

Grampian Housing Association Limited

Report of the Board of Management and Consolidated Financial Statements For the Year Ended 31 March 2015

Registration Particulars:

Financial Conduct Authority

Housing (Scotland) Act 2010
Registered Number 1769 R (S) (FSA)

Scottish Housing Regulator

Co-operative and Community Benefit Societies Act
2014
Registered Number HAL 120 AL

The Scottish Charity Register

Charity Number SC042023

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

For the year ended 31 March 2015

Contents

Board of Management, Executives and Advisers	1 – 2
Report of the Board of Management	3 – 10
Statement of Board of Management’s Responsibilities	11
Board of Management’s Statement on Internal Financial Controls	12
Independent Auditor’s Reports	13 – 14
Income and Expenditure accounts	15 – 16
Balance Sheets	17
Cash Flow Statements	18 – 19
Accounting Policies and Notes to the Financial Statements	20 – 46

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2015

The Board of Management and Executive Officers

The Board of Management and the Executive Officers who held office during the year together with the interests of the board members at the year end in the share capital of the Association at 31 March 2015 and 2014 (or date of appointment if later) follow:

<i>Board members</i>		Number	Number
		2015	2014
Gordon Edwards	(Chair)	1	1
Keith Jones	(Vice Chair)	1	1
Amanze Ejiogu		1	1
Rae Munro #	(Resigned 29 September 2014)	-	1
Steve Delaney		1	1
Nora Radcliffe		1	1
Ray Walkinshaw	(Resigned 28 April 2015)	-	1
Richard Robertson #		1	1
David Carlin *	(Resigned 28 April 2014)	-	1
Brian Stewart *	(Resigned 23 October 2014)	-	1
Graham Morrison		1	1
Norton Bertram-Smith	(Appointed 29 September 2014)	1	-
Jim Currie	(Appointed 29 April 2014)	1	-
Sarah Downs	(Appointed 29 April 2014)	1	-
Dawn Robertson	(Appointed 29 April 2014)	1	-
Rob Simpson	(Appointed 29 April 2014)	1	-
Fiona Willis	(Appointed 29 September 2014; resigned 13 April 2015)	1	-

*Tenant board member # Sharing Owners

Executive officers

Neil Clapperton (Chief Executive / Assistant Secretary)

Malcolm McNeil (Secretary)

An executive officer of the Association, although not having the legal status of director, acts as an executive within the authority delegated by the Board.

The following were members of Kirkgate Developments Limited only:

Richard Dodunski (Chair)
Martin Ford
Glen Reynolds
Mark Wynne (Resigned 4 April 2015)

GRAMPIAN HOUSING ASSOCIATION LIMITED
BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2015

Registered Office:

Huntly House
74 Huntly Street
Aberdeen
AB10 1TD

Auditors:

Baker Tilly UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Bankers:

The Royal Bank of Scotland plc
78 Union Street
Aberdeen
AB10 1HH

Bank of Scotland
38 Albyn Place
Aberdeen
AB10 1ZS

THFC (Social Housing Finance) Limited
4th Floor
107 Cannon Street
London
EC4N 5AF

Nationwide Building Society
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

Solicitors:

Racburn Christie Clark and Wallace
12 - 16 Albyn Place
Aberdeen
AB10 1PS

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

The Board of Management presents its report and audited financial statements for the year ended 31 March 2015.

Legal status

Grampian Housing Association Limited (the Association), is incorporated in Scotland and registered with the Financial Conduct Authority (formally the Financial Services Authority) under the Co-operative and Community Benefits Societies Act, 2014, as a registered Housing Association and is registered with The Office of the Scottish Charity Regulator as a registered charity.

It has four wholly owned subsidiaries:-

Kirkgate Developments Limited
Kirkgate Homes Limited (a dormant company)
Grampian Community Energy Limited (a dormant company); and
Sirius Housing Group Limited (a dormant company)

Principal activities

The principal activity of Grampian Housing Association (the Group) is to provide and manage quality affordable accommodation for people in housing need. The Association owns and manages a wide range of housing for rent. It also has a considerable portfolio of shared ownership properties. The Association works closely with local authorities to provide accommodation for homeless households and it has a special relationship with Aberdeen Foyer in the provision of accommodation for young people. In partnership with others it provides special needs accommodation throughout the Grampian area.

The Association also provides development and marketing services for other Registered Social Landlords in the Grampian area, whilst factoring services are provided for a wide range of owners too. The Association also has relationships with other agencies including NHS Grampian.

The future objectives of the Group are centred on the provision of affordable housing with a pragmatic mix of social rent, shared ownership and mid-market rent as well as wider regeneration in rural and urban communities, and the provision of housing support. As a registered charity, all aims and objectives must be compatible with the Association's charitable status or carried out by Group companies where necessary. Objectives are measured against appropriate Key Performance Indicators and performance is regularly reviewed by the Association's Board and sub-committees as well as being reported annually to the Scottish Housing Regulator.

The principal activities of Kirkgate Developments Limited are developments for sale, mid-market and market rent properties as well as developing opportunities for social enterprise and commercial and community facilities. In the future, Kirkgate Developments Limited and other subsidiaries if required will carry out any trading activities in the Group.

Board Members and training

The Group operates a formal induction process for new Board Members and regularly reviews the composition of its Board to ensure, as far as possible, that its membership reflects the composition of the community. In recruiting new members, the Group aims to ensure that the correct balance of skills and experience exists and that these reflect the needs of the business. The Board receives regular training and updates from a variety of sources and members attend external conferences and events on a regular basis. The Association is in the process of reviewing its policy and procedure in regard to the induction, development and appraisal of Board members. This review will take into account revised regulatory expectations and standards as well as recent guidance on the subject published by the SFHA.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Housing Stock

During the year, the Group added 46 properties to its rental portfolio (2014: 65). These were all new builds with 8 of the properties converted to self-funded mid market rent. Two disposals were made through the Right to Buy (RTB) Scheme.

There were no shared ownership properties added to the Group's portfolio this year (2014:68).

At year end, the Group held the following:

- 2,926 properties leased by Grampian Housing Association
- 60 properties leased directly to Aberdeen Foyer
- 9 non self contained units
- 24 non self contained bed spaces
- 61 properties managed for Kirkgate Developments Limited
- 38 garages
- 8 commercial properties leased to support agencies
- 1 health centre
- 3 offices utilised by the Group

The Group also provide factoring services to circa 3,200 households, manage lead tenancies and continue to act as Scottish Government agent in the Grampian area for low cost home ownership schemes including Help to Buy and the Open Market Shared Equity scheme.

Tenure diversification

The Group is mindful of the need to ensure sufficient, affordable housing is delivered to its customers, both current and future. To this effect, the Group have provided mid-market and market rent alongside its more traditional tenure types. This policy of diversification will be progressed throughout the next financial year and every attempt made to ensure that those who receive housing from the Group are provided with good quality accommodation at competitive rates for the tenure type provided.

Rent policy

Affordability is an issue that the Association regards as a crucial aspect of its business. However, this must be married with the need to meet the significant demand for social housing that exists (circa 13,000 applicants). Therefore continued development, alongside appropriate maintenance activities, must be balanced against rent increases. Current policy is for the retail price index (RPI) plus a margin to be utilised. On this basis, this coming year's increase is 3.3% (2.3% plus 1%).

Development

The Group's growth continued in 2014/15 through housing development activity for the Association. At the year-end there were 21 units in development, all of which were for social rent. Capital commitments of £1,048,579 were authorised and contracted for in the immediate future. The Group's capital investment on housing properties for the year ended 31 March 2015 was £4,581,000. This was funded in part by way of Housing Association Grant (HAG) funding from the Scottish Government and other grants amounting to £2,894,000. The remainder was funded from the Group's own resources and the recent loan facilities received from the Royal Bank of Scotland.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Income and expenditure

The Group had a turnover of £15,749,000, a decrease of £2,319,000 on the previous year's turnover of £18,068,000. On this turnover the Group showed a surplus before tax of £2,810,000, compared with a surplus of £2,393,000 in 2014. Operating costs at £10,842,000 showed a similar trend to the turnover compared to the 2014 figure of £12,998,000. The decrease in Group turnover is a result of the lack of first tranche sales in shared ownership properties in 2015 but does reflect a net increase with the normal annual rent increase. The operating costs are shown net of an amount of £355,000 being transferred out of planned and cyclical repairs and being capitalised in the year, which is a decrease of £236,000 on the 2014 balance of £591,000. The annual charge for day to day repairs, cyclical repairs and major repairs was £142,000 less than the previous year. There was an increase in the financial interest charges of £340,000 reflecting increased borrowing from loan facilities.

Kirkgate Developments Limited's operational results showed an increase to turnover of 23% at £572,000 compared to £465,000 in 2014. This was offset by an increase in operating costs to £294,000, compared to £233,000 in 2014, with the latter due mainly to an increase in lease costs as additional properties were being managed. There was an increase in pre-tax surplus to £155,000 in 2015 from £106,000 in 2014. The annual revaluation of the investment properties resulted in an increase in the revaluation reserve of £276,000.

With Grampian Housing Association having charitable status, the company's tax liability is £nil. Kirkgate Developments Limited is liable to taxation, however there has been a gift aid donation of £162,645 (2013:£114,070) taking excess taxable profits back to the parent company, Grampian Housing Association, so no taxation is due for the current year. There is a deferred tax charge of £1,778 leaving a deferred tax liability of £40,355 relating to Kirkgate Developments Limited.

The Association's day to day repair costs, at £1,615,000 inclusive of overheads, represented 15% (2014: 16%) of the total Group operating costs. During 2014/15, significant upgrade works took place under planned and cyclical repairs including painterwork, heating upgrades and roof replacements.

Balance sheet

At 31 March 2015 the Group gross cost of housing properties amounted to £229,195,000 (an increase of £1,591,000 on the 2014 balance of £227,604,000) and after allowing for depreciation and HAG these have a net book value of £86,081,000, (2014: £86,967,000) reflecting the level of shared ownership tranching up in the year.

Other tangible fixed assets increased on a net book value basis from £8,034,000 to £8,642,000 incorporating an increase in the valuation of Kirkgate's investment properties of £276,000 combined with updates to the IT environment in the form of software and hardware.

The Group's net stock and work in progress reduced in value at £199,000 compared to £327,000 in 2014. This balance represents the fact that there was little development activity in progress at the year end.

Current debtors decreased from £1,948,000 to £1,514,000, chiefly driven by HAG receivable balances included in debtors at the end of the prior year. Cash at bank and in hand rose from £1,555,000 to £7,255,000 in anticipation of creditors to be paid after the year end.

Short-term creditors increased from £7,262,000 to £9,338,000 reflecting payments in advance as part of the Help to Buy Scheme combined with a grant repayment to be made after the year end. Long-term creditors decreased from £73,308,000 to £72,846,000 reflecting loan repayments made in the year.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Reserves

At the year end the revenue reserve had increased from £7,935,000 to £10,490,000, chiefly as a result of the surplus referred to above.

Designated reserves are reserves identified for specific purposes. They are split into two areas, resources internally generated from operations, which have been set aside to provide for planned cyclical repairs and resources set aside to meet the past service deficit contributions payable on the Growth Plan Pension, (although not yet legally required to be recognised as a liability), it was felt it would be prudent to recognise these contributions due to be paid and as such to set this aside in a designated reserve. The designated reserves now stand at £7,260,000. As well as a provision for the pension, these reserves are based on the Association's obligation to maintain its housing properties in a satisfactory state of repair, and the amount set aside will cover the next two years of planned cyclical works. It should be also noted that the Association's long-term repair programme, and updated energy audit report, complies with the requirements of the Scottish Housing Quality Standard (SHQS).

The amount set aside for the pension of £615,000 represents the Net Present Value of the contributions payable towards the past service deficit in the growth plan that is being repaid annually until 2024. It is planned to withdraw from this scheme in the next year at which point the reserve will be released.

The capital reserve has increased from £1,503,000 to £1,650,000.

All properties within Kirkgate Developments Limited were revalued in the year, resulting in an increase in the revaluation reserve of £276,000.

In summary, total reserves increased during the year from £18,443,000 to £21,527,000.

Staffing

Headcount has this year shown a decrease with the full time equivalent count being 94 with the reduction being primarily related to funded posts ending or transferring. A number of changes reported last year in respect of organisational structures with some posts being re-located to other departments and new posts being created in support of practical delivery have been completed. In January 2015 the Director of Housing and Property Services left to take up a promoted post and her successor was appointed following an open and competitive recruitment campaign. This appointment ensures that the Association continues to have a senior team with an appropriate balance of skills and experience.

New Initiatives

During the year 2014/15, the Association continued to access a wide ranging funding portfolio for new initiatives projects.

The core SMART Project benefited from significant Lottery Funding from both the third year of the Investing in Communities grant along with an additional Support and Connect grant for Elgin, totalling £125,690. We found that basing an adviser in the Elgin office was more efficient in terms of travel costs and in the year, the project received a total of 414 referrals and achieved financial gain of £1,105,120.

Our Scottish Legal Aid Board projects continued this year through partnership working with Aberdeen City Council to reach out into the community with budgeting support and with Grampian Women's Aid to provide intensive money management support to women experiencing domestic abuse. We also continued to work in partnership with Pathways to provide employability and money management support to our tenants and others in disadvantaged areas. The work of the AHEAD project, in partnership with CFINE and NESCU moved into new territory through the growth of local food banks and our provision of money management support alongside these. Additional People and Communities fund grant has been successfully sought to continue these latter two initiatives in to the coming year to address the additional needs being highlighted by Welfare Reform.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

New Initiatives (continued)

Two new grants were successfully applied for during 2014/15 which will benefit recipients in the coming year. The first of these was a Lottery Investing in Communities grant award over five years for the Assist (Housing Support) project to allow us to spend more time supporting those with mental health and substance misuse issues to enable them to move on from the project. Assist provided intensive support to 100 clients in the year. The second new grant which starts on 1 April 2015 is the result of partnership working with the Fraserburgh Development Trust and the identification of a need for money advice in the town of Fraserburgh. We are working in partnership with a myriad of other agencies to provide a frontline service to tackle the needs of those experiencing difficulties with Universal Credit and other issues around Welfare Reform.

During 2014/15 we continued to provide energy advice to Langstane tenants as well as our own with funding from the Climate Challenge Fund. Some difficulties were experienced with retention and recruitment of staff but the two projects, in Aberdeen and Elgin, provided support to 686 tenants and helped to improve their quality of life and stay warm.

During 2014/15 we were successful in securing Green Homes Cashback money to carry out External Wall Insulation work on 61 properties in Aberdeen. Two grants from Energy Savings Trust allowed GHA to employ consultants to carry out Feasibility Studies on Solar PV and also a District Heating extension.

The Renewable Heat (RHI) applications were successfully applied for, and will bring in an income of £296,375 over the next 7 years.

Funding from both the Big Lottery and Scottish Legal Aid are ring fenced and had there been any surplus, it would have been ring-fenced in restricted reserves.

Customer Participation

During the year co-ordination of customer participation within the Association transferred from the Communications Co-ordinator to the new Operational Service Development Manager and Officer within Housing & Property Services. The team are taking a lead in building on the Association's customer participation activities to develop Grampian's tenant scrutiny framework and self-assessment activities.

During the year customer participation was the subject of an internal audit and received a satisfactory level of assurance. The context was to assess how well the Association was achieving the participation outcome in the Scottish Social Housing Charter. An action plan was drawn up in response to the audit recommendations and is being implemented.

Count me in, our customer panel, continued to be the main method of engaging with our customers with the Tenants Information Service (TIS) as our independent consultant. Joining *Count me in* was promoted in *Keynote* and through social media.

Following the submission of our Annual Return on the Charter (ARC) to the Scottish Housing Regulator (SHR) *Count me in* members were consulted about the content and design of our first performance report to tenants on the Charter. All tenants had the opportunity to provide feedback when the report was issued.

Grampian exhibited at Aberdeen City Council's Housing+ drop-in event which was a good opportunity to meet face to face with tenants and applicants. A consultation surgery was organised for tenants in Lossiemouth, mainly to provide information and advice in advance of the installation of mains gas to replace the district heating system, but involved staff from all departments to offer help with tenancy related issues. Meetings of the Heathryfold Residents' (a joint local authority/Registered Social Landlord) Group were attended by Association staff.

Customer participation was also promoted through North East Tenants, Residents and Landlords Together (NETRALT) involving all the local RSLs and the three local authorities. NETRALT organised its third Housing Café in November 2014. The theme was the Annual Return on the Charter giving tenants an opportunity to find out how their landlords were performing as well as discussing the respective reports to tenants. A film about the event was produced to record its success, promote future events and encourage more customers to get involved. NETRALT was awarded runners-up place in the TIS Frances Nelson MBE awards for Umbrella Organisations for the Housing Cafes.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Partnerships and future opportunities

Grampian Housing Association continued to develop in the year to March 2015 with a much reduced programme, as it completed 38 new homes for social rent and 8 for mid-market rent in the North East (let through Kirkgate Developments). However much of the Association's activity in recent years has been in providing low cost home ownership and in this area Grampian has been busier than ever, delivering Help to Buy to 437 households and housing a further 78 through shared ownership and shared equity.

In the last year the Association took active steps to boost its ability to build new homes in a difficult 45% grant regime, further developing its policy on asset management, key workers and value for money. Grampian also brought in a pilot increase in new build rents and tougher hurdle conditions for investment to ensure project viability. Unlocking the Association's capacity is a top priority for the current Business Plan and reviving economic developments as a key driver in the business growth, fostering broader relationships with employers across all sectors who are suffering from a failed housing market in the North East. For example, building on our relationship with the NHS, Grampian has been developing a project to meet key health worker housing needs in Aberdeen.

The year saw further progress in creating Our Power, a social enterprise energy supply company developed as a membership consortium with forty Registered Social Landlords and local authorities across Scotland. The company has now completed its first phase of fund raising and has started trading in 2015. In parallel the Association is also looking at its long term strategy for its tenants energy needs and the energy efficiency of existing stock. It is also worth working with several community groups in developing innovative approaches to energy use and control.

Despite the low level of government investment in affordable housing, threatening changes in the welfare system, further public sector cuts announced and a slow exit from the deepest recession for several generations, the Association is in a very positive place. It can afford to be more optimistic about its future growth prospects and confident about its ability to weather a further five years of austerity.

Key Performance Indicators (KPIs)

The Association's relevant KPIs, based on data returned and published in the Annual Return on the Charter to the Scottish Housing Regulator / other available statistics are as follows:

	Actual	Scottish Average	Actual	Target
	2013/14	2013/14	2014/15	2014/15
% Void Loss	0.3%	1.2%	0.2%	0.8%
Average Re-Let Time	16 days	36 days	15 days	N/A
Staff costs as % of Turnover	20.2%	N/A	22.3%	N/A
% Properties meeting SHQS	91.1%	85.3%	99.0%	100%
% Reactive Repairs completed Right First Time	98.6%	87.1%	96%	N/A
Unit Cost of Day to Day Repairs	£513	N/A	£523	£546

In considering these statistics, it should be noted that processes associated with the introduction of the Scottish Social Housing Charter mean that set peer group comparisons are no longer available for a number of indicators; averages across Scotland are instead used when available. In comparing the above 2013-14 statistics, the Association's performance is better than the Scottish average for all relevant listed indicators.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Key Performance Indicators (KPIs) (continued)

Strong 2013-14 performance was maintained on most indicators in 2014-15, with slight further improvements in both void loss and re-let times. The one indicator which declined marginally was the percentage of reactive repairs completed right first time, although this is still likely to remain well above the sector average. A small number of properties remained non-compliant against the Scottish Housing Quality Standard (SHQS) at 31 March 2015, but the Association fully expects all relevant property to be compliant by the end of the calendar year. Although staff costs increased as a percentage of turnover, this was wholly attributable to reduced turnover. Staff costs in themselves reduced by 1% in 2014-15.

Risk Management

The Group has a moral and statutory duty of care to its tenants, employees and assets. It will meet this duty by ensuring that risk management plays an integral part in the management of the Association at a strategic and operational level. Risk Management is an active process, which requires co-operation from the Board of Management, senior management and all staff.

The Group makes all employees aware of risks through training and communication. The Group's risk management policy was approved by the Finance and General Purposes Committee in May 2008. Our Internal Auditors appointed in 2013 continue to follow a plan agreed by the Audit Committee. This ensures that the Board is supported in meeting regulatory and business requirements in respect of ensuring appropriate systems of control are in place.

A Strategic Risk Register, which highlights key risks to the organisation, is in place and this is reviewed on a quarterly basis through the Audit Committee. An Operational Risk register is in place and reports in respect of major development projects contain specific risk analysis as well as describing how risks are controlled. With the assistance of our Internal Auditors, these registers are to be further refined so as to ensure that they correctly focus on the main risks and action taken to mitigate against them. Key strategic risks identified include, the impact of universal credit, issues in respect of open space maintenance in LSVT stock areas and increasing interest rates in the longer term.

These risks will be mitigated by, proactive interventions and tenancy management, robust financial modelling and a strategy to see issues in regard to open spaces managed.

Treasury Management Policy

Under its Rules the Group cannot enter into transactions of a speculative nature. At the financial year-end the Group had an appropriate mix of fixed and variable rate funding arrangements. The Group has an active treasury management function, which operates in accordance with the treasury policy approved by the Board of Management. During the year working capital controls enabled delays to bank cash drawdowns which realised net interest savings for the Association.

Maintenance Policies

The Group seeks to maintain its properties to a high standard and medium term programmes of planned and cyclical repairs are carried out to deal with gradual and predictable deterioration of building components. In compliance with the component accounting changes in 2012, the cost of some maintenance works is charged to the Income and Expenditure Account and the balance will be capitalised to Fixed Assets. In addition, longer term programmes are in place to cover for works which are necessary to ensure that the Group's assets continue to be maintained and improved to a high standard. This includes replacement or repair to components which have come to the end of their economic lives.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2015

Credit payment policy

The payment policy, which the Group follows, is to pay all purchases within 28 days, although some payments are settled in 14 days, and in accordance with creditor terms.

Statement as to the disclosure of information to auditors

The Board Members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board Members have confirmed that they have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditors

Baker Tilly UK Audit LLP have indicated their willingness to continue in office. A resolution regarding their reappointment will be proposed at the next Annual General meeting.

By order of the Board



Malcolm McNeil
Secretary

25 August 2015

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31 March 2015

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the affairs of the Group and of the surplus or deficit for that period. In preparing those financial statements, the Board of Management is required to fulfil the following obligations:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and

The Board of Management confirms that the financial statements comply with these requirements.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefits Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements April 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the Registered Social Landlord and to prevent and detect fraud and other irregularities.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2015

The Board of Management acknowledge their ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Group or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements 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 Group'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-committees comprising Board of Management members and Co-optees;
- the Board of Management reviews reports from their Senior Management Team, staff, internal and external auditors, and from specialised consultants 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 Group; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

An Internal Audit Needs Assessment has been developed by the Association in accordance with established audit practice, and internal audit has been in operation this year.

The Board of Management has reviewed the system of internal financial control in the Group for the year ended 31 March 2015 and until the below date. No weaknesses were found in 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.

These arrangements are considered appropriate to the scale and range of the Association's activities, and comply with the requirements contained in the Scottish Housing Regulator's guidance.

By order of the Board of Management



Malcolm McNeil
Secretary

GRAMPIAN HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of

Grampian Housing Association Limited

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROLS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 12 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs 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 Committee 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 12 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditors
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 26/6/15

GRAMPIAN HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the members of

Grampian Housing Association Limited

We have audited the group and parent association financial statements of Group and Grampian Housing Association for the year ended 31 March 2015 on pages 15 to 46. 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 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 11, 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 Group's and Association's affairs as at 31 March 2015 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditors
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 26/5/15

GRAMPIAN HOUSING ASSOCIATION LIMITED
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	<i>1,2</i>	15,749	18,068
Operating costs	<i>2</i>	(10,842)	(12,998)
		<hr/>	<hr/>
Operating surplus	<i>8</i>	4,907	5,070
Surplus on disposal of housing fixed assets	<i>9</i>	1,101	187
Interest receivable	<i>10</i>	14	8
Interest payable	<i>11</i>	(3,212)	(2,872)
		<hr/>	<hr/>
Surplus on ordinary activities before taxation		2,810	2,393
Taxation charge on surplus on ordinary activities	<i>12</i>	(2)	(2)
		<hr/>	<hr/>
Surplus on ordinary activities after taxation for the financial year	<i>22</i>	2,808	2,391
		<hr/> <hr/>	<hr/> <hr/>

All figures relate to continuing operations.

There is no difference between the surplus on ordinary activities for the period and the accumulated surplus for the period stated above, and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2015

	<i>Note</i>	2015 £000	2014 £000
Surplus for the year		2,808	2,391
Revaluation gain/(loss) on Investment Properties	<i>14</i>	276	83
		<hr/>	<hr/>
Total surpluses and deficits recognised since the last reporting period	<i>22</i>	3,084	2,474
		<hr/> <hr/>	<hr/> <hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

HOUSING ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Turnover	<i>1,2</i>	15,354	17,719
Operating costs	<i>2</i>	(10,724)	(12,881)
Operating surplus	<i>8</i>	4,630	4,838
Gift Aid Received		163	114
Surplus on disposal of housing fixed assets	<i>9</i>	1,101	187
Interest receivable	<i>10</i>	67	60
Interest payable	<i>11</i>	(3,142)	(2,800)
Surplus on ordinary activities before taxation		2,819	2,399
Taxation charge on surplus on ordinary activities	<i>12</i>	-	-
Surplus on ordinary activities after taxation for the financial year	<i>23</i>	2,819	2,399

All figures relate to continuing operations.

There is no difference between the surplus on ordinary activities for the period and the accumulated surplus for the period stated above, and their historical cost equivalents.

There were no recognised gains or losses other than the surplus for the year.

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION BALANCE SHEET

		As at 31 March 2015		Charity No SC042023	
	Note	2015		2014	
		GROUP £000	ASSOCIATION £000	GROUP £000	ASSOCIATION £000
Tangible fixed assets					
Housing properties – gross cost					
less depreciation	13	215,041	215,041	215,008	215,008
Less Housing Association Grant	13	(118,897)	(118,897)	(118,096)	(118,096)
Less other grants	13	(10,063)	(10,063)	(9,945)	(9,945)
		<hr/>	<hr/>	<hr/>	<hr/>
Other fixed assets	14	86,081	86,081	86,967	86,967
		8,642	2,926	8,034	2,594
Fixed asset investments					
LIFT loans		5,540	5,540	5,540	5,540
LIFT grants		(5,540)	(5,540)	(5,540)	(5,540)
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Tangible fixed assets		94,723	89,007	95,001	89,561
Current assets					
Stock and work in progress	16	199	199	327	327
Debtors	17	1,514	1,650	1,948	2,017
Cash at bank and in hand	18	7,255	7,182	1,555	1,483
		<hr/>	<hr/>	<hr/>	<hr/>
		8,968	9,031	3,830	3,827
Creditors: amounts falling due within one year	19	(9,338)	(9,169)	(7,262)	(7,073)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current liabilities		(370)	(138)	(3,432)	(3,246)
		<hr/>	<hr/>	<hr/>	<hr/>
Debtors: amounts falling due after more than one year	17	20	1,880	42	1,909
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		94,373	90,749	91,611	88,224
Creditors: amounts falling due after more than one year	20	(72,846)	(71,733)	(73,168)	(72,027)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		21,527	19,016	18,443	16,197
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Share capital	21,23	1	1	1	1
Designated reserve	22,23	7,260	7,260	7,154	7,154
Capital reserve	22,23	1,650	1,650	1,503	1,503
Revenue reserve	22,23	10,490	10,105	7,935	7,539
Revaluation reserve	22	2,126	-	1,850	-
		<hr/>	<hr/>	<hr/>	<hr/>
		21,527	19,016	18,443	16,197
		<hr/>	<hr/>	<hr/>	<hr/>

These financial statements were approved and authorised for issue by the Board of Management on 25 August 2015 by:

Gordon Edwards
Chair



Keith Jones
Vice Chair



Malcolm McNeill
Secretary



GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	<i>Notes</i>	2015	2014
		£000	£000
Cash inflow from operating activities	26	8,331	7,962
Returns on investments and servicing of finance			
Interest received		14	8
Interest paid		(3,241)	(2,872)
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(3,227)	(2,864)
Taxation			
Corporation tax paid		-	-
		<hr/>	<hr/>
Net cash outflow on taxation		-	-
Capital expenditure and financial investment			
Acquisition and construction of housing properties		(4,581)	(11,761)
Purchase of other fixed assets		(524)	(209)
Capital grants received		3,506	2,545
Capital grants repaid		(311)	(602)
Sales of housing properties		2,990	795
Sales of other fixed assets		249	6
		<hr/>	<hr/>
Net cash outflow from capital expenditure and investing activities		1,329	(9,226)
		<hr/>	<hr/>
Net cash outflow before use of liquid resources and financing		6,433	(4,128)
Financing			
Loan advances received		1,500	8,500
Loan principal repayments		(2,233)	(3,740)
		<hr/>	<hr/>
Net cash inflow from financing	28	(733)	4,760
		<hr/>	<hr/>
Increase in cash in the year	27, 28	5,700	632
		<hr/> <hr/>	<hr/> <hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED
HOUSING ASSOCIATION CASH FLOW STATEMENT

For the year ended 31 March 2015

	<i>Notes</i>	2015		2014	
		£000	£000	£000	£000
Cash inflow from operating activities	29		8,172		7,805
Returns on investments and servicing of finance					
Interest received		67		60	
Interest paid		(3,170)		(2,800)	
		<hr/>		<hr/>	
Net cash outflow from returns on investments and servicing of finance			(3,103)		(2,740)
Taxation					
Corporation tax paid		-		-	
		<hr/>		<hr/>	
Net cash outflow on taxation			-		-
Capital expenditure and financial investment					
Acquisition and construction of housing properties		(4,581)		(11,761)	
Purchase of other fixed assets		(524)		(209)	
Capital grants received		3,506		2,545	
Capital grants repaid		(311)		(602)	
Sales of housing properties		2,990		795	
Sales of other fixed assets		249		6	
		<hr/>		<hr/>	
Net cash outflow from capital expenditure and investing activities			1,329		(9,226)
			<hr/>		<hr/>
Net cash outflow before use of liquid resources and financing			6,398		(4,161)
Financing					
Loan advances received		1,500		7,048	
Loan principal repayments		(2,199)		(2,256)	
		<hr/>		<hr/>	
Net cash inflow from financing	31		(699)		4,792
			<hr/>		<hr/>
Increase in cash in the year	30,31		5,699		631
			<hr/> <hr/>		<hr/> <hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014, is registered by the Financial Conduct Authority, is a Registered Social Landlord and is a registered with the Scottish Charity Regulator.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules except for investment properties which are stated at valuation. They comply with the Registered Social Landlords Determination of Accounting Requirements April 2012 and with the Statement of Recommended Practice (SORP): Accounting by Registered Housing Providers Update 2010.

Basis of consolidation

The Group financial statements consolidate the results of Grampian Housing Association Limited, and its subsidiary company Kirkgate Developments Limited using acquisition accounting. The dormant subsidiaries are not included in the consolidation.

Going concern

The Group has a significant asset base matched by growing reserves. In March 2014 the Group secured a facility for an additional £15,000,000 of borrowing from the Royal Bank of Scotland plc. Recent cash flow forecasts covering a period of 1 year from the signing of these financial statements indicate that existing loan facilities will meet the Group's borrowing requirements. These forecasts include a level of investment in grant assisted social rental developments. The Group is also currently working with the local NHS Grampian looking at innovative ways of funding future developments for key workers in the absence of the levels of Housing Association Grant paid by the Scottish Government in recent years. The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group had net current liabilities at 31 March 2015 of £370,000 caused chiefly by the timing of the payments for developments and a grant liability.

Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and the Scottish Government and fees from the provision of management services. It also includes lease income from commercial property and income from the first tranche of shared ownership sales.

Development costs and allowances

Development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are included in HAG or are treated as deferred allowances in accruals and deferred income while development costs are added to housing properties. Deferred development allowances are used to fund future development costs.

Housing properties, housing association grant and depreciation

(a) Housing properties are stated at cost less social housing and other public grants less accumulated depreciation. The development costs of housing properties include the following:

- cost of acquiring land and buildings;
- development expenditure; and
- interest charged on the development loans raised to finance the scheme.

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.

(b) For developments under the terms of the 1988 Housing Act, Housing Association Grant (HAG) is paid directly to the Association as required to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted by the level of sales proceeds.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies *(continued)*

- (c) Works to existing properties will generally be capitalised under the following circumstances;
- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful life is replaced or restored; or
 - (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of a property.

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

Component accounting requires the capitalisation of major components which are deemed to be land, buildings, roofs, kitchens, bathrooms, windows and doors, lifts, heating systems, door entry systems and electrics. Each component has a substantially different economic life and is depreciated over this life. Depreciation rates are shown under (f) below. This accounting policy is compliant with the SORP 2010.

- (d) Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales, which are deducted from cost. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the financial statements.
- (e) An annual impairment review is required to be undertaken in line with accounting standards. Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. The impairment calculation has been prepared over a length of 30 years as it is felt this is a fair representation of future income from the properties as they are held as long term income generating units.

Impairment of assets would be recognised in the Income and Expenditure account.

- (f) Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Buildings	100 years
Roofs	60 years
Kitchens	15 years
Bathrooms	25 years
Windows and Doors	25 years
Lifts	30 years
Heating Systems	20 years
Door Entry Systems	15 years
Electrics	30 years

No depreciation is charged on these assets in the year of purchase, but a full year's charge is made on the year of disposal.

Other fixed assets

Other fixed assets excluding Investment Properties are stated at cost. Commercial properties include the capitalised costs of the land acquisition, which is made up of the valuation certificate and other development costs to date.

Depreciation is provided on all other fixed assets other than freehold land and Investment Properties at rates calculated to write down the cost of other fixed assets on a straight line basis over their expected useful lives as follows:

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies (continued)

Other fixed assets (continued)

Freehold land and buildings	100 years
Freehold land and buildings improvements	15 years
Commercial properties	100 years
Commercial properties improvements	15 years
Heritable property	50 years
Plant, machinery, fixtures and motor vehicles	3 to 5 years
Computer hardware and software	4 years

Investment properties are re-valued annually by independent Chartered Surveyors on an open market basis. Depreciation is not provided on investment properties except where the unexpired lease term exceeds 20 years where the properties are depreciated evenly over the period of the lease. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, these properties are not held for their consumption but as investments, the disposal of which would not materially affect any trading operations of the company. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties. Depreciation or amortisation is only one of the many factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Designated reserves

Cyclical and major repairs reserve

This reserve is based on the Association's obligation to maintain its housing properties in a satisfactory state of repair. Reactive repairs are met from revenue in the year in which they are incurred. However repairs of a cyclical or long-term nature are carried out in accordance with the Association's life cycle costing programme and will be funded from designated reserves. External decoration is planned to take place every 4 years with decoration of internal common parts every 8 years and major components replaced in accordance with the life cycle programme.

The reserve must also cover future major repairs expenditure. The actual cost is charged to the income and expenditure account and is covered by a reserve transfer. The Association's rental policy takes into account the need for adequate major repairs provisions to accumulate.

Pension reserve

During the year the Board made the decision to investigate an exit from the Pension Trust's Growth Plan scheme which showed a past service deficit, on the proviso that withdrawal cost was acceptable to the Association. The cost of withdrawal was in turn dependent on a process of actuarial valuation which is now unlikely to be completed prior to September 2015. The exit date for actuarial purposes was set at 28 February 2015 and the Association now has a 12 month period of grace from this date to decide on withdrawal.

Restricted reserve

A restricted reserve exists to administer the grants received from the Big Lottery and from the Scottish Legal Aid Board. Amounts arising on these grants are held within capital and reserves and released to the income and expenditure account in the periods in which the expenditure occurs.

Pensions

The Association participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The Association also contribute to the Pensions Trust growth plan. In line with FRS17 this multi-employer scheme is treated like a defined contribution scheme with contributions charged to the income and expenditure account as they fall due.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies (*continued*)

Taxation and Deferred Taxation

In January 2011 the Association became a registered charity and therefore from this date is not liable to tax on its charitable activities. Kirkgate Developments Limited is still liable to tax.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Loans and Grants

Loans are advanced by private or public lenders under the terms of individual mortgage deeds in respect of each development or under a global facility secured on existing developments. Grants from the Housing and Regeneration Department or local authorities are payable to subsidise the capital cost of housing developments. Grants from the Housing and Regeneration Department take the form of Housing Association Grant (HAG) funding. Advances are generally available only in respect of those developments which have been given approval by the Scottish Housing Regulator.

Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Deferred Income

Income received in advance for commercial properties (in the form of a grassum) and for housing properties from the Foyer is treated as deferred income and released to the income and expenditure account over the period to which the rent relates.

Leases and obligations

All leases are "operating leases" and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

Assets held under finance leases are included in tangible fixed assets and are depreciated on a straight line basis over their economic useful lives. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable; the finance charge being allocated to accounting periods over the lease term so as to produce a constant rate of charge on the remaining balance of the obligation. The Associations obligation under finance leases are secured on the asset to which the leases relate.

Stock

Stock and work in progress is stated at the lower of cost and net realisable value.

Developments in progress for other Associations are included in WIP at cost net of any related HAG. Interest up to practical completion is capitalised on WIP.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. Accounting policies (*continued*)

VAT

The Association is VAT registered. However a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT. There is a Group VAT registration scheme.

Shared Ownership

Proceeds from first tranche disposals of shared ownership properties are accounted for in the Income and Expenditure account of the period in which the disposal occurs, with any receipts on disposal recognised in the Income & Expenditure account as turnover. The cost of disposal of first tranche disposals is included within cost of sales. The first tranche element of any unsold properties is shown as a current asset.

Loan Arrangement Fees

Loan arrangement fees are amortised over the term of the loan to which they relate.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. Particulars of turnover, operating costs and operating surplus /(deficit)

Group:	Turnover	Operating costs	Operating surplus	Operating surplus for previous period of account
	£000	£000	£000	£000
Social lettings (note 3)	13,348	(8,450)	4,898	4,774
Other activities (note 4a)	2,401	(2,392)	9	296
Total	15,749	(10,842)	4,907	5,070
Total for previous period of account	18,068	(12,998)	5,070	

Housing Association:

	Turnover	Operating costs	Operating surplus	Operating surplus for previous period of account	As restated
	£000	£000	£000	£000	£000
Social lettings (note 3)	13,348	(8,450)	4,898	4,774	64
Other activities (note 4b)	2,006	(2,274)	(268)	64	64
Total	15,354	(10,724)	4,630	4,838	4,838
Total for previous period of account	17,719	(12,881)	4,838		

The Association reviews all aspects of its operations including other activities on an annual basis and continues to support these activities.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. Particulars of turnover, operating costs and operating surplus from social letting activities	General Needs Housing		Shared Ownership Housing		Total		Total for previous period of account
	£000	£000	£000	£000	£000	£000	
Group and Association							
Rent receivable net of service charges	11,280		1,388		12,668		12,075
Service charges	566		149		715		736
Gross income from rents and service charges	11,846		1,537		13,383		12,811
Less Voids	(27)		(8)		(35)		(58)
Net income from rents and service charges	11,819		1,529		13,348		12,753
Grants from Scottish Ministers	-		-		-		-
Other revenue grants	-		-		-		-
Total turnover from social letting activities	11,819		1,529		13,348		12,753
Management and maintenance administration costs	(2,802)		(393)		(3,195)		(3,040)
Service costs	(693)		-		(693)		(706)
Planned and cyclical maintenance including major repairs costs	(1,229)		-		(1,229)		(1,083)
Reactive maintenance costs	(1,615)		-		(1,615)		(1,497)
Bad debts – rent and service charges	(89)		-		(89)		(107)
Depreciation of social housing	(1,422)		(207)		(1,629)		(1,546)
Impairment of social housing	-		-		-		-
Operating costs for social letting activities	(7,850)		(600)		(8,450)		(7,979)
Operating surplus for social letting activities	3,969		929		4,898		4,774
Operating surplus for social letting activities for previous period of account	3,896		878		4,774		

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4a. Particulars of turnover, operating costs and operating surplus/(deficit) from other activities	Grants from Scottish Ministers £000	Other revenue grants £000	Other income £000	Total turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus/(deficit) £000	Total from Other Activities-2014 £000
Wider role activities undertaken to support the community, other than the provision of construction, improvement and management of housing property	-	270	-	270	-	(625)	(355)	(331)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	463	463	(18)	(443)	2	(82)
Development and construction of property activities	44	-	-	44	-	(380)	(336)	(226)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services	2	-	42	44	-	-	44	86
Other agency/management services	-	-	-	-	-	(268)	(268)	(175)
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Developments and improvements for sale to non RSLs	-	-	-	-	-	-	-	-
Big Lottery Grant Fund	-	147	-	147	-	(147)	-	-
Scottish Legal Aid Board	-	76	-	76	-	(76)	-	-
Homestake / LIFT / Help to Buy	313	54	-	367	-	-	367	116
First Tranche Shared Ownership sales	-	-	170	170	-	(170)	-	548
Market rent	-	-	395	395	-	(118)	277	232
Other Activities (material) – Foyer	-	-	194	194	-	(39)	155	138
Other Activities (material) – Break of Lease	-	-	-	-	-	-	-	(78)
Other Activities (non material)	-	-	231	231	-	(108)	123	68
Total from other activities	359	547	1,495	2,401	(18)	(2,374)	9	296
Total from other activities –2014	241	410	4,663	5,314	(22)	(4,996)	296	296

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4b. Particulars of turnover, operating costs and operating (deficit)/surplus from other activities	Grants from Scottish Ministers	Other revenue grants	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating (deficit)/surplus	Total from Other Activities- 2014
	£000	£000	£000	£000	£000	£000	£000	£000
Association:								
Wider role activities	-	270	-	270	-	(625)	(355)	(253)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	463	463	(18)	(443)	2	(42)
Development and construction of property activities	44	-	-	44	-	(380)	(336)	(379)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency management services	2	-	42	44	-	-	44	174
Other agency/management services	-	-	69	69	-	(268)	(199)	(54)
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Developments and improvements for sale to non RSL's	-	-	-	-	-	-	-	-
Big Lottery Grant Fund	-	147	-	147	-	(147)	-	77
Scottish Legal Aid Board	-	76	-	76	-	(76)	-	-
Homesake / LIFT/ Help to Buy	313	54	-	367	-	-	367	46
First Tranche Shared Ownership sales	-	-	170	170	-	(170)	-	366
Other Activities (material) – Foyer	-	-	194	194	-	(39)	155	115
Other Activities (non material)	-	-	162	162	-	(108)	54	82
Total from other activities	359	547	1,100	2,006	(18)	(2,256)	(268)	132
Total from other activities – 2014	241	410	4,314	4,965	(22)	(4,879)	64	

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. Housing stock (Group)

	Units under development		Units under management	
	2015	2014	2015	2014
Housing accommodation for letting:				
Social	21	59	3,012	2,966
Non-Social	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
	21	59	3,044	2,998
Home ownership accommodation:				
Shared ownership	<u>-</u>	<u>-</u>	<u>567</u>	<u>580</u>

Housing stock (Association)

	Units under development		Units under management	
	2015	2014	2015	2014
Social Housing				
Housing accommodation for letting:				
New build and mixed funded	21	59	3,012	2,966
Home ownership accommodation:				
Shared ownership	<u>-</u>	<u>-</u>	<u>567</u>	<u>580</u>

6. Remuneration of members of the Board of Management and directors (Group and Association)

No members of the Board of Management received any remuneration from the Association.

Directors are defined as the Chief Executive and any other senior staff reporting directly to the Chief Executive or the Board and who are receiving emoluments of £60,000 or more.

	2015	2014
	£000	£000
Total emoluments payable to directors (excluding pension contributions)	341	340
Emoluments payable to the highest paid director (excluding pension contributions)	88	86
Pension contributions	9	9
	97	95

The Chief Executive is a member of the Association's defined contribution pension scheme as disclosed in note 34.

The Association made pension contributions of £34,809 (2014: £36,697) in respect of directors.

The directors' emoluments (including pension contributions) fell within the following band distributions:

	2015	2014
	No	No
£60,001 - £70,000	2	-
£70,001 - £80,000	2	3
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. Staff numbers and costs (Group and Association)

The full time equivalent number of persons employed (excluding board members) in the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Administration	82	83
Maintenance	12	15
	<u>94</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	2,909	2,979
Social security costs	278	269
Other pension costs	202	182
	<u>3,389</u>	<u>3,430</u>

8. Operating surplus on ordinary activities

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
<i>Operating surplus on ordinary activities before taxation is stated after charging:</i>				
Depreciation – housing fixed assets	1,629	1,629	1,548	1,548
Depreciation – non-housing fixed assets	177	177	119	119
Auditors' remuneration:				
External Audit	23	18	36	32
Remuneration to bodies connected with Baker Tilly UK Audit LLP	7	6	14	12
Internal Audit	19	19	6	6
Operating lease rentals:				
Buildings	231	231	225	225
Other	11	11	9	9
Agency / Temporary Costs	57	57	11	11
Gain on valuation of investment properties	276	-	83	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9. Surplus/(deficit) on disposal of housing fixed assets

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Proceeds on disposal of housing	2,222	2,222	1,026	1,026
Costs of disposal of housing	(1,104)	(1,104)	(693)	(693)
	<u>1,118</u>	<u>1,118</u>	<u>333</u>	<u>333</u>
Surplus on disposal of housing	1,118	1,118	333	333
(Deficit) on disposal of components	(17)	(17)	(146)	(146)
	<u>1,101</u>	<u>1,101</u>	<u>187</u>	<u>187</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

10. Interest receivable

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Bank interest receivable	14	14	7	7
Other interest receivable	-	53	1	53
	<u>14</u>	<u>67</u>	<u>8</u>	<u>60</u>

11. Interest payable and similar charges

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
On bank loans and overdrafts	3,058	2,988	2,814	2,742
On all other loans payable	158	158	183	183
Less interest capitalised in Fixed Assets and WIP	(4)	(4)	(125)	(125)
	<u>3,212</u>	<u>3,142</u>	<u>2,872</u>	<u>2,800</u>

12. Taxation

Group	2015	2014
Analysis of charge in year	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of previous years	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
Deferred tax movement	2	2
Adjustment in respect of previous periods	-	-
	<u>2</u>	<u>2</u>
Tax on surplus on ordinary activities	2	2
	<u>2</u>	<u>2</u>

Factors affecting the tax charge for the current year

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. Taxation (continued)

The current tax charge for the year differs from the charge calculated at the UK corporation tax rate of 21% (2014: 20%). The differences are explained below:

	2015 £000	2014 £000
<i>Current tax reconciliation</i>		
Surplus on ordinary activities before tax	2,656	2,399
Less current year charity profit	(2,501)	(2,285)
	<hr/>	<hr/>
	(155)	(114)
<i>Effects of:</i>		
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2014 : 20%)	33	21
Expenses not deductible for tax purposes	3	3
Other timing differences	(34)	(22)
Income not taxable for tax purposes	-	-
Capital allowances in excess of depreciation	(2)	(2)
Adjustments to tax charge in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Deferred taxation

The movement in the deferred taxation account during the year was:

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Balance brought forward	38	-	36	-
Income and Expenditure account movement arising during the year	2	-	2	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward	40	-	38	-
	<hr/>	<hr/>	<hr/>	<hr/>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015 Provided £000	2015 Potential Provision £000	2014 Provided £000	2014 Potential Provision £000
Group				
Excess of taxation allowances over depreciation of fixed assets	40	-	38	-
Losses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax liability/(asset) (see note 16)	40	-	38	-
	<hr/>	<hr/>	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. Tangible fixed assets - housing properties (Group and Association)

	Held for letting	Under Construction	Completed Shared Ownership	Shared Ownership Under Construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	192,436	1,673	33,495	-	227,604
Additions	743	3,417	421	-	4,581
Transfers	1,636	(1,636)	-	-	-
Disposals	(118)	(1,673)	(1,199)	-	(2,990)
At 31 March 2015	194,697	1,781	32,717	-	229,195
Depreciation					
At 1 April 2014	11,827	-	769	-	12,596
Provided during year	1,422	-	207	-	1,629
Eliminated on disposals	(45)	-	(26)	-	(71)
At 31 March 2015	13,204	-	950	-	14,154
Housing Association Grant					
At 1 April 2014	106,614	1,667	9,815	-	118,096
Additions	-	2,773	-	-	2,773
Transfers	1,437	(1,437)	-	-	-
Disposals / repayments	(28)	(1,667)	(277)	-	(1,972)
At 31 March 2015	108,023	1,336	9,538	-	118,897
Other Grants					
At 1 April 2014	9,827	-	118	-	9,945
Public grant received	-	121	-	-	121
Disposals	-	-	(3)	-	(3)
Transfers	121	(121)	-	-	-
At 31 March 2015	9,948	-	115	-	10,063
Net book value					
At 31 March 2015	63,522	445	22,114	-	86,081
At 31 March 2014	64,168	6	22,793	-	86,967

Development administration costs capitalised amounted to £43,747 (2014: £141,574) and development allowances amounted to £42,146 (2014: £81,240).

Interest capitalised amounted to £3,891 (2014: £124,843).

None of the Association's land or buildings were held under a lease.

Total Spend on Cyclical and Major Repairs during 2014/15 amounted to £1,864,000 (2014: £2,006,000) of which £355,000 (2014: £591,000) was capitalised. Of the amount capitalised £349,000 (2014: £584,000) related to replacement of components and £5,000 (2014: £7,000) related to improvements.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. Tangible fixed assets - housing properties (Group and Association) (continued)

The properties leased to Kirkgate Developments Limited are included above at the following values :

	2015	2014
	£000	£000
Cost	3,416	1,805
Grant	(519)	(284)
Accumulated depreciation	(97)	(62)
Total	2,800	1,459

A review of potential impairment was carried out in preparing these accounts, which involved comparing net book values with future cash flows (measured through EUV-SH) on a scheme by scheme basis for all properties. This review did not highlight any impairment of properties.

14. Tangible fixed assets – other (Group)

	Investment Properties £000	Commercial Properties £000	Heritable land and buildings £000	Plant and machinery, fixtures and motor vehicles £000	Computer hardware and software £000	Total £000
<i>Cost</i>						
At 1 April 2014	5,440	587	2,640	436	826	9,929
Additions	-	-	84	24	416	524
Disposals	-	-	-	(33)	(216)	(249)
Revaluation	276	-	-	-	-	276
At 31 March 2015	5,716	587	2,724	427	1,026	10,480
<i>Depreciation</i>						
At 1 April 2014	-	163	747	356	629	1,895
Provided during year	-	15	54	28	80	177
Eliminated on disposals	-	-	-	(18)	(216)	(234)
At 31 March 2015	-	178	801	366	493	1,838
<i>Net book value</i>						
At 31 March 2015	5,716	409	1,923	61	533	8,642
At 1 April 2014	5,440	424	1,893	80	197	8,034

Included in heritable land and buildings is land costing £260,000. Net accumulated interest capitalised in tangible fixed assets at 31 March 2015 amounted to £17,337 (2014: £17,337). No interest was capitalised in the year.

A review of market value of Kirkgate Developments Limited's investment properties resulted in the recognition of an increase in valuation of £276,000.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. Tangible fixed assets – other (Association) (continued)

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2015 by Shepherd, Chartered Surveyors, in accordance with the Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. No depreciation is provided in respect of investment properties. If the investment properties were to be sold at net book value, this would result in a potential tax liability of £199,275.

	Investment Properties	
	2015	2014
	£000	£000
On an historical cost basis these fixed assets would have been included at:		
Cost	<u>3,867</u>	<u>3,867</u>
Aggregate Depreciation	<u>346</u>	<u>402</u>

Assets held under finance leases, capitalised and included in plant, machinery, fixtures and motor vehicles within tangible fixed assets are as follows:

	2015	2014
	£000	£000
Cost	47	42
Accumulated depreciation	(21)	(22)
Total	<u>26</u>	<u>20</u>

The finance leases relate to 3 vans (2014: 3) leased for the mobile cleaning division.

Tangible fixed assets – other (Association)

	Commercial Properties	Heritable land and buildings	Plant and machinery, fixtures and motor vehicles	Computer hardware and software	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2014	587	2,640	436	826	4,489
Additions	-	84	24	416	524
Disposals	-	-	(33)	(216)	(249)
At 31 March 2015	<u>587</u>	<u>2,724</u>	<u>427</u>	<u>1,026</u>	<u>4,764</u>
Depreciation					
At 1 April 2014	163	747	356	629	1,895
Provided during year	15	54	28	80	177
Eliminated on disposals	-	-	(18)	(216)	(234)
At 31 March 2015	<u>178</u>	<u>801</u>	<u>366</u>	<u>493</u>	<u>1,838</u>
Net book value					
At 31 March 2015	<u>409</u>	<u>1,923</u>	<u>61</u>	<u>533</u>	<u>2,926</u>
At 1 April 2014	424	1,893	80	197	2,594

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. Tangible fixed assets – other (Association) (continued)

Included in heritable land and buildings is land costing £260,000. Net accumulated Interest capitalised in tangible fixed assets at 31 March 2015 amounted to £17,337 (2014: £17,337). No interest was capitalised in the year.

The freehold land and buildings represent properties let to social enterprise as part of our charitable objectives.

Assets held under finance leases, capitalised and included in plant, machinery, fixtures and motor vehicles within tangible fixed assets are as follows:

	2015	2014
	£000	£000
Cost	47	42
Accumulated depreciation	(21)	(22)
Total	<u>26</u>	<u>20</u>

The finance leases relate to 3 vans leased for the mobile cleaning division.

15. Investments

All investments held are shares in subsidiary undertakings.

The Association owns 2 shares in Kirkgate Homes Limited at a cost of £2 (2014: £2), 1 share in Grampian Community Energy Limited at a cost of £1 (2014: £1) and 2 shares in Sirius Housing Group Limited at a cost of £2 (2014: £2). At 31 March 2015 all three of these companies were dormant. The Association owns one share in Kirkgate Developments Limited at a cost of £1 (2014: £1).

16. Stock and work in progress

	2015	2015	2014	2014
	Group	Association	Group	Association
	£000	£000	£000	£000
Housing stock	199	199	150	150
Work in progress – Cost	-	-	165	165
Work in progress – HAG	-	-	12	12
Shared ownership	-	-	-	-
	<u>199</u>	<u>199</u>	<u>327</u>	<u>327</u>

17. Debtors

	2015	2015	2014	2014
	Group	Association	Group	Association
	£000	£000	£000	£000
Due < 1 Year				
Rental debtors	785	785	742	742
Rental debtor provision	(403)	(403)	(397)	(397)
Net rental debtor	<u>382</u>	<u>382</u>	<u>345</u>	<u>345</u>
HAG receivable	313	313	925	925
Prepayments and accrued income	291	291	205	205
Other debtors	528	484	473	420
Amount due from subsidiary undertaking	-	172	-	-
Loan to subsidiary undertaking due within one year	-	8	-	122
	<u>1,514</u>	<u>1,650</u>	<u>1,948</u>	<u>2,017</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
17. Debtors (continued)				
Due > 1 Year				
Other debtors due after more than one year	20	20	42	42
Loan to subsidiary undertaking due after more than one year	-	1,860	-	1,867
	<u>20</u>	<u>1,880</u>	<u>42</u>	<u>1,909</u>

The above figure for rental debtors (Group and Association) is made up as follows:

	2015			2014		
	Debtor £000	Provided £000	Net debtor £000	Debtor £000	Provided £000	Net debtor £000
Due from current tenants	575	(245)	330	422	(175)	247
Due from former tenants	210	(158)	52	222	(222)	-
Due from housing benefit	-	-	-	98	-	98
	<u>785</u>	<u>(403)</u>	<u>382</u>	<u>742</u>	<u>(397)</u>	<u>345</u>

£104,030 of bad debt was written off during the period (2014: £128,133).

18. Cash at bank and in hand

During 2005, a cash charge was created between THFC (Social Housing Finance) Limited and Grampian Housing Association Limited, whereby the Association maintains a minimum balance of £235,000 (2014: £235,000) on a specific deposit account.

19. Creditors: amounts falling due within one year

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Loans (secured) (see note 20)	1,742	1,715	2,164	2,138
Trade creditors	2,278	2,264	467	432
Other creditors	3,667	3,667	660	680
Accruals and deferred income	1,237	1,183	3,599	3,517
Rents paid in advance	139	139	176	176
Payments on account	-	-	49	49
Deposits	85	51	81	53
Other taxes and social security	141	141	19	19
Lease Creditor	9	9	9	9
Deferred tax liability (see note 12)	40	-	38	-
	<u>9,338</u>	<u>9,169</u>	<u>7,262</u>	<u>7,073</u>

Standard securities have been granted to lenders in respect of assets owned by Kirkgate Developments Limited.

Syndicate loans are secured by charges over specific housing properties.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. Creditors: amounts falling due after more than one year

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Loans (secured)	74,536	73,396	75,402	74,095
Less: due within one year (note 19)	(1,742)	(1,715)	(2,164)	(2,138)
	<u>72,794</u>	<u>71,681</u>	<u>73,238</u>	<u>71,957</u>
Lease creditor	11	11	8	8
Deferred income	41	41	62	62
	<u>72,846</u>	<u>71,733</u>	<u>73,308</u>	<u>72,027</u>

Lease instalments are due as follows:	2015 Group £000	2015 £000	2014 Group £000	2014 £000
In one year or less	9	9	10	10
Between one and two years	4	4	8	8
Between two and five years	7	7	-	-
In five years and more	-	-	-	-
	<u>20</u>	<u>20</u>	<u>18</u>	<u>18</u>

Loans are repayable in instalments due as follows:

	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
Monthly instalments	590	590	634	634
Quarterly instalments, interest only until 30 July 2032	8,250	8,250	8,250	8,250
Rollercoaster profile until 17 December 2040	62,395	62,395	62,900	62,900
Quarterly instalments, principal and interest until 28 November 2036	1,140	-	1,167	-
Bi-annual instalments, interest only, with bullet repayment of principal November 2016	1,100	1,100	1,100	1,100
Bi-annual instalments	1,200	1,200	1,394	1,394
	<u>74,675</u>	<u>73,535</u>	<u>75,445</u>	<u>74,278</u>

At 31 March 2015 the last instalment of loans falls to be repaid in the year ending March 2041 (2014: 31 March 2047). Interest is charged at rates between 0.86% and 8.75% (2014: 1.8% and 8.75%).

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. Creditors: amounts falling due after more than one year (continued)

The aggregate value of the lending that is secured is £75,445,000 (2014: £70,445,000).

Amounts are repayable as follows:	2015 Group £000	2015 Association £000	2014 Group £000	2014 Association £000
In one year or less	1,742	1,715	2,208	2,182
Between one and two years	2,525	2,496	1,744	1,718
Between two and five years	26,047	25,949	20,993	20,905
In five years and more	44,361	43,375	50,500	49,473
	<u>74,675</u>	<u>73,535</u>	<u>75,445</u>	<u>74,278</u>

21. Share capital

Association and Subsidiary

	2015	2014	2015	2014
Shares of £1 each fully paid	Number	Number	£000	£000
At 1 April	346	385	1	1
Issued in year	7	4	-	-
Withdrawn in year	(23)	(43)	-	-
At 31 March	<u>330</u>	<u>346</u>	<u>1</u>	<u>1</u>

Shares issued were in respect of new members of the Association. The Association issues £1 Ordinary shares which have voting rights and no rights to distributions.

22. Reconciliation of movements in shareholders' funds (Group)

	Revenue reserve £000	Designated reserve £000	Capital reserve £000	Revaluation reserve £000	Share capital £000	Total shareholders' funds £000
Balance at 1 April 2014	7,935	7,154	1,503	1,850	1	18,443
Surplus for year	2,808	-	-	-	-	2,808
Transfer (to)/from restricted reserve	(147)	-	147	-	-	-
Transfer (to)/from designated reserve	619	(619)	-	-	-	-
Gain on revaluation	(725)	725	-	-	-	-
Transfer to Revaluation Reserve	-	-	-	276	-	276
	<u>10,490</u>	<u>7,260</u>	<u>1,650</u>	<u>2,126</u>	<u>1</u>	<u>21,527</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. Reconciliation of movements in shareholders' funds (Association)

	Revenue reserve £000	Designated reserve £000	Capital reserve £000	Share capital £000	Total Shareholders' funds £000
Balance at 1 April 2014	7,539	7,154	1,503	1	16,197
Surplus for year	2,819	-	-	-	2,819
Transfer (to)/from capital reserve	(147)	-	147	-	-
Transfer (to)/from designated reserve	(725)	725	-	-	-
Transfer (to)/from designated reserve	619	(619)	-	-	-
Balance at 31 March 2015	10,105	7,260	1,650	1	19,016

During the year £146,727 (2014: £102,000) was received and £146,727 (2014: £102,000) was spent on restricted funds relating to funding from the Big Lottery Fund, £39,794 and £36,677 (2014: £32,000) was received and £39,794 and £36,677 (2014: 32,000) was spent on restricted funds relating to funding from SLAB for Grampian Woman's Aid and Budgeting.

24. Designated reserve (Group and Association)

	Balance at 1 April 2014 £000	Transfers in £000	Transfers out £000	Balance at 31 March 2015 £000
Cyclical maintenance reserve	6,472	722	(558)	6,636
Pensions Reserve	669	-	(54)	615
Other	13	3	(7)	9
	7,154	725	(619)	7,260

Other reserves represent contributions in respect of Lead Tenancy properties and from right to purchase (RTP) owners for cyclical maintenance.

Anticipated spend on cyclical and major repairs over the next five years is £12,900,000.

The pension reserve represented funds set aside in relation to the Net Present Value of the pension past service deficit contributions thus payable to the Pensions Trust Growth Fund over the next 8 years. The movement in the reserve represents a reduction in Net Present Value each year as additional payments are made towards the deficit. The decision to investigate withdrawal from this scheme was taken by the Board with the effective withdrawal date of 28 February 2015.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. Commitments – Group and Association

(a) Capital commitments authorised and contracted for at 31 March 2015 amounted to £1,048,579 (2014: £4,408,098). As the relevant expenditure is incurred, corresponding loans and/or grants will be sought from Housing and Regeneration Department, Local Authorities and the private sector.

(b) Annual commitments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and Buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
In second to fifth years inclusive	28	-	-	-
Over five years	203	-	242	-
	<hr/>	<hr/>	<hr/>	<hr/>

26. Reconciliation of operating surplus to net cash inflow from operating activities (Group)

Group	2015	2014
	£000	£000
Operating surplus	4,907	5,070
Adjustments:		
Depreciation on non-housing fixed assets	177	119
Depreciation on housing fixed assets	1,629	1,548
Gain/(loss) on sale of housing fixed assets	1,101	187
Deferred income release	(21)	(52)
Movement in working capital:		
Decrease in stock and work in progress	128	229
Decrease / (increase) in debtors	(315)	(379)
Increase in creditors	769	1,240
Cash inflow from operating activities	8,375	7,962
	<hr/>	<hr/>

27. Analysis of changes in net debt (Group)

	At 31 March 2014 £000	Cashflows £000	Other non-cash movements £000	At 31 March 2015 £000
Cash in hand and at bank	1,555	5,700	-	7,255
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	(2,164)	422	-	(1,742)
Debt due after more than one year	(73,238)	396	48	(72,794)
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt	(75,402)	818	48	(74,536)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(73,847)	6,518	48	(67,281)
	<hr/>	<hr/>	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

28. Reconciliation of net cash flow to movement in net debt (Group)

	2015	2014
	£000	£000
Increase in cash in the period	5,700	632
Cash inflow (outflow) from debt financing	679	(4,966)
Loan premium / fees amortisation	48	198
	<hr/>	<hr/>
Change in debt resulting from cash flows	6,427	(4,136)
Net debt at beginning of period	(73,708)	(69,572)
	<hr/>	<hr/>
Net debt at end of period	(67,281)	(73,708)
	<hr/> <hr/>	<hr/> <hr/>

29. Reconciliation of operating surplus to net cash inflow from operating activities (Association)

Association	2015	2014
	£000	£000
Operating surplus	4,630	4,838
Adjustments:		
Depreciation on non-housing fixed assets	177	119
Depreciation on housing fixed assets	1,629	1,548
Profit/(Loss) of sale of housing fixed assets	1,101	187
Deferred income	(21)	(52)
Gift Aid Received	-	114
Movement in working capital:		
Decrease in stock and work in progress	128	229
(Increase) in debtors	(216)	(523)
Increase in creditors	744	1,345
	<hr/>	<hr/>
Cash inflow from operating activities	8,172	7,805
	<hr/> <hr/>	<hr/> <hr/>

30. Analysis of changes in net debt (Association)

	At 31 March	Cashflows	Other	At 31 March
	2014	£000	non-cash	2015
	£000	£000	movements	£000
	£000	£000	£000	£000
Cash in hand and at bank	1,483	5,699	-	7,182
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	(2,138)	423	-	(1,715)
Debt due after more than one year	(71,957)	228	48	(71,681)
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt	(74,095)	651	48	(73,396)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(72,612)	6,350	48	(66,214)
	<hr/>	<hr/>	<hr/>	<hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. Reconciliation of net cash flow to movement in net debt (Association)

	2015 £000	2014 £000
Increase in cash in the period	5,699	631
Cash inflow from debt financing	651	(4,990)
Loan premium / fees amortisation	48	198
	6,398	(4,161)
Change in debt resulting from cash flows	6,398	(4,161)
Net debt at beginning of period	(72,612)	(68,451)
	(66,214)	(72,612)
Net debt at end of period	(66,214)	(72,612)

32. Group structure

The Association is a Registered Social Landlord, incorporated in Scotland and has four wholly owned subsidiaries:

Kirkgate Developments Limited
 Kirkgate Homes Limited (a dormant company)
 Grampian Community Energy Limited (a dormant company); and
 Sirius Housing Group Limited (a dormant company)

Individual accounts have been prepared for Kirkgate Developments Limited and these are consolidated in the group financial statements of Grampian Housing Association.

33. Contingent liabilities

- (a) Included in bank balances is £25,000 deposited in an interest bearing deposit account with the Royal Bank of Scotland, in respect of a board approved guarantee for a Savings and Loans Scheme.
- (b) Housing Association Grant allocated to components (as detailed in Note 1) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2015 was £2,028,000 (31 March 2014: £2,000,000).

34. Pension schemes

Defined contribution pension scheme

Grampian Housing Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. Pension schemes (continued)

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them. Grampian Housing Association paid contributions at the rate of 11% and 10% during the accounting period. Members paid contributions at the rate of 6% and 5% during the accounting period.

As at the balance sheet date there were no active members of the Plan employed by Grampian Housing Association Limited; this is a consequence of action taken to transfer members to another scheme during the course of the year with a view to potential withdrawal from the scheme. This process is contingent on pending actuarial valuation, and the Association has hence now closed the Plan to new entrants, but has a period of grace until 27 February 2016 to consider whether to legally commit to withdrawal or otherwise.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore, revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. Pension schemes (continued)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.

On the basis of inclusion of Series 3 liabilities as described above, Grampian Housing Association has been notified as follows by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for Grampian Housing Association was £1,586,255.

The Association has also been notified that there will be a continuing requirement to pay additional contributions in relation to the past service deficit which will increase each year by 3% per annum on a compound basis. From 1 April 2016, this will result in additional contributions of £79,506 (2014: £77,190) per annum. The total contribution expected to be paid in the next financial year is £77,190.

At the Balance Sheet date there were 84 active members of the Pension Trust's Flexible Retirement Plan and 7 active members of the Pension Trust's Ethical Fund.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

35. Related party disclosures

The Chief Executive of the Association is a member of the Board of Community Food Initiatives North East Limited (CFINE).

During the year to 31 March 2015, the following transactions were effected in relation to CFINE (Enterprise) Ltd:

A loan of £25,000 was previously made to CFINE with interest charged at 6.5%. The loan was fully repayable in instalments starting in December 2012 and ending in November 2014. The loan was fully repaid on schedule. The balance outstanding at 31 March 2014 was £8,696.

Interest Received on loan £213 (2014: £1,005).

Amount repaid on the loan £8,696 (2014: £12,359).

Purchase of fruit for staff totalled £225 (2014: £100).

The Chief Executive of the Association is also a director of Rural Housing Service (RHS).

In the year to 31 March 2015 there were no transactions in relation to RHS.

The Director of Business Development is a board member of Aberdeen Foyer Limited.

During the year, the Director of Corporate Services resigned as a board member of Aberdeen Foyer Limited.

During the year to 31 March 2015 the following transactions were effected in relation to the Foyer:

Housing Rent Receivable £135,140 (2014: £152,254)

Restaurant rent receivable £33,350 (2014: £33,350)

Amounts paid in advance for restaurant rent £66,858 (2014: £61,650)

Repairs Management and other services £54,503 (2014: £13,705)

Amounts due from Foyer at 31 March 2015 £1,014 (2014: £9,992)

Amounts payable to Foyer at 31 March 2015 £nil (2014: £nil)

The Chief Executive of the Association is a director of Devanha Ltd.

Devanha Ltd is a company limited by guarantee and the Association has an equal share in the company together with four locally based Registered Social Landlords. The company was formed to facilitate the procurement of Housing Association Grant and public sector financed affordable housing on behalf of all partners.

During the year to 31 March 2015 the following transactions were effected in relation to Devanha:

Contribution to funding of Devanha £Nil (2014: £2,000)

During the year to 31 March 2015 there were four customer and shared ownership board members: Rae Munro, Richard Robertson, David Carlin and Brian Stewart. Three members resigned during the year and at 31 March 2015, Richard Robertson was the sole remaining member. All transactions between the Association and the tenant board members were on the same terms as other tenants and board members.

Board member Nora Radcliffe, is a member of the North East of Scotland Credit Union. The Association promotes the use of the credit union to its customers and staff.

The company has taken the exemption available under FRS8 in relation to disclosing related party transactions with Kirkgate Developments Limited.