

**EAST KILBRIDE & DISTRICT HOUSING
ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

For the year ended 31 March 2016

Registered Housing Association No: HAL279

Financial Conduct Authority No: 2463R(S)

A Registered Scottish Charity No: SC033749

RSM UK AUDIT LLP

Chartered Accountants

Glasgow

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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Registration particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number: 2463R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAL279
Scottish Charity	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC033749

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

YEAR ENDED 31 MARCH 2016

The Board of Management present their report and audited financial statements for the year ended 31 March 2016.

Principal Activity

The principal activity of East Kilbride & District Housing Association is to improve the quality of life and serve the needs of local people in East Kilbride and the surrounding area of South Lanarkshire by providing high quality social housing and related services and by assisting them in sustaining and strengthening their communities.

East Kilbride & District Housing Association is registered with the Financial Conduct Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and The Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own:

	2016	2015
Managed Property Numbers		
Tenanted Property	517	515
Managed on behalf of others	-	-
Shared Ownership Properties	-	-
Total	517	515

Business Review

East Kilbride & District Housing Association made a surplus of £549,534 (2015: £593,100) during the year. The surplus was made by East Kilbride & District Housing Association after investment in 40 replacement bathroom suites, 25 kitchen replacements along with 15 new efficient gas boilers. East Kilbride and District Housing Association is in a strong financial position with £2.1 million deposited as cash funds. The Association's long term projections show that the Association is in a strong financial position to carry out improvements to its properties. East Kilbride & District Housing Association continues to have a substantial major repair investment programme in the coming years.

Surplus for the year

The financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for registered social landlords 2014 for the first time. Comparative figures have been updated accordingly. See note 22 to the financial statements for further detail.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

YEAR ENDED 31 MARCH 2016

(continued)

Members of Board of Management

The members of the Board of the Association during the year to 31 March 2016 and to the date of this report were as follows:

John Robertson	Chair		
Leslie Patrick	Vice Chair		
Pauline Hollinsworth	Treasurer		
Kathleen Dredge	Member		
Janice Russell	Member		
Lilian Delaney	Member		
Ian Stewart	Secretary		
Kim McGavin	Member		
Paul Murray	Member		
Graham Keith	Member	joined 09.09.15	
Mathew McCann	Member	joined 09.09.15	
Michael Gallagher	Member	joined 09.09.15	
Andy Bryant	Member	joined 09.09.15	
Angela Dollan	Member	joined 09.09.15	resigned 24.02.16
Alan Lindsay	Member	joined 09.09.15	resigned 28.10.15

EXECUTIVE OFFICERS

Andy Young Director

Each member of the Board of Management holds one fully paid share of £1 in East Kilbride & District Housing Association. The executive officers of East Kilbride & District Housing Association hold no interest in East Kilbride & District Housing Association share capital and although not having the legal status of “director” they act as executives within the authority delegated by the Board.

The Association’s Strategic Objectives

1. To secure our financial viability and long term future by operating efficient, effective and accountable financial management.
2. To Maintain a broad membership base and actively support tenant and community involvement in the running of the Association.
3. To pursue opportunities to develop and expand activities which are financially viable, support our Mission Statement and are compatible with our rules.
4. To increase the provision of varied housing tenures, in partnership with other agencies where necessary.
5. To ensure the fabric of existing stock and design standards of future stock supports independent living and meets tenants’ aspirations.
6. To provide caring, cost effective and high quality services which put customers at the heart of everything we do.
7. To continually assess and increase the range of services offered to our customers.
8. To explore cost effective sustainable energy options to provide lower cost energy bills and reduce carbon emissions.
9. To improve and expand the opportunities for residents to participate in our activities at appropriate levels.
10. To ensure our Board and professional staff have the necessary skills, experience, knowledge and training to successfully lead and manage the organisation.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

YEAR ENDED 31 MARCH 2016

Operational Review

This report details issues which have arisen during the year relating to the main activities undertaken.

1. Governance

East Kilbride & District Housing is governed by a voluntary and unpaid Board of Management elected by the members of the Association. It is the responsibility of the Board to decide on the future direction of the Association and undertake the development, monitoring and review of appropriate strategies and policies which support the chosen direction. The Board also monitors the operational activities of the Association quarterly and regularly undertakes relevant training and self-assessment of effectiveness of individual Board members and the effectiveness of the Board as an entity

2. Corporate Activity

East Kilbride & District Housing Association carries out a continuous comprehensive self-assessment programme and a rolling programme of reviewing its policies and activities to ensure they are appropriate and relevant to the agreed strategy, in line with good practice and compliant with current and forthcoming legislation. The Association published its first Strategic Plan (2016-19) in September 2015 and this is supported by an Operational Plan which outlines how the Association intends to fulfil its strategic targets

3. Development

After several years of not developing any new properties, the Association will be carefully considering its future development options over the next period. It is keen to assist South Lanarkshire Council and the Scottish Government meet the 50,000 new homes target recently set by the Scottish Government if it possibly can, within reason and financial prudence.

4. Housing

East Kilbride & District Housing Association continues to expand the use of SDM Housing Management Software. Staff continue to review policies and procedures to accompany the system. The average time to relet void properties was 5.08, which is 4.2 days below target. The percentage of total income lost during the year due to voids was 0.06%, which is well below the target of 1.5%. Arrears performance continues to look good despite the difficult economic climate and the impact of Universal Credit.

5. Property Maintenance

East Kilbride & District Housing Association has implemented and refined its planned and cyclical maintenance programme in line with the EESSH Delivery Plan. Cyclical Paint, Landscaping and Gas maintenance programmes continued on an annual basis. The Planned Maintenance programme included 40 bathroom installs including an additional 40 small cloakroom toilets, 25 kitchen replacements and 15 new efficient gas boilers. The Association properties all now meet the Scottish Housing Quality Standard (SHQS) set out by the Scottish Government and look forward to further enhancing the energy efficiency of our properties in reaching the new EESSH targets set for 2020.

6. Finance

East Kilbride & District Housing Association completed the implementation of FRS102 within the financial year. The Association also continued to show a healthy financial position throughout the financial year. The long term financial projections were updated and developed, with sensitivity analysis being carried out on the projections. The Association also developed and released a new website within the year.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

YEAR ENDED 31 MARCH 2016

7. Other Areas

Credit Payment Policy

East Kilbride & District Housing Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is within thirty days.

Maintenance Policies

East Kilbride & District Housing Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs will be charged to the Income and Expenditure Account.

In addition, East Kilbride & District Housing Association has a long term programme of major repairs to cover for work which has become necessary since the original development was completed, including works required for subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The costs of these repairs would be charged to the Income and Expenditure Account, unless it was agreed they could be capitalised within the terms outlined in the Statement of Recommended Practice for Registered Social Landlords.

Budgetary Process

Each year the Board of Management approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Risk Management

The Association has developed a detailed Risk Management Strategy. This is reviewed on an annual basis with individual Risk Assessments being carried out for new areas of activity. An annually reviewed Business Continuity Plan is also in operation

Treasury Management

East Kilbride & District Housing Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board of Management. In this way East Kilbride & District Housing Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

East Kilbride & District Housing Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016, East Kilbride & District Housing Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Quality and Integrity of Personnel

Board Members are required to abide by the Board Members Code of Conduct. Annual Skills and Training Audits are implemented with corporate and individual training plans drawn up dependent on training requirements based upon the annual appraisal. The integrity and competence of staff is ensured through high recruitment standards and subsequent training courses and annual staff appraisals.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

YEAR ENDED 31 MARCH 2016

7. Other Areas (continued)

Staff are required to adhere to a Staff Code of Conduct. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Chairperson, in respect of Board and the Director in respect of staff.

Employee Involvement and Health and Safety

East Kilbride & District Housing Association takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests. The Association also has a comprehensive Health and Safety Policy the implementation of which is independently audited on a regular basis.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Board Members and Officers' Insurance

East Kilbride & District Housing Association has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of East Kilbride & District Housing Association, as authorised by the Association's rules.

Going Concern

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

Future developments

The Association will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

Auditors

RSM UK Audit LLP have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Board of Management


John Robertson

Date: 24/4/16

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF BOARD'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2016

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board of Management to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs 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 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board of Management is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2014. It is 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 has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2016

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 mis-statement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions; annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and budgets are prepared regularly which allow the Board of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-Boards comprising Board of Management members and others.
- The Board of Management review reports from management, from directors, staff and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board of Management have continued to review the system of internal financial control in the Association during the year ended 31 March 2016. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Board of Management



John Robertson

Date: 24/4/16

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROLS

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 within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Board and Officers of the Association and examination of relevant documents. 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 reason 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 within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 13/9/16

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

We have audited the financial statements of East Kilbride & District Housing Association Limited for the year ended 31 March 2016 on pages 10 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 6, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014 .

Matters on which we are required to report by exception

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:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Centenary House
69 Wellington Street
GLASGOW
G2 6HG

Date: 13/9/16

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	2	2,547,222	2,525,287
Operating expenditure	2	<u>(1,744,233)</u>	<u>(1,659,581)</u>
Operating surplus	2	802,989	865,706
Loss on disposal of property, plant and equipment		(2,939)	(6,122)
Interest receivable		6,879	10,971
Interest and financing costs	4	<u>(257,395)</u>	<u>(277,455)</u>
Surplus before tax		549,534	593,100
Taxation		<u>-</u>	<u>-</u>
Surplus for the year		<u>549,534</u>	<u>593,100</u>

There are no recognised gains and losses in the above periods other than the surplus for the year.

The results relate wholly to continuing activities.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £	2015 £
Fixed Assets			
Housing properties	7	18,992,415	9,027,128
Other fixed assets	8	724,816	745,759
		19,717,231	19,772,887
Current assets			
Trade and other debtors	9	245,706	192,384
Cash and cash equivalents		2,166,822	2,019,900
		2,412,528	2,212,284
Current liabilities			
Creditors: amount falling due within one year	10	(805,078)	(773,523)
Net current assets		1,607,450	1,438,761
Total assets less current liabilities		21,324,681	21,211,648
Creditors: amounts falling due after more than one year	11	(15,822,218)	(16,222,434)
Provisions for liabilities:			
Pension provision	14	(586,000)	(623,000)
Other provisions	14	(7,184)	(6,471)
Total net assets		4,909,279	4,359,743
Reserves			
Share capital	15	138	136
Income and expenditure reserve	15	4,909,141	4,359,607
Total reserves		4,909,279	4,359,743

The financial statements on pages 10 to 30 were approved by the Board of Management on 24/8/16 and signed on their behalf by:

Secretary:



Board member:



Board member:



EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2016

	Notes	2016	2015
		£	£
Net cash provided by operating activities	16	1,011,085	1,142,114
Cash flow from investing activities			
Purchase of tangible fixed assets		(503,582)	(437,264)
Interest received		6,879	10,971
HAG received		150,840	30,048
Net cash used in investing activities		(345,863)	(396,245)
Cash flow from financing activities			
Interest paid		(257,395)	(277,455)
Repayments of borrowings		(260,905)	(255,098)
Net cash used in financing activities		(518,300)	(532,553)
Net change in cash and cash equivalents		146,922	213,316
Cash and cash equivalents at the beginning of the year		2,019,900	1,806,584
Cash and cash equivalents at the end of the year		2,166,822	2,019,900
Analysis of cash and cash equivalents			
Cash in hand		2,166,822	2,019,900
Total cash and cash equivalents		2,166,822	2,019,900

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 2 Old Coach Rd, East Kilbride, Glasgow G74 4DP.

The Association's principal activities are detailed in the Board of Management's Report. The nature of the Associations operations are detailed in the Board of Management's Report.

East Kilbride & District Housing Association Limited is a Public Benefit Entity.

Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2015, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

Turnover

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates:

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on guidance from RICS and ongoing sock condition surveys.

Obligations under a defined benefit pension scheme – the rate used to discount the past service deficit bonds with terms consistent with those of the benefit obligations. Our commitment to the SHAPS of £637,107 for the next 11 years has been discounted at a rate of 2.29% amounting to a net present value of £586,000 at 31 March 2016.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies (cont.)

Change in Accounting Policy

These financial statements are the first financial statements of East Kilbride & District Housing Association prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of East Kilbride & District Housing Association for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, the directors have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 22.

Going Concern

The Board of Management has reviewed the results for this year and has also reviewed the projections for the next five years.

On that basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Fixed assets - Housing properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies (cont.)

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

Depreciation of Housing Properties

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Land	Not depreciated
Structure	Over 50 years
Electrical Wiring	Over 25 years
Windows	Over 30 years
Bathrooms	Over 25 years
Kitchens	Over 15 years
Heating (boilers and radiators)	Over 15 years
External Doors	Over 20 years

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

Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

- Computers 33.3%
- Office equipment 33.3%
- Office premises 2%

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies (cont.)

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

Value added tax

The Association is not VAT registered. Expenditure as a result is shown inclusive of VAT.

Taxation

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 2 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement Benefits

Defined Benefit Plan

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) which is a funded multi-employer scheme. Contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. The rate used to discount the contributions to their present value is based on market yields for high quality corporate bonds.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies (cont.)

Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income and expenditure for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

AS AT 31 MARCH 2016

1. Principal accounting policies (cont.)

Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

2. Particulars of turnover, operating costs and operating surplus or deficit

	Note	Turnover £	Operating Costs £	Operating Surplus 2016 £	Operating Surplus 2015 £
Affordable letting activities	3a	2,508,941	(1,739,813)	769,128	821,888
Other activities	3b	38,281	(4,420)	33,861	43,818
Total		2,547,222	(1,744,233)	802,989	865,706
Total for previous reporting period		2,525,287	1,659,581	865,706	

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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

	General Needs Social Housing	Supported Social Housing Accommodat ion	2016 Total	2015 Total
	£	£	£	£
Rent receivable net of service charges	2,176,794	8,454	2,185,248	2,171,157
Service charges	24,193	-	24,193	24,192
Gross income from rents and service charges	2,200,987	8,454	2,209,441	2,195,349
Less: voids	(1,354)	-	(1,354)	(3,039)
Net income from rents and service charges	2,199,633	8,454	2,208,087	2,192,310
Grants released from deferred income	285,457	-	285,457	284,705
Grants from Scottish Ministers	15,397	-	15,397	-
Total turnover from affordable letting activities	2,500,487	8,454	2,508,941	2,477,015
Management and maintenance administration costs	862,118	2,103	864,221	798,265
Service costs	2,656	10	2,666	8,094
Planned and cyclical maintenance including major repairs costs	176,126	684	176,810	139,981
Reactive maintenance costs	159,405	619	160,024	171,715
Bad debts – rents and service charges				
Inc Provision for bad debt	1,720	7	1,727	445
Depreciation of affordable let properties	532,298	2,067	534,365	536,627
Impairment of affordable let properties	-	-	-	-
Operating costs for affordable letting activities	1,734,323	5,490	1,739,813	1,655,127
Operating surplus or deficit for affordable letting activities	766,164	2,964	769,128	821,888
Operating surplus or deficit for affordable letting activities for previous reporting period	818,515	3,373	821,888	

There are no shared ownership properties.

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £Nil (2015 - £Nil).

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

3b. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus £	Operating surplus or deficit for previous reporting period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	38,281	38,281	-	(4,420)	33,861	43,818
Total from other activities	-	-	-	38,281	38,281	-	(4,420)	33,861	43,818
Total from other activities for the previous reporting period	29,026	-	-	19,246	48,272	-	(4,454)	43,818	

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

4. Interest and Financing Costs

	2016 £	2015 £
Interest on bank loans	249,109	253,746
Defined benefit pension charge	13,000	19,000
Rent arrears NPV charge	(4,714)	4,709
	<u>257,395</u>	<u>277,455</u>

5. Operating surplus or deficit

	2016 £	2015 £
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	534,365	514,883
Depreciation of other tangible fixed assets:		
- owned	21,934	21,744
Surplus on disposal of tangible fixed assets	(2,939)	(6,122)
	<u>553,360</u>	<u>529,485</u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services – statutory audit	7,675	6,420
Other services:		
Taxation compliance	-	-
Accounting services (FRS102)	6,240	-
	<u>13,915</u>	<u>6,420</u>

6. Employees

	2016 £	2015 £
Staff costs (including key management personnel) during the year:		
Wages and salaries	445,110	404,484
Social security costs	41,090	32,754
Other pension costs	68,414	73,804
	<u>554,614</u>	<u>511,042</u>
	No	No
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:	<u>13</u>	<u>13</u>

The key management personnel are defined as the members of the Management Board, the Director and any other person reporting directly to the Directors or the Management Board.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

6. Employees (cont.)

	2016 £	2015 £
Aggregate emoluments payable to key management personnel (excluding pension contributions)	<u>61,416</u>	<u>37,452</u>
The emoluments of the Director (excluding pension contributions)	<u>59,221</u>	<u>37,452</u>
Aggregate pension contributions in relation to key management personnel	<u>5,509</u>	<u>905</u>

There number of key management personnel who received emoluments (excluding employer pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	No.	No.
£60,000 - £70,000	-	-
£70,000 - £80,000	<u>-</u>	<u>-</u>

No member of the Board of Management received any payment or fees or other remuneration in respect of their services to the Association.

7. Tangible fixed assets - Housing properties

	Social Housing Properties Held for Letting £	Total £
Cost		
As at 1 April 2015	23,816,835	23,816,835
Additions	502,591	502,591
Disposals	(307,749)	(307,749)
As at 31 March 2016	<u>24,011,677</u>	<u>24,011,677</u>
Depreciation and impairment		
As at 1 April 2015	4,789,707	4,789,707
Depreciation charged in year	534,365	534,365
Released on disposal	(304,810)	(304,810)
As at 31 March 2016	<u>5,019,262</u>	<u>5,019,262</u>
Net Book Value		
31 March 2016	<u>18,992,415</u>	<u>18,992,415</u>
31 March 2015	<u>19,027,128</u>	<u>19,027,128</u>

The Association considers individual schemes to the separate cash generating units when assessing for impairment. No land or buildings are held under a lease. The aggregate amount of finance costs included in the cost of housing properties is £nil (2015: £nil).

Total major repair costs during the year were £355,902 (2015: £287,043), of which £355,902 (2015: £287,043) was capitalised. Of the amount capitalised £307,833 (2015: £287,043) related to replacement of components and £48,069 (2015: £nil) related to improvements.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

8. Tangible fixed assets - Other Fixed Assets

	Computers & Equipment £	Office premises £	Total £
Cost			
As at 1 April 2015	127,996	799,299	927,295
Additions	991	-	991
Disposal	(7,842)	-	(7,842)
As at 31 March 2016	121,145	799,299	920,444
Depreciation			
As at 1 April 2015	116,581	64,955	181,536
Charge for year	5,948	15,986	21,934
Disposal	(7,842)	-	(7,842)
As at 31 March 2016	114,687	80,941	195,628
Net Book Value			
31 March 2016	6,458	718,358	724,816
31 March 2015	11,415	734,344	745,759

9. Debtors

	2016 £	2015 £
Gross rents in arrears	131,920	125,989
Less: adjustment to discount arrears with payment plans > 12 months	(16,952)	(21,666)
Less: bad debt provision	(56,172)	(55,171)
	58,796	49,152
Prepayments and accrued income	44,113	31,699
Other debtors	142,797	111,533
	245,706	192,384

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Debt (note 13)	259,906	255,098
Rents in advance	32,802	30,324
Deferred capital grants (note 12)	285,343	285,457
Trade creditors	56,711	51,192
Other taxation and social security	20,857	17,233
Other creditors	107,114	127,979
Accruals and deferred income	42,345	6,240
	805,078	773,523

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

11. Creditors: amounts falling due after more than a year

	2016 £	2015 £
Debt (note 13)	7,326,013	7,591,726
Deferred capital grants (note 12)	<u>8,496,205</u>	<u>8,630,708</u>
	<u>15,822,218</u>	<u>16,222,434</u>
	2016 £	2015 £
Amounts repayable other than by instalments falling due after more than five years	13,075,938	14,089,488
Amounts repayable by instalments falling due after more than five years	<u>2,746,280</u>	<u>2,132,946</u>
At 31 March	<u>15,822,218</u>	<u>16,222,434</u>

12. Deferred capital grant

	2016 £	2015 £
As at 1 April	8,916,165	9,200,870
Grant received in year	150,840	-
Capital grant released	<u>(285,457)</u>	<u>(284,705)</u>
At 31 March	<u>8,781,548</u>	<u>8,916,165</u>
Amounts to be released within one year	285,343	285,457
Amounts to be released in more than one year	<u>8,496,205</u>	<u>8,630,708</u>
	<u>8,781,548</u>	<u>8,916,165</u>

13. Debt analysis - Borrowings

	2016 £	2015 £
Creditors: amounts falling due within one year		
Bank loans	<u>259,906</u>	<u>255,908</u>
Creditors: amounts falling due after more than one year		
Bank loans	<u>7,326,013</u>	<u>7,591,726</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at rates of interest of 0.79% to 5.75% (2015 – 0.8% to 5.75%). The Association makes monthly repayments of the bank borrowing.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

13. Debt analysis – Borrowings (continued)

Based on the lender's earliest repayment dates, borrowings are repayable as follows:

	2016 £	2015 £
Due within one year	259,906	255,098
Due in one year or more but less than two years	259,906	255,098
Due between two and five years	779,718	765,294
Due more than five years	6,286,389	6,571,334
	<u>7,585,919</u>	<u>7,846,824</u>

14. Provisions

	Holiday Pay £	SHAPS Pension £	Total £
At 1 April 2015	6,471	623,000	629,471
Utilised in the year	(6,471)	(48,000)	(54,471)
Additional provision in year	7,184	-	7,184
Unwinding of discount	-	13,000	13,000
Valuation Adjustment	-	(2,000)	(2,000)
	<u>7,184</u>	<u>586,000</u>	<u>593,184</u>

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

Pension

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

15. Share Capital & Reserves

	2016 £	2015 £
<i>Share Capital</i>		
Shares of £1 fully paid and issued at 1 April 2015	136	130
Shares issued during year	6	7
Shares cancelled during the year	(4)	(1)
	<u>138</u>	<u>136</u>
Shares issued at 31 March 2016		

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.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

15. Share Capital & Reserves (continued)

	Revenue Reserves 2016 £	Revenue Reserves 2015 £
<i>Reserves</i>		
At 1 April	4,359,607	3,766,507
Surplus for year	549,534	593,100
	4,909,141	4,359,607

16. Cash flow from operating activities

	2016	2015
Surplus for year	549,534	593,100
Adjustments for non-cash items:		
Depreciation	559,238	536,627
Amortisation	(285,457)	(284,705)
(Increase) in debtors	(53,322)	(31,119)
Increase in creditors	26,863	34,124
(Decrease)/Increase in provisions	(36,287)	27,603
Adjustments for investing or financing activities:		
Interest received	(6,879)	(10,971)
Interest paid	257,395	277,455
	1,011,085	1,142,114

17. Capital Commitments

	2016 £	2015 £
Expenditure contracted for but not provided in the financial statements	-	-
Expenditure authorised by the Board but not contracted	-	-
	-	-

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

18. Pension Fund

East Kilbride & District Housing Association Limited participates in the SHAPS UK defined benefit scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions payable:

From 1 April 2014 to 30 September 2027:	£26,304,000 per annum
(payable monthly and increasing by 3% each on 1st April)	
Rate of discount assumed based on a full AA corporate bond yield	2.29% (2015 – 2.22%)

East Kilbride & District Housing Association has elected to operate the career average revalued earnings with a 1/80th accrual rate (from 1 April 2011), benefit option for active members as at 30 June 2011 and the career average revalued earnings with a 1/80th accrual rate (from 1 April 2011). Benefit option for new entrants from 30 June 2011.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

During the accounting period East Kilbride & District Housing Association paid contributions at the rate of 14.0% of pensionable salaries. Member contributions were 7.0%.

As at the balance sheet date there were 8 active members of the Scheme employed by East Kilbride & District Housing Association. The annual pensionable payroll in respect of these members was £304,718.

East Kilbride & District Housing Association continues to offer membership of the Scheme to its employees.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

19. Accommodation in management

	2016	2015
	£	£
General needs housing	515	513
Support housing	2	2
	<hr/>	<hr/>
	517	515
	<hr/>	<hr/>

20. Contingent liabilities

The pension withdrawal debt as at 30 September 2015 for East Kilbride & District Housing Association is £2,143,387.

21. Related parties

East Kilbride's Board of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £28,289 (2015; £1743) of rent was receivable from these tenant members. At the year-end there were £2,483 (2015:£1,198) of rent arrears due from these tenant members.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2015: £0) in respect of bad debts from related parties.

22. First Time Adoption of FRS102

The financial statements have been prepared in accordance with FRS102 for the year ended 31 March 2016. The transition to FRS102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

A – Grant Accounting

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of housing property structure and its individual components (excluding land) on a pro-rata basis.

B – Depreciation of Housing Properties

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

C – SHAPS Pension Scheme

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme (SHAPS). Under FRS102 a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value. As at 31 March 2015 this liability was calculated as amounting to £623,000.

D – Fair value of debt with a payment plan

In line with the SORP 2014, all debt balances with a payment plan in place over 12 months at the year-end have been measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

EAST KILBRIDE & DISTRICT HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

22. First Time Adoption of FRS102 (continued)

E – Holiday Pay Accrual

FRS102 requires the Association to recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period. Therefore at 31 March 2015 a provision has been made of £6,471 reflecting the value of holiday pay entitlement which had not been taken as at that date by employees.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

Reconciliation of Reserves

	Notes	1 April 2014 £	31 March 2015 £
Reserves as previously reported under UK GAAP		4,842,466	5,462,861
Grant accounting	A	2,118,112	2,402,817
Depreciation	B	(2,565,158)	(2,854,934)
SHAPS pension	C	(607,000)	(623,000)
Fair value of debt with a payment plan	D	(16,957)	(21,666)
Holiday pay accrual	E	(4,956)	(6,471)
Reserves reported under FRS 102		<u>3,766,507</u>	<u>4,359,607</u>

Reconciliation of Surplus or Deficit

	Notes	Year ended 31 March 2015 £
Surplus or deficit as previously reported under UK GAAP		620,395
Grant accounting	A	284,705
Depreciation	B	(289,776)
SHAPS pension	C	(16,000)
Fair value of debt with a payment plan	D	(4,709)
Holiday pay accrual	E	(1,515)
Surplus or deficit reported under FRS 102		<u>593,100</u>