

FORTH HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

Register of the Industrial and Provident Societies No. 2268 RS

Registered Housing Association No. HAL 110

Registered Charity No. SC 003550

French Duncan LLP
Chartered Accountants & Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

FORTH HOUSING ASSOCIATION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

CONTENTS

Page

Management Committee, Executives and Advisers	1
Report of the Management Committee	2
Report of the Auditors	6
Income and Expenditure Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

Committee of Management

Margaret Turner (Chairperson)
Gordon Mason (Secretary)
Iain Mclean (Vice Chair)
Clark Davidson (Treasurer)
John Fyfe
Linda Mason
Audrey Anderson
Neil MacLeod
David Cumming
Patrick Heneghan
Gerry McLaughlan
Pamela Brown
Robert Buchanan

Bankers

Clydesdale Bank plc
Suite 2
Ochil House
Springkerse Business Park
Stirling
FK7 7XE

Solicitors

T C Young LLP
7 West George Street
Glasgow
G2 1BA

Thomas Bell Resigned 27 May 2013
Cllr Violet Weir

Stirling Council Attendee

Executive Officers

John Cameron (Director)

Registered Office

4th Floor Wallace House
17-21 Maxwell Place
Stirling
FK8 1JU

Auditor

French Duncan LLP
Chartered Accountants
133 Finnieston Street
Glasgow
G3 8HB

Finance Agent

FMD Financial Services Ltd
KCEDG Commercial Centre
Unit 29
Ladyloan Place
Glasgow
G15 8LB

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

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2014.

Structure, governance and management**Charitable status and constitution**

The Association is a registered Scottish charity, reference number SC003550 and a registered company under the provision of the Co-operative and Community Benefit Societies Act 2014, registered number 2268 RS. The Association is governed by its rules which were last updated in September 2011.

The Management Committee and Executive Officers

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and acts as an executive within the authority delegated by the Committee.

Governance

The Management Committee meets at monthly intervals during the year to review and consider the principal operational, strategic and risk matters arising in connection with the Association's affairs.

Each monthly meeting focuses on a particular aspect of the Association's business and obtains comprehensive monitoring reports relating to this function. This allows close monitoring of performance against our key performance targets and benchmarking information for similar landlords.

In addition each meeting also reviews a number of policies to ensure that each policy statement is reviewed at least every three years. These reviews consider existing operations, legislation and good practice guidance.

The Management Committee meetings also consider significant strategic and operational matters as and when required. Although this may involve additional focus meetings and/or issues being considered by small focus groups, final decision making is retained by the full committee.

Objectives and activities

The principal activity of the Association is the provision of affordable rented accommodation and low cost home ownership for those in greatest need. The Association has set the following strategic objectives which are reviewed on an annual basis as part of the internal management planning process.

- To strive to meet the recognised standards for Social Landlords and to establish the necessary internal monitoring procedures.
- To provide sensitive management of properties to the highest possible standards.
- To allocate houses by implementing a clear, impartial and comprehensive system of processing all requests for tenancy from whatever source.
- To facilitate tenant participation by ensuring tenants have the opportunity to influence decisions and take part in matters which affect the quality of their lives.
- To provide housing which focuses on tenant comfort and security, low running costs, high thermal insulation, low maintenance costs, barrier free environment and environmental sustainability.
- To ensure financial viability by making the best use of resources in all the Association's activities whilst ensuring risk management principals are adhered to.
- To demonstrate commitment to community development through wider role activity.
- To ensure that staff, Committee members and tenants have the opportunity to undertake the type and level of development which support the achievement of the aims and objectives of the Association.

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

Achievements, performance and financial review

An updated Internal Management Plan was adopted with effect from 1 April 2013. This plan outlines the strategic and operational ambitions of the associations and outlined SMART objectives and targets. These formed the basis for monitoring and reporting during the period.

The Association's financial performance remains subject to close scrutiny by Management Committee on a quarterly basis and before any major capital expenditure, through new housing development, is undertaken.

The organisation has the use of modern office facilities with a full suite of modern IT facilities. These are well suited to current working practices and have been secured on a long lease with a competitive rental.

Strategic co-operation with Stirling Council and Raploch Urban Regeneration Company remain a priority for the Association. During the year work began to build 24 new homes with grant assistance. Approval was also received committing grant funding for a further development involving 16 homes.

The Association continues to have a low level of engagement with the Scottish Housing Regulator, which reflects the good performance against KPIs.

Collaboration with Rural Stirling and Ochil View Housing Associations continues via the Strath For Housing Alliance. This is a non constituted collaboration through which the three organisations are progressing closer working relationships and seeking to identify service improvements and/or economies of operation which can be achieved without losing local autonomy. Specific collaborations throughout the year included shared procurement of painter work services and comprehensive benchmarking of costs and performance.

External consultants continue to be utilized as required, to provide specialist advice and assistance to the Management Committee.

Plans for future periods

The ongoing downturn in the general economy and cuts in public funding will have an effect on the Association's future plans. However the increase in individual property grant levels introduced in summer 2013 reduce the risks associated with the construction of new homes. Thanks to constructive relationship with Stirling Council the Association has agreed a forward programme that will involve construction of 15 to 25 homes annually until at least 2018.

Forth welcomes the Scottish Social Housing Charter as this matches many of the Association's own ambitions to ensure that the organisation becomes more responsive to the needs of local people. The intention remains to develop services in a responsive and efficient manner.

Changes in fixed assets

Details of fixed assets are set out in Note 9.

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

Statement of Management Committee's responsibilities

The Management Committee is responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Housing Association and of the surplus or deficit of the Housing Association for that year. In preparing those financial statements, the Management Committee is required to fulfil the following obligations:

- 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 Housing Association will continue its business; and
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). 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.

The Management Committee confirms that the financial statements comply with the above requirements.

Statement on internal financial control

The Management Committee has overall responsibility for the Association's system of internal financial control. Internal financial control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Management Committee has established with a view to providing effective internal financial control are as follows:-

- **Management Structure**
The Management Committee has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.
- **Budgetary Process**
Each year the Management Committee 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 the quarterly reporting to the Committee 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.
- **Investment Appraisal**
Capital expenditure is regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals must be submitted to the Committee. Reviews are carried out during the development period to monitor expenditure and performance.
- **Monitoring and Corrective Action**
External auditors report on weaknesses in internal financial control identified during the course of their audits. These reports, together with the replies from management and details of measures taken as a consequence are reviewed by the Management Committee.
- In addition, the Committee reviews reports produced by the independent Internal Audit Function. The Management Committee confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year under review.

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

Related party transactions

Two of the Committee members are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Raising Standards Guidance on Internal Financial Control and Financial Reporting

The Association considers that it has complied with all guidance on "Internal financial control and financial control and financial reporting" produced by the Scottish Housing Regulator, the Scottish Federation of Housing Associations and endorsed by the Scottish Housing Regulator.

Statement of disclosure to auditor

In so far as the Management Committee are aware

- (a) there is no relevant audit information of which the Association's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as members of the committee in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to re-appoint French Duncan LLP as auditors to the Association will be put to the members at the Annual General Meeting.

By order of the committee



Gordon Mason
Secretary

Date: 03/09/2014

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31ST MARCH 2014**

We have audited the financial statements of Forth Housing Association Limited for the year ended 31 March 2014 on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 4, the Committee is 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 APB's website at www.frc.org.uk/apb/scope/private/cfm.

Opinion on financial statements

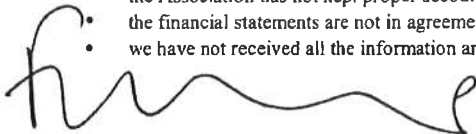
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 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 Scottish Housing Regulator's Determination of Accounting Requirements (April 2012).

Matters arising 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.



FRENCH DUNCAN LLP
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

Date: 03/09/2014

FORTH HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2014

PAGE 7

		2014	2013
	Notes	£	£
TURNOVER	2	3,362,816	3,103,139
Operating costs	2	<u>2,348,133</u>	<u>2,271,975</u>
OPERATING SURPLUS	6	1,014,683	831,164
Gain on sale of assets		15,727	-
Interest receivable and other income		34,709	53,299
Interest payable	7	<u>(215,713)</u>	<u>(243,615)</u>
TOTAL SURPLUS FOR YEAR BEFORE TAXATION		849,406	640,848
Tax on surplus on ordinary activities	8	-	-
SURPLUS FOR YEAR		<u>849,406</u>	<u>640,848</u>

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

	2014	2013
	£	£
Surplus for the year	849,406	640,848
Release of Revaluation Reserve	45,292	68,484
Unrealised loss on revalued properties	-	<u>(1,718,420)</u>
TOTAL SURPLUSES AND DEFICITS RECOGNISED SINCE LAST ANNUAL REPORT	<u>894,698</u>	<u>(1,009,088)</u>

The results for the year relate wholly to continuing activities.

The notes on pages 10 to 23 form part of these Financial Statements.

BALANCE SHEET AS AT 31 MARCH 2014

		2014	2013
	Notes	£	£
TANGIBLE FIXED ASSETS			
Housing properties – cost and valuation less depreciation		59,361,314	59,050,781
Less: HAG and other grants	9a	<u>(35,923,643)</u>	<u>(35,535,568)</u>
	9a	23,437,671	23,515,213
NSSE Loan		792,750	340,000
NSSE Grant		<u>(792,750)</u>	<u>(340,000)</u>
		-	-
Other fixed assets	9b	<u>41,139</u>	<u>58,148</u>
		23,478,810	23,573,361
CURRENT ASSETS			
Debtors	11	620,793	200,270
Cash at bank and in hand		<u>3,469,860</u>	<u>4,697,090</u>
		4,090,653	4,897,360
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	<u>(1,451,566)</u>	<u>(2,583,667)</u>
NET CURRENT ASSETS		<u>2,639,087</u>	<u>2,313,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		26,117,897	25,887,054
Creditors: amounts falling due after one year	13	<u>(15,905,516)</u>	<u>(16,524,077)</u>
		10,212,381	9,362,977
CAPITAL AND RESERVES			
Called up share capital	14	71	73
Designated reserves	15	3,201,995	2,395,060
Revenue reserves	16	721,185	633,422
Revaluation reserve	16	<u>6,289,130</u>	<u>6,334,422</u>
		10,212,381	9,362,977

Approved by the Management Committee at its meeting on 25 August 2014



Margaret Turner
CHAIRPERSON



Clark Davidson
TREASURER



Gordon Mason
SECRETARY

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2014

		2014	2013
	Notes	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>1,035,737</u>	<u>1,498,888</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		34,709	53,299
Interest paid		<u>(215,713)</u>	<u>(243,615)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(181,004)</u>	<u>(190,316)</u>
TAXATION			
Tax paid		-	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Cash paid for development, construction and purchase of housing		<u>(1,756,180)</u>	<u>(4,580,410)</u>
Cash paid for purchase of other fixed assets		<u>(1,019)</u>	-
Social Housing Grant received		728,949	1,621,936
Other grants received		43,821	43,735
Receipt from property sales		717,250	708,970
Receipt from Shared Ownership Sales		<u>22,884</u>	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(244,295)</u>	<u>(2,205,769)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>610,438</u>	<u>(897,197)</u>
FINANCING			
Loan finance received		-	4,026,474
Loans repaid		<u>(1,837,669)</u>	<u>(375,154)</u>
Shares issued		-	4
NET CASH(OUTFLOW)/INFLOW FROM FINANCING		<u>(1,837,669)</u>	<u>3,651,324</u>
(DECREASE)/INCREASE IN CASH	18	<u><u>(1,227,231)</u></u>	<u><u>2,754,127</u></u>

The notes on pages 10 to 23 form part of these Financial Statements.

1 ACCOUNTING POLICIES

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by The Registrar of Friendly Societies. The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice 2010 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (April 2012). The principal accounting policies are set out below.

Basis of Accounting

The financial statements are prepared under the historical cost convention, subject to the revaluation of its housing stock.

Grants

Housing Association Grants (HAG) are made by the Scottish Government and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Scottish Government. HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Revenue grants are credited to income in the period to which they relate.

Tangible Fixed Assets - Housing Properties

Shared ownership properties held for letting and housing properties in course of construction are stated at cost. The development cost of these includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure;
- (iii) internal administration costs relating to the acquisition and development of housing properties; and
- (iv) clerk of works costs.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant schemes.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Housing properties held for letting are stated at valuation. The last valuation was carried out at 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

1 ACCOUNTING POLICIES (Continued)

Depreciation - Housing Properties

The Association adopted component accounting in 2012. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown in the table below:

Windows / Doors	30 years	Bathrooms	30 years
Boilers	15 years	Heating Systems	30 years
Kitchens	20 years	Rewiring	30 years
Structure	100 years		

Depreciation - Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing in the year of acquisition at rates estimated to write off the costs less any residual value over the expected economic lives at the annual rates shown below:

Office equipment, fixtures and fittings	-	15% per annum
Computer equipment	-	25% per annum

Works to existing housing properties

Where work on existing housing properties is classed as components it is capitalised and depreciated over its expected useful life.

Works on existing properties that are not classed as components are charged to the income and expenditure account and are included under maintenance costs in note 3.

Shared Ownership Transactions

For HAG funded shared ownership schemes, the first tranche proceeds arising from the part-owner's purchase of equity are regarded as a contribution towards the cost of the assets and no revenue surplus or deficit is taken. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

Cyclical Repairs

The costs of cyclical repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

Designated Reserves

The Association maintains its housing properties in a state of repair which at least maintains their residual value at prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure on the basis of a costed programme.

Pensions

The Association participates in the centralised Scottish Housing Associations' 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 to the independently administered Pensions Trust 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 expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole. Any deficiencies arising will be spread over this period.

Turnover

Turnover represents rental income, factoring service income and fees or revenue grants receivable from local authorities and from the Scottish Government, together with the proceeds of NSSE sales.

Loans

Mortgage loans are advanced by Private Lenders or the Scottish Housing Regulator under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by Stirling Council.

Stock and work in progress

Stock and work in progress comprises the costs to balance sheet date of properties being developed for sale as shared equity properties under the New Supply Shared Equity Scheme (NSSE).

2 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2014		2013
	Note	Turnover £	Operating Costs £	Operating Surplus £
Income/Expenditure from Lettings				
Social lettings	3a	2,618,333	(1,586,995)	903,542
Other activities	3b	744,483	(761,138)	(72,378)
TOTAL		3,362,816	(2,348,133)	831,164
Total for previous period of account		3,103,139	(2,271,975)	831,164

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

3a PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2014 Total £	2013 Total £
Rent receivable net of service charges	2,581,980	-	36,881	-	2,618,861	2,349,963
Service charges	-	-	-	-	-	112,007
Gross income from rents and service charges	2,581,980	-	36,881	-	2,618,861	2,461,970
Less voids	(528)	-	-	-	(528)	(361)
Net income from rents and service charges	2,581,452	-	36,881	-	2,618,333	2,461,609
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	2,581,452	-	36,881	-	2,618,333	2,461,609
Management and maintenance administration costs	805,016	-	11,499	-	816,515	783,108
Service Costs	72,289	-	-	-	72,289	63,947
Planned and cyclical maintenance including major repairs costs	133,047	-	-	-	133,047	215,396
Reactive maintenance costs	224,332	-	-	-	224,332	183,457
Bad debts – rents and service charges	4,267	-	-	-	4,267	9,451
Depreciation of social housing	334,754	-	1,791	-	336,545	302,708
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	1,573,705	-	13,290	-	1,586,995	1,558,067
Operating surplus for social lettings	1,007,747	-	23,591	-	1,031,338	903,542
Operating surplus for social letting for previous period of account	885,357	-	18,185	-	903,542	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

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/ (Deficit) £	Operating Surplus / (Deficit) For Previous Period of Account £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	21,774	21,774	-	(41,935)	(20,161)	(17,573)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	5,459	5,459	-	(1,953)	3,506	2,745
Development and construction of property activities	-	-	-	-	-	-	-	-	(61,096)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	717,250	717,250	-	(717,250)	-	-
Other activities	-	-	-	-	-	-	-	-	3,546
Total from other activities	-	-	-	744,483	744,483	-	(761,138)	(16,655)	(72,378)
Total from other activities for the previous period of account	-	-	-	641,530	641,530	-	(713,908)	(72,378)	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

4 DIRECTORS' EMOLUMENTS

The Management Committee members are all classed as Directors of the Association. All perform their duties on a voluntary basis and receive no emoluments from the Association. There is no director or any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year.

	2014	2013
	£	£
Total expenses re-imbursed insofar as not chargeable to income tax		
Management Committee	<u>928</u>	<u>1,945</u>

Re-imbusement is only made for expenses directly incurred in connection with performing the Association's business. Expenses incurred are within the designated classes under Schedule 7 of the Housing (Scotland) Act 2001.

5 EMPLOYEES

	Number	Number
The average weekly numbers of persons employed during the year was:	<u>12</u>	<u>12</u>
Staff Costs:	£	£
Wages and salaries	455,160	432,701
Social security costs	44,541	38,443
Other pension costs	80,533	76,897
	<u>580,234</u>	<u>548,041</u>

6 OPERATING SURPLUS

	2014	2013
	£	£
Operating surplus is stated after charging:-		
Depreciation	354,572	322,528
Auditor's remuneration - Audit Services (Incl VAT)	6,300	6,243
Internal audit	874	874
	<u>361,746</u>	<u>335,645</u>

7 INTEREST PAYABLE

On bank loans and overdrafts	215,713	266,076
Less: Interest capitalised	-	(22,461)
	<u>215,713</u>	<u>243,615</u>

8 TAXATION

There is no tax liability arising in the current or previous year.

9a. TANGIBLE FIXED ASSETS

	Housing Properties Held for Letting £	Shared Ownership Properties Held for Letting £	Housing Properties in course of Construction £	Housing Properties Total £
Housing Properties				
Cost				
At 1 April 2013	54,007,290	1,081,732	3,972,130	59,061,152
Additions	73,981	-	1,682,199	1,756,180
Transfers to stock	3,992,025	(128,850)	(3,863,175)	-
Shared Equity Disposals	-	-	(848,176)	(848,176)
Disposals	(330,034)	(23,415)	-	(353,449)
At 31 March 2014	57,743,262	929,467	942,978	59,615,707
Housing Association Grants				
At 1 April 2013	32,966,289	849,523	1,676,022	35,491,834
Received in year	38,492	-	690,457	728,949
Transfers to stock	1,624,556	(110,699)	(1,513,857)	-
Shared Equity Disposals	-	-	(130,926)	(130,926)
Disposals	(237,785)	(15,985)	-	(253,770)
At 31 March 2014	34,391,552	722,839	721,696	35,836,087
Other Grants				
At 1 April 2013	-	-	43,735	43,735
Received in year	-	-	43,821	43,821
Transfers	43,735	-	(43,735)	-
At 31 March 2014	43,735	-	43,821	87,556
Depreciation				
At 1 April 2013	-	10,372	-	10,372
Provided during year	334,478	2,066	-	336,544
On disposals	(92,248)	(275)	-	(92,523)
At 31 March 2014	242,230	12,163	-	254,393
Net Book Value as at 31 March 2014	23,065,745	194,465	177,462	23,437,671
Net Book Value as at 31 March 2013	21,041,001	221,837	2,252,375	23,515,213

Housing properties held for letting were revalued at 31 March 2013 by DTZ Chartered Surveyors by using the existing use value for social housing basis giving a valuation of £21,041,001. This was a full valuation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

10 STOCK AND WORK IN PROGRESS

	New Supply Shared Equity £	Total £
Incomplete Stock		
At 1 April 2013	-	-
Cost transfer from other assets	848,176	848,176
Grants transfer from other assets	(130,926)	(130,926)
Transfers to completed	(717,250)	(717,250)
At 31 March 2014	<u>-</u>	<u>-</u>
Completed Stock		
At 1 April 2013	-	-
Cost transfer from other assets	-	-
Transferred from Incomplete	717,250	717,250
Write down of Cost of Sales	(717,250)	(717,250)
At 31 March 2014	<u>-</u>	<u>-</u>
Total Stock at 31 March 2014	<u>-</u>	<u>-</u>
Total Stock at 31 March 2013	<u>-</u>	<u>-</u>

The Association participates in the Scottish Government's New Supplied Share Equity Scheme (NSSE) with the aim of providing assistance to those on lower incomes to own their own home. Grants are made to equity sharing owners to reduce the purchase cost to an affordable level. A standard security is taken over the property in favour of the Scottish Government and no rent or interest is receivable from the equity sharing owner.

11 DEBTORS	2014 £	2013 £
Arrears of rent and service charges	57,580	58,643
Less: provision for doubtful debts	(15,887)	(15,893)
	<u>41,693</u>	42,750
Social Housing Grants receivable	275,113	21,258
Prepayments and accrued income	224,245	49,425
Other debtors	79,742	86,837
	<u>620,793</u>	<u>200,270</u>

12 CREDITORS - amounts falling due within one year

	2014 £	2013 £
Prepaid rent	103,687	79,105
Trade creditors	348,252	308,051
Accruals and deferred income	490,114	450,031
Other taxation and social security	20,979	39,238
Loans repayable within one year	477,976	497,084
Development overdraft	-	1,200,000
Other creditors	10,558	10,158
	<u>1,451,566</u>	<u>2,583,667</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

13 CREDITORS - amounts falling due after more than one year

	2014	2013
	£	£
Housing loans due within one year	477,976	497,084
Due between one and two years	466,424	485,045
Due between two and five years	1,372,925	1,427,712
Due after five years	14,066,167	14,611,320
	<u>16,383,492</u>	<u>17,021,161</u>
Less: included in current liabilities (note 12)	(477,976)	(497,084)
	<u><u>15,905,516</u></u>	<u><u>16,524,077</u></u>

Loans are secured by a standard security held over the housing properties of the Association and are repayable at varying rates of interest in instalments.

14 SHARE CAPITAL

	2014	2013
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1 April 2013	73	75
Issued during the year	-	1
Forfeited during the year	(2)	(3)
	<u>71</u>	<u>73</u>
At 31 March 2014	<u><u>71</u></u>	<u><u>73</u></u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

15 DESIGNATED RESERVES

	2014	2013
	£	£
Balance at 1 April 2013	2,395,060	1,786,254
Transferred in year	806,935	608,806
	<u>3,201,995</u>	<u>2,395,060</u>
Balance at 31 March 2014	<u><u>3,201,995</u></u>	<u><u>2,395,060</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

	2014	2013		
16 RECONCILIATION OF MOVEMENTS IN RESERVES				
	Revenue Reserves £	Revaluation Reserve £		
Balance at 1 April 2013	633,422	6,334,422		
Surplus for the year	849,406	-		
Transferred to designated reserves	(806,935)	-		
Transfer	45,292	(45,292)		
Revaluation in year	-	-		
At 31 March 2014	<u>721,185</u>	<u>6,289,130</u>		
17 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
	2014	2013		
	£	£		
OPERATING SURPLUS FOR THE YEAR	1,014,683	831,164		
Depreciation	354,572	322,528		
(Increase)/Decrease in debtors	(420,522)	40,669		
Increase in creditors	87,006	304,530		
Cancelled shares - balance sheet	(2)	(3)		
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,035,737</u>	<u>1,498,888</u>		
18 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT				
	2014	2013		
	£	£		
(Decrease)/increase in cash in the year	(1,227,230)	2,754,127		
Cash outflow/(Inflow) from financing	1,837,669	(3,651,319)		
Change in net debt	610,439	(897,192)		
Net debt at 1 April 2013	(13,524,072)	(12,626,880)		
Net debt at 31 March 2014	<u>(12,913,633)</u>	<u>(13,524,072)</u>		
19 ANALYSIS OF CHANGES IN NET DEBT				
	As at 1 April 2013 £	Cash Flows £	Other Changes £	As at 31 March 2014 £
Debt due within 1 year	(1,697,084)	1,837,669	(618,561)	(477,976)
Debt due after 1 year	(16,524,078)	-	618,561	(15,905,517)
Cash at bank and in hand	4,697,090	(1,227,230)	-	3,469,860
	<u>(13,524,072)</u>	<u>610,439</u>	<u>-</u>	<u>(12,913,633)</u>