limited

## Notes to the Financial Statements for the Year Ended 31 March 2018

### 1 General information

The company is a private company limited by share capital incorporated in Scotland.

The address of its registered office is:

c/o Dunbritton Housing Association

1st Floor

32 High Street

Dumbarton

Dunbartonshire

G82 1LL

These financial statements were authorised for issue by the Board on 29 August 2018.

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 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'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### 3 Debtors

	Note	2018 £	2017 £
Amounts owed by related parties		2	2
Total current trade and other debtors		2	2

## Dunbritton Commercial Limited

### Notes to the Financial Statements for the Year Ended 31 March 2018

#### 4 Share capital

##### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

#### 5 Parent and ultimate parent undertaking

The company's immediate parent is Dunbritton Housing Association Limited, incorporated in Scotland.