

Grampian Housing Association Limited

Report of the Board of Management and Consolidated Financial Statements For the Year Ended 31 March 2016

Registration Particulars:

Financial Conduct Authority

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

Scottish Housing Regulator

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

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 2016

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GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2016

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 2016 and 2015 (or date of appointment if later) follow:

<i>Board members</i>		Number 2016	Number 2015
Gordon Edwards	(Chair)	1	1
Keith Jones	(Vice Chair)	1	1
Steve Delaney		1	1
Nora Radcliffe		1	1
Richard Robertson #		1	1
Norton Bertram-Smith		1	1
Jim Currie		1	1
Sarah Downs		1	1
Dawn Robertson		1	1
Austin Akhigbe	(Appointed 24 September 2015)	1	-
Ursula Boyle	(Appointed 24 September 2015)	1	-
Peter Kennedy #	(Appointed 24 September 2015)	1	-
Gloria Umeadi *	(Appointed 24 September 2015)	1	-
Carwyn Littlewood	(Appointed 24 September 2015)	-	-
	(Resigned 14 March 2016)		
Ray Walkinshaw	(Resigned 28 April 2015)	-	1
Amanze Ejiogu	(Resigned 24 September 2015)	-	1
Fiona Willis	(Resigned 13 April 2015)	-	1
Rob Simpson	(Resigned 16 June 2015)	-	1
Graham Morrison	(Resigned 24 September 2015)	-	1

*Tenant board member # Sharing Owners

The following were members of Kirkgate Developments Limited only:

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

Executive officers

Neil Clapperton	(Chief Executive)
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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2016

Registered Office:

Huntly House
74 Huntly Street
Aberdeen
AB10 1TD

Auditors:

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

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:

Harper Macleod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

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

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 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.

Objectives

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, backed up by 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.

Strategy for Achieving Objectives

The Group's objectives are managed via a rolling programme of updates to its Business Plan. The current Business Plan cycle runs from 2015-2020, and is subject to a refresh process which takes place each year. Each five year Plan comprises a full strategic review which entails comprehensive examination of the environment and Board scrutiny and selection of options. The annual review cycle, which involves both a Board away-day and a combined Board / staff away-day, updates progress and amends future plans and priorities to account for changes in circumstance. Both the five year Plan and annual updates comply with regulatory guidance and are subject to the scrutiny of the Scottish Housing Regulator.

Responsibility for day to day implementation of the Business Plan lies with the Senior Management Team, and is in turn the subject of a performance management framework which breaks objectives down into a series of actions for departmental teams and individuals. At a strategic level key indicators are regularly reported to the Board, and at a micro level individual actions are reviewed via ongoing staff appraisal.

Business Model

The Group's business model is defined via the business planning process described above. The provision of affordable housing remains at its core, with a strong foundation in terms of commitment to current tenants. This is augmented by new build investment backed by government grant to address continued strong demand for social housing and provision for key workers in the Grampian area. The Group is also conscious of the need for increased efficiency in an environment where public finance is the subject of constraint, and has embarked on a programme of service review which aims to improve the value for money which it delivers.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

Prior Period Adjustment

A review was made of the components identified in the accounting policy which has resulted in a prior period adjustment. Major components of our housing properties (note 1) are identified and depreciated over specific economic life spans. Their replacement is then capitalised in fixed assets as they occur. Extra components have been identified and lives changed on others per note 1, resulting in a prior period adjustment which is shown in the relevant notes to the financial statements and detailed in note 37.

Development and Performance

During 2015-16, the Association achieved a number of significant milestones. Shortly after celebrating its 40th anniversary, the Association completed its 3000th property for social rent. The housing service has been redesigned, and Grampian is now a member of HomeHunt North East Scotland (NES), a choice based lettings system which replaces the previous points based allocation system. Engagement with tenants and applicants has also expanded considerably following refreshment of the customer participation strategy, with detailed user surveys undertaken to inform all areas of service provision. Grampian also played a leading role in the development and local piloting of a nationwide non-profit energy company called Our Power, and remains committed to addressing fuel poverty issues experienced by its customers. With the latter in mind, the Association installed solar photovoltaic panels on 431 properties in late 2015 / early 2016 via a rent-a-roof scheme.

In terms of back office support, the Group continued to update its IT systems and processes via upgrades to finance, HR and payroll systems, and further work on various aspects of the QL housing management system which went live in 2014. A new performance management framework was introduced in 2015, in tandem with a new competency framework, in order to support both improved staff development and performance. Grampian also retained Silver Accreditation under the new IIP framework in early 2016. In addition to this, savings were achieved via reductions in support service staffing.

The Group is well on its way to completing the 200 unit build target set out in the current Business Plan although it did experience planning delays with respect to one major site in 2015-16. In-depth updating of the Asset Management Strategy was also delayed due to the need to complete a full Stock Condition Survey, although physical surveying for the latter has now been completed.

In describing financial performance, it should be noted that the financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for registered social landlords 2014 for the first time. Comparative figures have been updated accordingly. Note 36 to the statements gives further detail on this change, which has had a significant impact on the accounting presentation, particularly with regard to its retrospective impact.

The Group had a turnover of £18,433,000, an increase of £1,414,000 on the previous year's turnover of £17,019,000. On this turnover the Group showed a surplus before tax of £142,000, some £2,805,000 down on the equivalent surplus of £2,947,000 in 2015. This latter reduction was caused by a number of factors, the largest of which was an exceptional operating expenditure item in the form of a payment made to exit a legacy defined benefit pension scheme (Growth Plan) of £1,782,000 which was reduced to £1,075,000 net after release of a provision of £707,000. This leaves all of the Group's remaining active pension provision on a defined contribution basis. A reduction of £789,000 in property disposal gains, a loss on investment properties (£418,000 turn-around from 2015) and an increase of £149,000 in financial interest charges were further factors here. Operating expenditure is shown net of an amount of £1,057,000 being transferred out of planned and cyclical repairs and capitalised in the year, which represents an increase of £227,000 on the 2015 balance of £830,000.

Kirkgate Developments Limited's operational results showed an increase to turnover of 4% at £596,000 compared to £572,000 in 2015. This was offset by an increase in administration costs to £322,000, compared to £294,000 in 2015. The pre-tax surplus reduced significantly from £431,000 in 2015 to £12,000 in 2016, due chiefly to the annual revaluation of investment properties, whose impact is described above.

With Grampian Housing Association having charitable status, the company's tax liability is £nil. Kirkgate Developments Limited is liable to taxation and in the light of the Kirkgate Board's decision not to distribute profits via Gift Aid to Grampian Housing Association in 2016, there is an adjusted tax charge of £8,000 which reduces the Group surplus after tax to £134,000.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

Future Prospects

The Group's long term financial plans show that it can withstand and adapt to change in the face of increased financial pressures. A balancing act will be required where service quality is maintained and improved to meet the legitimate expectations of existing customers, and at the same time the needs of waiting list applicants for new homes are addressed following the Scottish Government's upward revision of housing grant.

The Group continues to apply rent policy which supports new build ambitions, but will keep this under review in the face of affordability pressures on tenants. In this context, the Board will also seek to maximise efficiency via better use of technology and continued refinement of procedures and processes: this will form the basis of a specific digital strategy designed to complement the review of individual services.

Principal Risks and Uncertainties

The Group faces a mix of national and local environmental risks.

Although Scottish Government grant support for new build has increased, the long term political context for the sector remains unclear following the June 2016 European Referendum result. Any continuation or extension of public finance austerity is likely to increase future financial pressures. In addition, the depth of the local oil and gas sector recession remains a concern. Current experience is that the latter has had minimal direct impact on social housing demand, but has curtailed the Group's ability to move towards more market-based rent options as the middle to high end of the market has seen substantial reduction in both activity and values in Aberdeen and surrounding areas.

Key Performance Indicators (financial and non-financial)

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
	2014/15	2014/15	2015/16	2015/16
% Void Loss	0.2%	1.4%	0.4%	0.8%
Average Re-Let Time	15 days	37 days	23 days	N/A
Staff costs as % of Turnover	22.3%	N/A	19.2%	N/A
% Properties meeting SHQS	99%	91%	83%	100%
Unit Cost of Day to Day Repairs	£523	N/A	£460	£543
% Tenant Overall Satisfaction	82.1%	88.1%	87.4%	N/A
% Tenants think VFM provided	75.1%	76.8%	82.1%	N/A

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 immediately available for a number of indicators; averages across Scotland are instead used when appropriate.

The above shows that void loss doubled and re-let times increased in 2015-16. Action is being taken to combat this trend by taking greater direct control of void turnaround via in-house cleaning and the recent introduction of choice based letting; it is also hoped to reduce delays related to utilities through smart metering via Our Power. Although the Association is seeking to reverse this trend, performance here remains better than the Scottish average.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2016

Key Performance Indicators (financial and non-financial) (cont)

The percentage of properties which meet the Scottish Housing Quality Standard has reduced significantly because of the adoption of a far stricter methodology which assumes that recent Stock Condition survey results are reflective of all housing stock; actual repairs required here are in the main more minor in nature.

Tenant satisfaction with both the overall service and the value for money provided by the Association has improved significantly from 2015, and it is felt that these results should be more representative on the basis of a substantial increase in survey sample size, which went up by 250% in 2016.

Governance

Following an independent review of its governance in 2013, the Group continues to adapt structures to reflect best practice in a constantly changing environment within the sector and beyond. This is likely to involve further rationalisation of the Committee structure later in 2016. During 2015-16, the Group reviewed and updated policy and procedure with respect to the development and appraisal of Board members, with these processes now placed on a more formal footing.

Going Concern

The Board has a reasonable expectation on the basis of the above that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus Grampian will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related Party Transactions

Certain senior officers have non-executive positions with related social enterprises in the Grampian area. Any transactions with respect to these and other relevant linkages are listed in note 35 to the financial statements.

Disclosure of Information to the Auditor

The members of the Board of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution for the reappointment of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), as auditors of the Association, will be proposed at the Annual General meeting.

By Order of the Board of Management



Malcolm McNeil

Secretary

Date: 23 August 2016

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31 March 2016

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

- 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefits Societies Act 2014 and the Registered Housing Association Determination of Accounting Requirements April 2014.

It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2016

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

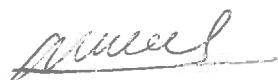
- the reliability of financial information used within the Group or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

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 or failure to meet objectives. Key elements include ensuring that;

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Group's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Board of Management and Senior Management Team to monitor the key business risks and financial objectives, and progress being made towards achieving the financial plans set for the year and the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Audit Committee/Board of Management receives reports from their Senior Management Team and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Group is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Group's system of internal financial control has been reviewed by the Audit Committee/Senior Management Team for the year ended 31 March 2016. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board of Management



Malcolm McNeil
Secretary
23 August 2016

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 8 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 8 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.

RSM UK Audit LLP

RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 30/8/16

GRAMPIAN HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

We have audited the group and parent association financial statements of the Group and Grampian Housing Association for the year ended 31 March 2016 (the "financial statements") on pages 11 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on pages 7 to 8, 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 2016 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 – December 2014.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)

Statutory Auditors

Chartered Accountants

Third Floor, Centenary House

69 Wellington Street

Glasgow

G2 6HG

Date 30/8/16

GRAMPIAN HOUSING ASSOCIATION LIMITED - CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000 As restated
Turnover	<i>1,2,3,4</i>	18,433	17,019
Operating expenditure	<i>2,3,4</i>	(14,062)	(12,275)
Exceptional operating expenditure	<i>5</i>	(1,075)	-
		<hr/>	<hr/>
Operating surplus	<i>9</i>	3,296	4,744
Gain on disposal of property, plant and equipment	<i>10</i>	359	1,148
Fair value (loss)/gain on investment properties	<i>17</i>	(142)	276
Interest receivable	<i>11</i>	13	14
Interest and finance costs	<i>12</i>	(3,384)	(3,235)
		<hr/>	<hr/>
(Deficit)/Surplus before taxation		142	2,947
Taxation	<i>13</i>	(8)	(23)
		<hr/>	<hr/>
(Deficit)/Surplus for the year		134	2,924
		<hr/> <hr/>	<hr/> <hr/>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Note</i>	2016	2015
		£000	£000
			As restated
Turnover	<i>1,2,3,4</i>	18,029	16,624
Operating expenditure	<i>2,3,4</i>	(13,932)	(12,157)
Exceptional operating expenditure	<i>5</i>	(1,075)	-
		<hr/>	<hr/>
Operating surplus	<i>9</i>	3,022	4,467
Gift aid received		-	163
Gain on disposal of property, plant and equipment	<i>10</i>	359	1,148
Interest receivable	<i>11</i>	66	67
Interest and financing costs	<i>12</i>	(3,315)	(3,165)
		<hr/>	<hr/>
(Loss)/Surplus before tax		132	2,680
Taxation	<i>13</i>	-	-
		<hr/>	<hr/>
Total comprehensive income for the year		132	2,680
		<hr/> <hr/>	<hr/> <hr/>

All figures relate to continuing operations.

The accompanying notes form part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	<i>Note</i>	2016		2015 As Restated	
		GROUP £000	ASSOCIATION £000	GROUP £000	ASSOCIATION £000
Fixed assets					
Intangible assets and goodwill	14	432	432	465	465
Housing properties	15	189,989	189,989	188,607	188,607
Other fixed assets	16	2,418	2,418	2,461	2,461
Investment Properties	17	5,574	-	5,716	-
		<hr/>	<hr/>	<hr/>	<hr/>
		198,413	192,839	197,249	191,533
		<hr/>	<hr/>	<hr/>	<hr/>
Fixed asset investments					
Homestake loans		429	429	429	429
Homestake grants		(429)	(429)	(429)	(429)
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Properties held for sale	20	252	252	199	199
Trade and other debtors	21	1,604	1,577	1,554	1,690
Investments		-	-	-	-
Cash and cash equivalents	22	2,799	2,771	7,255	7,182
		<hr/>	<hr/>	<hr/>	<hr/>
		4,655	4,600	9,008	9,071
Current liabilities					
Creditors: amounts falling due within one year	23	(7,349)	(7,181)	(10,539)	(10,412)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current liabilities		(2,694)	(2,581)	(1,531)	(1,341)
		<hr/>	<hr/>	<hr/>	<hr/>
Debtors: amounts falling due after more than one year	21	51	1,902	-	1,860
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		195,770	192,160	195,718	192,052
Creditors: amounts falling due after more than one year	24	(189,117)	(188,033)	(188,455)	(187,342)
Provisions for liabilities	28	(66)	(66)	(74)	(74)
Pension provision		-	-	(707)	(707)
Other provisions		(211)	-	(239)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total Net assets		6,376	4,061	6,243	3,929
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Share capital	29	1	1	1	1
Income and expenditure reserve	29	4,391	4,060	4,116	3,928
Non distributable reserve	29	1,984	-	2,126	-
		<hr/>	<hr/>	<hr/>	<hr/>
		6,376	4,061	6,243	3,929
		<hr/>	<hr/>	<hr/>	<hr/>

These financial statements on pages 11 to 43 were approved and authorised for issue by the Board of Management on 23 August 2016 by:

Gordon Edwards
Chair

Keith Jones
Vice Chair

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2016

CONSOLIDATED	<i>Note</i>	Income and expenditure reserve As restated £000	Non distributable reserve £000	Share Capital £000	Total £000
Balance at 1 April 2014		1,467	1,850	1	3,318
Surplus for the year		2,924	-	-	2,924
Transfer from non distributable reserve to income and expenditure reserve		(276)	276	-	-
Balance at 31 March 2015	29	<u>4,115</u>	<u>2,126</u>	<u>1</u>	<u>6,242</u>
(Deficit)/surplus for the year		134	-	-	134
Transfer from non distributable reserve to income and expenditure reserve		142	(142)	-	-
Balance at 31 March 2016	29	<u><u>4,391</u></u>	<u><u>1,984</u></u>	<u><u>1</u></u>	<u><u>6,376</u></u>

HOUSING ASSOCIATION

	<i>Note</i>	Income and expenditure reserve As restated £000	Share Capital £000	Total £000
Balance at 1 April 2014		1,248	1	1,249
Surplus for the year		2,680	-	2,680
Balance at 31 March 2015	29	<u>3,928</u>	<u>1</u>	<u>3,929</u>
(Deficit) for the year		132	-	132
Balance at 31 March 2016	29	<u><u>4,060</u></u>	<u><u>1</u></u>	<u><u>4,061</u></u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CASHFLOWS

For the year ended 31 March 2016

	<i>Notes</i>	2016	2016	2015	2015
		Group	Association	Group	Association
		£000	£000	£000	£000
				As Restated	
Net cash generated from operating activities	<i>31</i>	1,361	1,259	9,767	9,625
Cash flow from investing activities					
Purchase of tangible fixed assets		(6,213)	(6,213)	(5,105)	(5,105)
Proceeds from sale of tangible fixed assets		980	980	4,031	4,031
Grants received		2,156	2,156	2,894	2,894
Grants repaid		(131)	(131)	(1,972)	(1,972)
Interest received		13	66	14	67
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash from / (used in) investing activities		(1,834)	(1,883)	9,629	9,540
		<hr/>	<hr/>	<hr/>	<hr/>
Cash flow from financing activities					
Interest paid		(3,383)	(3,315)	(3,202)	(3,142)
New secured loans		2,000	2,000	1,500	1,500
Repayment of borrowings		(1,239)	(1,213)	(2,227)	(2,199)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash from / (used in) financing activities		(2,622)	(2,528)	(3,929)	(3,841)
		<hr/>	<hr/>	<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		(4,456)	(4,411)	5,700	5,699
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at beginning of year		7,255	7,182	1,555	1,483
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year		2,799	2,771	7,255	7,182
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. Accounting policies

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014, is registered by the Financial Conduct Authority, is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a public benefit entity. The company is registered on The Scottish Charity Register, Charity Number SC042023. The address of the Company's registered office and principal place of business is Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD.

The Association's principal activities and the nature of the operations are as described in the Report of the Board of Management.

Basis of accounting

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

The financial statements are prepared in Sterling (£) and are rounded to the nearest whole £'000.

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 and are listed in note 19.

Critical accounting estimates and areas of judgement

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

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

Critical accounting estimates

Valuation of property and investment property

- Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on historical data and sector standards
- Management commissions an independent valuation of the investment properties on an annual basis

Components of housing properties

- Management reviews its asset components at each reporting date based on historical data and sector standards
- Management reviews its estimate of the useful lives of depreciable components at each reporting date based on historical data and sector standards

Properties held for sale

- Management reviews the properties held as stock for sale to ensure the recoverability of the cost of the asset

Allocation of costs for Shared Ownership developments

- Management reviews the shared historical costs and allocates on a pro-rata basis, reviewing this area annually

Recoverable amount of rent arrears and other debtors

- Management reviews the arrears annually and on this basis, will set a level of outstanding debt against which a provision will be made

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. *Accounting policies (continued)*

Change in accounting policy

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

Consequently the directors have amended certain accounting policies to comply with FRS102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 36.

During the year there was a change in policy relating to the components classifications and their useful lives. A review was undertaken of the components included in the capitalisation of rental housing properties and some new categories were added. This resulted in a prior period adjustment detailed in note 37.

Change in accounting estimate

During the year there was a review was undertaken of the components included in the capitalisation of rental housing properties and some asset lives were changed. These new lives represent a fairer reflection of actual lives currently being achieved for these components. This resulted in a prior period adjustment detailed in note 37.

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. From quarterly reports, the Association receives sufficient information to react should adverse circumstances pose a threat to the Association and for this reason, a 1 year forecast is seen as appropriate. These forecasts include a level of investment in grant assisted social rental developments. On that basis, the Board of Management has a reasonable expectation that the Group has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group had net current liabilities at 31 March 2016 of £2,694,000 (2015 - £1,531,000) caused chiefly by the timing of the payments for developments and grant liability.

Turnover

Turnover comprises rental and service charge income receivable in the period 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 from the sale of properties within the shared ownership sector and tenants right to buy properties. It also includes grant income to subsidise wider agenda activities and fees from operating the government's OMSE and Right to Buy schemes and sundry other income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from sales of shared ownership properties and tenant right to buy properties is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Government Grants

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

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model.

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

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. Accounting policies (continued)

Other Grants

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

Other Income

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment Income

Investment income is recognised on an accruals basis.

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.

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.

Intangible Assets and Goodwill

All intangible assets shall be considered to have a finite useful life. The use of an intangibles asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but maybe shorter depending on the period over which the entity expects to use the asset.

Tangible fixed assets - housing properties

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

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

Cost includes the cost of acquiring land and buildings and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets are capitalised as improvements. Such enhancements can occur if improvements result in either:

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

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche portion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Investment properties

Investment properties, (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board of Management consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. Accounting policies (continued)

In this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of the many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Depreciation of housing properties

Freehold land or assets under construction are not depreciated.

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

Following the implementation of component accounting under SORP 2010 in the accounts for the year ended 31 March 2012, all components were reviewed this year and to this effect, some lives were changed and new components were added. This decision was made based on the historical data gathered since the implementation of the SORP and the capital expenditure that was being made in respect of the properties. The components and the new lives are as stated below:

	2016 Years	2015 Years
Land	Nil	Nil
Assets under construction	Nil	Nil
Structure	100	100
Roofs	60	60
Kitchens	15	15
Bathrooms	25	25
Windows and Doors	25	25
Lifts	20	30
Heating Systems	25	20
Door Entry Systems	15	15
Electrics	20	30
Boilers (New)	12	-
Insulation (New)	25	-

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.

Impairments of fixed assets

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

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

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

Other tangible fixed assets

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

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. Accounting policies (continued)

	Over
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

Residual value is calculated on prices prevailing at the report date, after estimating costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Borrowing costs

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

All other borrowing costs are expensed as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation and deferred tax

Grampian Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on 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 Comprehensive Income 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.

VAT

The Association is VAT registered, however a large portion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT. Kirkgate Developments Limited is part of the same VAT group.

Deposits and liquid resources

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

Leases

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 an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Employee benefits

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

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

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

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2016

1. Accounting policies (continued)

Retirement benefits

Defined contribution plans

At 31 March 2016 the Association only operates defined contribution schemes and the amounts charged to income and expenditure are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Loan arrangement fees

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

Financial instruments

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

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

Financial assets

Debtors

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

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

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

Financial liabilities

Trade creditors

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

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

Borrowings

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

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

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

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

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

Reserves

The Association establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

Group:	Turnover	Operating costs	Operating surplus /(deficit)	Operating surplus for previous period of account
	£000	£000	£000	£000
Affordable letting activities (note 3)	15,236	(10,769)	4,467	4,735
Other activities (note 4a)	3,197	(3,293)	(96)	9
Total	18,433	(14,062)	4,371	4,744
Total for previous period of account	17,019	(12,275)	4,744	

Association:	Turnover	Operating costs	Operating surplus	Operating surplus for previous period of account
	£000	£000	£000	£000
Affordable letting activities (note 3)	15,236	(10,769)	4,467	4,735
Other activities (note 4b)	2,793	(3,163)	(370)	(268)
Total	18,029	(13,932)	4,097	4,467
Total for previous reporting period	16,624	(12,157)	4,467	

GRAMPLIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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

Group and Association	General Needs Social Housing	Shared Ownership Housing	Total 2016	Total 2015
	£000	£000	£000	£000
Rent receivable net of service charges	11,771	1,413	13,184	12,668
Service charges	615	155	770	715
Gross income from rents and service charges	12,386	1,568	13,954	13,383
Less Voids	(61)	(14)	(75)	(35)
Net income from rents and service charges	12,325	1,554	13,879	13,348
Grants released from deferred income	1,185	93	1,278	1,270
Grants from Scottish Ministers	-	-	-	-
Other revenue grants	79	-	79	-
Total turnover from affordable letting activities	13,589	1,647	15,236	14,618
Management and maintenance administration costs	(3,356)	(145)	(3,501)	(3,195)
Service costs	(666)	-	(666)	(693)
Planned and cyclical maintenance including major repairs costs	(713)	-	(713)	(754)
Reactive maintenance costs	(1,412)	-	(1,412)	(1,615)
Bad debts – rent and service charges	(269)	(5)	(274)	(89)
Depreciation of affordable let properties	(3,941)	(262)	(4,203)	(3,537)
Impairment of affordable let properties	-	-	-	-
Operating costs for affordable letting activities	(10,357)	(412)	(10,769)	(9,883)
Operating surplus for affordable letting activities	3,232	1,235	4,467	4,735
Operating surplus for affordable letting activities for previous reporting period	3,806	929	4,735	

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4a. Group:	Grants from Scottish Ministers £000	Other revenue £000	Other income £000	Total turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus or deficit £000	Total from Other Activities-2015 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	277	-	277	-	(743)	(466)	(355)
Care and repair	-	-	-	-	-	-	-	-
Investment property activities	-	-	465	465	-	(130)	335	277
Factoring	-	-	434	434	(6)	(440)	(12)	2
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSL's	3	-	-	3	-	-	3	44
Contracted out services undertaken for other organisations	-	-	65	65	-	(228)	(163)	(268)
Developments for sale to RSL's	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	-	-
Development and construction of property activities	58	-	-	58	-	(386)	(328)	(336)
Big Lottery Grant Fund	-	128	-	128	-	(128)	-	-
Scottish Legal Aid Board	-	31	-	31	-	(31)	-	-
Homestake / LIFT / Help to Buy	303	15	-	318	-	-	318	367
First Tranche Shared Ownership sales	-	-	1,027	1,027	-	(1,027)	-	-
Other Activities (material) – Foyer	-	-	201	201	-	(16)	185	155
Other Activities (non material)	-	-	190	190	-	(158)	32	123
Total from other activities	364	451	2,382	3,197	(6)	(3,287)	(96)	9
Total from other activities –2015	359	547	1,495	2,401	(18)	(2,374)	9	9

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

4b. Particulars of turnover, operating costs and operating surplus or 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 (deficit)/surplus £000	Operating surplus for 2015 £000
Association:								
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	277	-	277	-	(743)	(466)	(355)
Care and repair	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-
Factoring	-	-	434	434	(6)	(440)	(12)	2
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSL's	3	-	61	64	-	-	64	44
Contracted out services undertaken for other organisations	-	-	65	65	-	(228)	(163)	(199)
Developments for sale to RSL's	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration cost	-	-	-	-	-	-	-	-
Development and construction of property activities	58	-	-	58	-	(386)	(328)	(336)
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Big Lottery Grant Fund	-	128	-	128	-	(128)	-	-
Scottish Legal Aid Board	-	31	-	31	-	(31)	-	-
Homestake / LIFT/ Help to Buy	303	15	-	318	-	-	318	367
First Tranche Shared Ownership sales	-	-	1,027	1,027	-	(1,027)	-	-
Other Activities (material) – Foyer	-	-	201	201	-	(16)	185	155
Other Activities (non-material)	-	-	190	190	-	(158)	32	54
Total from other activities	364	451	1,978	2,793	(6)	(3,157)	(370)	(268)
Total from other activities – 2015	359	547	1,100	2,006	(18)	(2,256)	(268)	

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. Exceptional operating expenditure

The Association operated a defined benefit pension scheme in The Pensions Trust Growth Plan (the Plan) which was funded, was not contracted-out of the State scheme and was a multi-employer pension plan. During the year the Association exited the plan at a cost of £1,782,000 leaving the Association with all employees who have opted into a pension scheme being part of a defined contribution pension scheme. This was offset by a pension provision that was released of £707,000 leaving a net charge to the Income and expenditure account of £1,075,000.

6. Accommodation in Management

	Units under development		Units under management	
	2016	2015	2016	2015
Group				
General needs housing	45	21	3,059	3,019
Non-Social	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
	<u>45</u>	<u>21</u>	<u>3,091</u>	<u>3,051</u>
Shared ownership	<u>-</u>	<u>-</u>	<u>559</u>	<u>567</u>
Association				
General needs housing	45	21	3,059	3,019
Shared ownership	<u>-</u>	<u>-</u>	<u>559</u>	<u>567</u>

7. Remuneration of key management personnel (Group and Association)

No payment or fees or other remuneration was made to the Board members during the year.

Key management personnel are defined as the Chief Executive and senior management team reporting directly to the Chief Executive or the Board. The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2016 £000	2015 £000
Aggregate emoluments payable to key management personnel (excluding pension contributions)	<u>372</u>	<u>341</u>
Emoluments payable to the Chief Executive (excluding pension contributions)	<u>89</u>	<u>88</u>
Aggregate pension contributions in relation to the key management personnel	<u>36</u>	<u>35</u>

The number of key management personnel whose emoluments (excluding employers' pension contributions) during the reporting period fell within the following bands:

	2016 No	2015 No
£60,001 - £70,000	1	1
£70,001 - £80,000	3	3
£80,001 - £90,000	<u>1</u>	<u>1</u>

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For the year ended 31 March 2016

8. Staff numbers and costs (Group and Association)

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:

	Number of employees	
	2016	2015
Office and management/administration	52	54
Housing support and care	33	33
Development	7	7
	92	94
 Staff costs for the above persons:		
	2015	2014
	£000	£000
Wages and salaries	2,975	2,909
Social security costs	278	278
Defined contribution pension costs	213	202
	3,466	3,389

9. Operating surplus or deficit

	2016 Group	2016 Association	2015 Group As restated	2015 Association As restated
	£000	£000	£000	£000
<i>Operating surplus is stated after charging/(crediting):</i>				
Depreciation of housing properties	4,203	4,203	3,537	3,537
Depreciation of other tangible fixed assets	111	111	121	121
Amortisation of intangible assets	118	118	56	56
Operating lease rentals:				
Buildings	231	231	231	231
Other	-	-	-	-
Agency / Temporary Costs	85	85	57	57
Operating lease rentals	-	-	-	-
 Fees payable to RSM UK Audit LLP and its associated in respect of both audit and non-audit services are as follows:				
Audit services – statutory audit	27	22	23	18
Taxation compliance services	13	11	6	5
Other assurance services	1	1	1	1
	41	34	30	24

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10. Surplus or deficit on sale of fixed assets				
	2016	2016	2015	2015
	Group	Association	Group	Association
			As restated	As restated
	£000	£000	£000	£000
Disposal proceeds	980	980	2,221	2,221
Carrying value of assets	(615)	(615)	(927)	(927)
	<u>365</u>	<u>365</u>	<u>1,294</u>	<u>1,294</u>
(Deficit) on disposal of components	(6)	(6)	(146)	(146)
(Deficit) on disposal of other assets	-	-	-	-
	<u>359</u>	<u>359</u>	<u>1,148</u>	<u>1,148</u>
11. Interest receivable				
	2016	2016	2015	2015
	Group	Association	Group	Association
	£000	£000	£000	£000
Interest on bank deposits	13	13	14	14
Income from other investments	-	53	-	53
	<u>13</u>	<u>66</u>	<u>14</u>	<u>67</u>
12. Interest payable and similar charges				
	2016	2016	2015	2015
	Group	Association	Group	Association
	£000	£000	£000	£000
Interest arising on:				
Bank loans and overdrafts	3,209	3,140	3,058	2,988
Other loans	181	181	158	158
Pension costs	-	-	23	23
Less interest capitalised on housing properties under construction	(6)	(6)	(4)	(4)
	<u>3,384</u>	<u>3,315</u>	<u>3,235</u>	<u>3,165</u>
13. Taxation				
Group				
Analysis of charge in year		2016	2015	
		£000	£000	
<i>UK corporation tax</i>				
Current tax on income for the year		36	-	
Adjustment in respect of previous years		-	-	
		<u>36</u>	<u>-</u>	
Total current tax		36	-	
Deferred tax movement		(28)	23	
Adjustment in respect of previous periods		-	-	
		<u>8</u>	<u>23</u>	
Tax on surplus on ordinary activities		8	23	

Factors affecting the tax charge for the current year

GRAMPIAN HOUSING ASSOCIATION LIMITED
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For the year ended 31 March 2016

13. 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:

	2016	2015
	£000	£000
<i>Current tax reconciliation</i>		
Surplus on ordinary activities before tax	11	431
Less current year charity profit	-	-
	11	431
<i>Effects of:</i>		
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2014 : 20%)	2	91
Expenses not deductible for tax purposes	36	3
Income not taxable for tax purposes	-	(58)
Capital allowances in excess of depreciation	(6)	(2)
Adjustments closing deferred tax to average rate	(24)	23
Adjustment re Gift Aid distribution	-	(34)
	8	23
Total current tax charge (see above)	8	23

Deferred taxation

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

	2016	2016	2015	2015
	Group	Association	Group	Association
	£000	£000	£000	£000
Balance brought forward	239	-	216	-
Income and Expenditure account movement arising during the year	(28)	-	23	-
	211	-	239	-
Balance carried forward	211	-	239	-

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

	2016	2016	2015	2015
	Provided	Potential Provision	Provided	Potential Provision
	£000	£000	£000	£000
Group				
Excess of taxation allowances over depreciation of fixed assets	37	-	40	-
Capital gains	174	-	199	-
	211	-	239	-
Deferred tax liability/(asset) (see note 16)	211	-	239	-

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14. Intangible assets and goodwill (Group and Association)

	Computer Software £000	Computer Software Under Construction £000	Total £000
<i>Cost</i>			
At 1 April 2015	569	58	627
Additions	60	30	90
Transfers	-	-	-
Disposals	(20)	-	(20)
At 31 March 2016	609	88	697
<i>Amortisation</i>			
At 1 April 2015	162	-	162
Provided during year	118	-	118
Eliminated on disposals	(15)	-	(15)
At 31 March 2016	265	-	265
<i>Net book value</i>			
At 31 March 2016	344	88	432
At 31 March 2015	407	58	465

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For the year ended 31 March 2016

15. Tangible fixed assets - Housing properties (Group and Association)

	Held for letting	Under Construction	Completed Shared Ownership	Shared Ownership Under Construction	Total
<i>Cost</i>	£000	£000	£000	£000	£000
At 1 April 2015	198,348	1,781	32,717	-	232,846
Additions					
Properties acquired	2,629	-	33	-	2,662
Works to existing properties	1,057	2,310	-	-	3,367
Schemes completed	2,780	(2,780)	-	-	-
Disposals	(596)	-	(484)	-	(1,080)
At 31 March 2016	204,218	1,311	32,266	-	237,795
<i>Depreciation</i>					
At 1 April 2015	41,537	-	2,702	-	44,239
Provided during year	3,941	-	262	-	4,203
Eliminated on disposals	(578)	-	(58)	-	(636)
At 31 March 2016	44,900	-	2,906	-	47,806
<i>Net book value</i>					
At 31 March 2016	159,318	1,311	29,360	-	189,989
At 31 March 2015	156,811	1,781	30,015	-	188,607

Expenditure on works to existing properties

	2016	2015
	£000	£000
Improvement work capitalised		
Replacement component spend capitalised	-	5
Amounts charged to income and expenditure	1,057	349
Total major repairs spend	<u>636</u>	<u>1,510</u>
	<u>1,693</u>	<u>1,864</u>

Finance Costs

	2016	2015
	£000	£000
Aggregate amount of finance costs included in the cost of housing properties	<u>515</u>	<u>500</u>

Development administration costs capitalised amounted to £58,314 (2015: £43,747) and development allowances amounted to £59,496 (2015: £42,146).

Interest capitalised amounted to £6,344 (2014: £3,891).

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For the year ended 31 March 2016

15. Tangible fixed assets - Housing properties (Group and Association) (continued)

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

Grampian Housing Association Limited considers rental schemes and shared ownership schemes in each of the main areas, Aberdeen, Aberdeenshire and Moray to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.

During the year, no properties were recognised as impaired.

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

	2016	2015
	£000	£000
Cost	6,045	3,416
Accumulated depreciation	(213)	(122)
Total	5,832	3,294

A review of potential impairment was not considered necessary as there were no indicators of impairment.

During the year a review of the components and their useful lives was undertaken and detail of changes are contained in note 1. This review resulted in a prior period adjustment of £3,650,000 whereby components previously charged to income and expenditure were capitalised.

16. Tangible fixed assets – Other (Group and Association)

	Commercial Properties £000	Heritable land and buildings £000	Plant and machinery, fixtures and motor vehicles £000	Computer hardware £000	Total £000
Cost					
At 1 April 2015	587	2,724	427	399	4,137
Additions	-	14	36	44	94
Disposals	-	-	(47)	-	(47)
At 31 March 2016	587	2,738	416	443	4,184
Depreciation					
At 1 April 2015	178	801	366	331	1,676
Provided during year	15	56	15	25	111
Eliminated on disposals	-	-	(21)	-	(21)
At 31 March 2016	193	857	360	356	1,766
Net book value					
At 31 March 2016	394	1,881	56	87	2,418
At 1 April 2015	409	1,923	61	68	2,461

Included in heritable land and buildings is land costing £260,000. Net accumulated interest capitalised in tangible fixed assets at 31 March 2016 amounted to £514,610 (2015: £499,741). Interest of £14,869 was capitalised in the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

16. Tangible fixed assets – Other (Group and Association) (continued)

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

	2016	2015
	£000	£000
Cost	-	47
Accumulated depreciation	(-)	(21)
Total	-	26

17. Investment Properties

	2016	2015
	£000	£000
At 1 April 2015	5,716	5,440
Additions	-	-
(Decrease)/increase in value	(142)	276
At 31 March 2016	5,574	5,716

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2016 by J&E Shepherd, Chartered Surveyors. The valuation of the properties was carried out in accordance with Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual. No depreciation is provided in respect of investment properties.

Investment Properties

On an historical cost basis these fixed assets would have been included at:

	2016	2015
	£000	£000
Cost	<u>3,867</u>	<u>3,867</u>
Aggregate Depreciation	<u>446</u>	<u>402</u>

18. Fixed asset investments

All investments held are shares in subsidiary undertakings.

	2016	2015
	£	£
At 31 March 2015 and 2016	<u>6</u>	<u>6</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. Subsidiary Undertakings

Grampian Housing Association's subsidiary undertakings are:

Name of Undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Kirkgate Developments Limited	Ordinary	100% (2015: 100%)	Mid market and commercial letting
Kirkgate Homes Limited	Ordinary	100% (2015: 100%)	Dormant
Grampian Community Energy Limited	Ordinary	100% (2015: 100%)	Dormant
Sirius Housing Limited	Ordinary	100% (2015: 100%)	Dormant

20. Properties for sale

	2016 Group £000	2016 Association £000	2015 Group £000	2015 Association £000
Shared ownership properties	252	252	199	199

21. Debtors

	2016 Group £000	2016 Association £000	2015 Group £000	2015 Association £000
Amounts falling due within one year				
Rent and service charges receivable	906	906	785	785
Less: provision for bad and doubtful debts	<u>(545)</u>	<u>(545)</u>	<u>(403)</u>	<u>(403)</u>
	<u>361</u>	<u>361</u>	<u>382</u>	<u>382</u>
HAG receivable	292	292	313	313
Prepayments and accrued income	298	298	291	291
Other debtors	653	611	568	524
Amount due from Group undertaking	-	7	-	172
Loan due from Group undertaking	-	8	-	8
	<u>1,604</u>	<u>1,577</u>	<u>1,554</u>	<u>1,690</u>
Amounts falling due after more than one year				
Prepayments and accrued income	51	51	-	70
Loan due from Group undertaking	-	1,851	-	1,790
	<u>51</u>	<u>1,902</u>	<u>-</u>	<u>1,860</u>

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For the year ended 31 March 2016

21. Debtors (continued)

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

	2016			2015		
	Debtor £000	Provided £000	Net debtor £000	Debtor £000	Provided £000	Net debtor £000
Due from current tenants	707	(375)	332	575	(245)	330
Due from former tenants	199	(170)	29	210	(158)	52
	<u>906</u>	<u>(545)</u>	<u>361</u>	<u>785</u>	<u>(403)</u>	<u>382</u>

£129,080 of bad debt was written off during the period (2015: £104,030).

22. Cash and cash equivalents

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 (2015: £235,000) on a specific deposit account.

23. Creditors: amounts falling due within one year

	2016	2016	2015	2015
	Group £000	Association £000	Group £000	Association £000
Debt (note 26)	2,525	2,496	1,742	1,715
Trade creditors	651	642	2,278	2,264
Other creditors	552	552	3,228	3,248
Accruals and deferred income	1,214	1,158	1,255	1,183
Rent and service charges received in advance	158	158	139	139
HAG received in advance	777	777	452	452
Deferred capital grants (note 24)	1,320	1,320	1,293	1,293
Deposits	89	52	85	51
Other taxation and social security costs	26	26	67	67
Corporation tax	37	-	-	-
	<u>7,349</u>	<u>7,181</u>	<u>10,539</u>	<u>10,412</u>

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

Bank loans are secured by charges over specific housing properties.

GRAMPIAN HOUSING ASSOCIATION LIMITED

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

	2016 Group £000	2016 Association £000	2015 Group £000	2015 Association £000
Debt (note 26)	72,771	71,687	72,794	71,681
Deferred capital grant (note 25)	116,326	116,326	115,620	115,620
Deferred income	20	20	41	41
	<u>189,117</u>	<u>188,033</u>	<u>188,455</u>	<u>187,342</u>

25. Deferred capital grant

	2016 Group £000	2016 Association £000	2015 Group £000	2015 Association £000
As at 1 April	116,913	116,913	116,852	116,852
Grant received in the year	2,156	2,156	1,559	1,559
Capital grant released	(1,278)	(1,278)	(1,270)	(1,270)
Capital grant on disposals / repaid	(145)	(145)	(228)	(228)
As at 31 March	<u>117,646</u>	<u>117,646</u>	<u>116,913</u>	<u>116,913</u>
Amounts to be released within one year	1,320	1,320	1,293	1,293
Amounts to be released in more than one year	116,326	116,326	115,620	115,620
	<u>117,646</u>	<u>117,646</u>	<u>116,913</u>	<u>116,913</u>

26. Debt analysis – borrowings

	2016 Group £000	2016 Association £000	2015 Group £000	2015 Association £000
Creditors: amounts falling due within one year				
Bank loans	2,525	2,496	1,742	1,715
	<u>2,525</u>	<u>2,496</u>	<u>1,742</u>	<u>1,715</u>
Creditors: amounts falling due after more than one year				
Bank loans	72,771	71,687	72,794	71,681
	<u>72,771</u>	<u>71,687</u>	<u>72,794</u>	<u>71,681</u>

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26. Debt analysis – borrowings (continued)

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

Bank borrowings mature at different dates with the instalments each year until the last instalment of loans falling to be repaid in the year ending March 2041 (2015: March 2041). £38,648,000 (2015: £38,865,000) bear average fixed-rate coupons of 5.7% per annum (2015: 5.7% per annum) and £36,648,000 (2015: £35,318,000) bear average variable-rate coupons of 1.1% above LIBOR (2015: 1.1% above LIBOR). The association makes a mix of quarterly and annual repayments of the bank borrowings.

Bank borrowings of £75,296,000 (2015: £74,536,000) are secured against the Association and its subsidiaries housing and investment properties.

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

	2016	2016	2015	2015
	Group	Association	Group	Association
	£'000	£'000	£'000	£'000
Due within one year	2,525	2,496	1,742	1,715
Due in one year or more but less than two years	1,511	1,480	2,525	2,496
Due between two and five years	20,007	19,903	26,047	25,949
Due more than five years	51,253	50,304	44,222	43,236
	<u>75,296</u>	<u>74,183</u>	<u>74,536</u>	<u>73,396</u>

27. Financial instruments

Financial assets:

	2016	2016	2015	2015
	Group	Association	Group	Association
	£'000	£'000	£'000	£'000
Debt instruments measured at amortised cost	4,141	5,940	8,326	10,249
Equity instruments measured at cost less impairment	-	-	-	-
Instruments measured at fair value through income and expenditure	-	-	-	-
Total	<u>4,141</u>	<u>5,940</u>	<u>8,326</u>	<u>10,249</u>

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27. Financial instruments (continued)

Financial liabilities:

	2016	2016	2015	2015
	Group	Association	Group	Association
	£'000	£'000	£'000	£'000
Measured at amortised cost	81,280	77,046	85,550	77,016
Measured at fair value through income and expenditure				
- Non-derivatives that are not part of a trading portfolio	-	-	-	-
- Other financial liabilities	-	-	-	-
Total	81,280	77,046	85,550	77,016

28. Provisions

	Deferred Taxation £000	Pension £000	Holiday Pay £000
At 1 April 2015	239	707	74
Reversed in the year	-	(707)	(74)
Additional provision in year	(28)	-	66
At 31 March 2016	211	-	66

Holiday pay

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

29. Share capital & reserves

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members have the right to buy a £1 Ordinary share and participate at member's meetings. This share would be forfeited in the event of the Association winding up. The £1 Ordinary share has voting rights and no rights to distributions.

	Association		Subsidiary	
	2016	2015	2016	2015
	Number	Number	£000	£000
Shares of £1 each fully paid				
At 1 April	330	346	1	1
Joined during the year	7	7	-	-
Left during year	(225)	(23)	-	-
At 31 March	112	330	1	1

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.

GRAMPIAN HOUSING ASSOCIATION LIMITED
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29. Share capital & reserves (continued)

Reserves

Reserves of the Group and Association represent the following:

Non Distributable Reserve

Reserve arising from the revaluation of the investment properties owned by the subsidiary company on an open market valuation at 31 March 2016 - £1,984,000 (31 March 2015 - £2,126,000).

Other Restricted Reserves

During the year £128,000 (2015: £146,727) was received and £128,000 (2015: £146,727) was spent on restricted funds relating to funding from the Big Lottery Fund, £31,000 (2015: £39,794) was received and £31,000 (2015: £39,794) was spent on restricted funds relating to funding from SLAB for Grampian Woman's Aid.

30. Capital commitments and other contractual obligations – Group and Association

	2016	2015
	£000	£000
Capital expenditure contracted for but not provided in the financial statements	4,623	1,049
Expenditure authorised by the board, but not contracted	6,623	-

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. The Association has sufficient funds currently available to finance these developments with no increases to current maximum facilities.

GRAMPIAN HOUSING ASSOCIATION LIMITED

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31. Reconciliation of surplus to net cash generated from/(used in) operations

	2016	2016	2015	2015
	Group	Association	Group	Association
	£000	£000	£000	£000
Surplus for the year	134	132	2,924	2,680
Adjustment for non cash items:				
Depreciation of tangible fixed assets	4,432	4,432	3,742	3,742
(Gain)/loss on disposal of tangible fixed assets	(359)	(359)	(1,148)	(1,148)
Interest receivable	(13)	(66)	(67)	(67)
Interest payable	3,383	3,315	3,142	3,142
Taxation	8	-	23	-
Deferred income	(1,313)	(1,313)	(1,291)	(1,291)
Operating cash flows before movements in working capital	6,272	6,141	7,325	7,058
Decrease / (increase) in stock	(53)	(53)	128	128
Decrease / (increase) in trade and other debtors	37	51	460	559
Increase / (decrease) in trade and other creditors	(4,895)	(4,880)	1,744	1,880
Cash generated from / (used in) operations	1,361	1,259	9,657	9,625

32. Commitments under operating leases - Group and Association

The total future minimum lease payments under non-cancellable operating leases for fixed assets (note 9) are as follows:

	2016	2015
	£000	£000
Amounts due:		
Within one year	220	218
Between one and five years	87	287
After five years	14	27

33. Contingent liabilities

There were no contingent liabilities in the period (2015: £nil)

34. Retirement benefits

Grampian Housing Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £213,000 (2015: £197,000). Contributions totalling £nil (2015: £nil) were payable to the fund at the year end and are included in creditors.

No other post-retirement benefits are provided. The schemes are fully funded schemes.

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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: Purchase of fruit for staff totalled £120 (2015: £225).

The Chief Executive of the Association is also a director of Rural Housing Service (RHS). In the year to 31 March 2016 (2015: £nil) there were no transactions in relation to RHS.

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

During the year to 31 March 2016 the following transactions were effected in relation to Housemark: Annual subscription £4,968 (2015: £nil).

During the year to 31 March 2016 the following transactions were effected in relation to the Foyer:

Housing Rent Receivable £139,255 (2015: £135,140)

Restaurant rent receivable £33,350 (2015: £33,350)

Amounts paid in advance for restaurant rent £26,058 (2015: £66,858)

Repairs Management and other services £18,875 (2015: £54,503)

Amounts due from Foyer at 31 March 2016 £19,326 (2015: £1,014)

Amounts payable to Foyer at 31 March 2016 £nil (2015: £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 there were no transactions with Devanha Ltd.

The Chief Executive of the Association is a director of Our Power, a company formulated to deliver affordable power to RSL tenants. During the year there were transactions of £nil (2015: £12,873).

As at 31 March 2016 Richard Robertson and Peter Kennedy are members of the Board of Management and are also sharing owners of the Association (2015: Richard Robertson and Rae Munro) and Gloria Umeadi is a tenant of the Association (2015: David Carlin and Brian Stewart). Their tenancies are on normal commercial terms. During the year £9,057 (2015: £11,344) of rent was receivable from these tenant and sharing owner members. At the year end there was £360 (2015: £nil) of rent arrears due from these tenant and sharing owner members.

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

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

36. First time adoption of FRS 102

The financial statements have been prepared in accordance with FRS 102 for the year ended 31 March 2016. The transition to FRS 102 has impacted on the following accounting policies adopted and as such, the comparative figures have been restated accordingly.

A Grant Accounting

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS 102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of the housing property structure (excluding land). In line with the new legislation, grant previously written off on disposal of components has been re-instated and grants not directly attributable to assets have been taken to the income and expenditure account.

GRAMPIAN HOUSING ASSOCIATION LIMITED

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For the year ended 31 March 2016

36. First time adoption of FRS 102 (continued)

B Depreciation of housing properties

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS 102, and as noted above in A, grants are no longer netted off against the cost of the housing properties and as such, depreciation is now calculated on the gross cost of housing properties.

C Pension Provision

The Association participated in the multi-employer defined benefit Scottish Housing Association Pension Scheme (SHAPS). Under FRS102 a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value.

D Holiday pay accrual

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

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

Reconciliation of reserves:

Notes	1 April		31 March	
	2014	2014	2015	2015
	Group	Association	Group	Association
	£'000	£'000	£'000	£'000
Reserves previously reported under UK GAAP	18,443	16,197	21,527	19,016
Grant accounting	A	10,800	10,800	12,071
Depreciation	B	(26,385)	(26,385)	(27,760)
Pension provision	C	(684)	(684)	(707)
Holiday pay provision	D	(16)	(16)	(16)
Prior period adjustment re components	37	1,337	1,337	1,326
Taxation charge due to deferred taxation	13	(177)	-	-
Reserves reported under FRS 102		3,318	1,249	6,243
			2,924	3,929

Reconciliation of surplus or deficit

Notes	2015		2015	
	Group		Association	
	£'000		£'000	
Surplus previously reported under UK GAAP		3,084	2,819	
Grant accounting	A	1,270	1,270	
Depreciation	B	(1,375)	(1,375)	
Prior period adjustment re components	37	(11)	(11)	
Taxation charge due to deferred taxation	13	(21)	-	
Increase in pension provision		(23)	(23)	
Surplus or deficit reported under FRS 102		2,924	2,680	

GRAMPIAN HOUSING ASSOCIATION LIMITED
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37. Prior period adjustment

In the year ended 31 March 2012, the Association implemented the Statement of Recommended Practice – Accounting by Registered Social Housing Providers – Update 2010 (SORP 2010) involving the implementation of component accounting.

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives and to depreciate them over their individual useful economic life. This change in accounting policy has resulted in major works expenditure written off in prior years now being capitalised and an additional depreciation charge now being recognised.

Having adopted the policies in this respect, the Association this year reviewed the components it identified together with their useful lives and changed the policy adopted to better reflect the actual components and life spans encountered in the Association. As a result of this review, the revision to the policy has resulted in a prior period adjustment. This disclosure is as required by Section 10.14 of FRS 102.

As part of this review the components were expanded to contain boilers, insulation and windows.

The review also altered some existing components lives for lifts, heating systems and electrics as detailed in note 1.

The effect of this change in accounting policy on the 31 March 2015 financial statements due to policy change is shown below:

	£000
Increase in depreciation charge	(486)
Decrease major works charged against income	<u>475</u>
Decrease in surplus for the year	<u>(11)</u>

In addition the overall effect on the statement of financial position as at 31 March 2015 has been to:

	£000
Increase fixed asset cost due to policy change	4,914
Increase fixed asset cost due to error	211
Increase fixed asset depreciation	<u>(3,799)</u>
Net movement due to change in component policy	<u>1,326</u>

The effect of this change in accounting policy on the 31 March 2016 results has been to reduce the surplus by (£277,000).

As part of this review, we found some components relating to heating which were previously not capitalised but have now been identified to be capitalised. This error is a prior period adjustment which is disclosed under Section 10.23 of FRS 102. The value of the additional components capitalised was £211,000.

