

Grampian Housing Association Limited

Report of the Board of Management and Consolidated Financial Statements For the Year Ended 31 March 2017

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 2017

Contents

Board of Management, Executives and Advisers	1 – 2
Report of the Board of Management	3 – 6
Statement of Board of Management’s Responsibilities	7
Board of Management’s Statement on Internal Financial Controls	8
External Auditor’s Report on Corporate Governance Matters	9
Independent Auditors’ Report	10
Statement of Comprehensive Income	11 – 12
Statement of Financial Position	13
Statement of Changes in Reserves	14
Statement of Cashflows	15
Notes to the Financial Statements	16 – 41

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2017

The Board of Management and Executive Officers

The Board of Management and the Executive Officers who held office during the year and up to the date of signing of the financial statements together with the interests of the board members at the year end in the share capital of the Association at 31 March 2017 and 2016 (or date of appointment if later) follow:

<i>Board members</i>		Number	Number
		2017	2016
Norton Bertram-Smith	(Chair)	1	1
Peter Kennedy #	(Vice Chair)	1	1
Steven Delaney		1	1
Nora Radcliffe		1	1
Gordon Edwards		1	1
Ursula Boyle		1	1
Jim Currie		1	1
Sarah Downs		1	1
Keith Jones		1	1
Dr Abhishek Agarwal ~	Appointed 14 February 2017	1	-
Robert Taylor	Appointed 18 October 2016	1	-
Dr Glen Reynolds	Appointed 26 April 2016	-	-
	Resigned 15 November 2016	-	-
Richard Robertson #	Resigned 23 January 2017	-	1
Dawn Robertson	Resigned 13 March 2017	-	1
Austin Akhigbe	Resigned 15 February 2017	-	1
Gloria Umeadi *	Resigned 23 November 2016	-	1

*Tenant board member # Sharing Owner ~ Factoring customer
The following were members of Kirkgate Developments Limited :

Richard Dodunski	(Chair)
Graham Morrison	Appointed 26 April 2016
Gordon Edwards	Also a Board member of the Association
Martin Ford	Resigned 17 November 2016
Glenn Reynolds	Resigned 26 April 2016
Christopher Herd	Appointed 26 April 2016
Robert Taylor	Appointed 26 April 2016
	Resigned 18 October 2016
Dr Abhishek Agarwal	Appointed 26 April 2016
	Resigned 14 February 2017
Neil Clapperton	Appointed 13 December 2016
Malcolm McNeil	Executive Officer (Company Secretary)

The following were appointed members of TLC Housing Maintenance Limited, a wholly owned subsidiary who started operations on 1 April 2017 providing cyclical maintenance services to the Association.

David Halliday	Appointed 24 January 2017 (Chair)
Mark Masson	Appointed 24 January 2017
Peter Kennedy	Appointed 24 January 2017 (A Board member of the Association)
Ursula Boyle	Appointed 24 January 2017 (A Board member of the Association)
Neil Clapperton	Chief Executive of the Association
Malcom McNeil	Executive Officer (Company 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 2017

Registered Office:	Huntly House 74 Huntly Street Aberdeen AB10 1TD
Auditors:	RSM 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 4 th 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
Key Management Personnel:	Chief Executive, Neil Clapperton Director of Finance, Colin James Director of Housing & Property Services, Angela Taylor Director of Business Development, Craig Stirrat Director of Corporate Services, Malcolm McNeil

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2017

The Board of Management presents its report and audited financial statements for the year ended 31 March 2017.

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.

During the year, a fully owned subsidiary company, TLC Housing Maintenance Limited, was developed to provide cyclical maintenance services to the Association and it commenced trading on 1 April 2017. The main objectives of the venture are to provide better quality services to tenants and provide value for money to the Association through VAT savings on services provided.

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 2017

Development and Performance

During 2016-17, the Group increased capital investment in its properties: this included 140 new kitchens, 126 new bathrooms and work on 103 heating systems. A number of new properties were also built during the year, with 68 units added to the Group's portfolio at locations which included Inverurie, Aberdeen, Newmachar and Peterhead. Strong further expansion is envisaged in 2017-18 with the purchase of land at larger sites in 2016-17; accordingly, the revised target for new build has been doubled from 200 to 400 units over the course of the five year Business Plan. A Stock Condition Survey was completed during the year, whose full results are currently being used to inform and update both long term financial projections and the Asset Management Strategy.

The Association continued to modernise / streamline its governance arrangements during the year. In particular, this involved the elimination of two Sub Committees in tandem with more regular meetings of the full Board since the AGM of September 2016. The one remaining Committee (Audit) now also has a stronger role. The 2016 AGM also saw the appointment of a new Association Chair.

The Association continued to upgrade its systems and processes during the year in the context of a strategy to migrate existing services to digital and mobile platforms. Grampian also remains focused on value for money, and to this end has joined a UK wide benchmarking service (Housemark) and is participating in the Scottish pilot of the English sector scorecard led by the Home Group. The Association is also looking at alternative options for future organisational structure, allied to other initiatives designed to increase future building capacity.

The Group had a turnover of £18,395,000, which represented a marginal decrease of £38,000 on the previous year's turnover of £18,433,000. On this turnover the Group showed a surplus before tax of £1,119,000, some £977,000 up on the equivalent surplus of £142,000 in 2016. This increase was chiefly caused by the absence of an equivalent to the £1,075,000 net cost of exiting the Growth Plan pension scheme in 2016. This comparison was also assisted by a £339,000 reduction in operating expenditure and in turn offset by reduced gains on property disposal (£280,000) and increased finance costs (£79,000). Operating expenditure is shown net of an amount of £1,776,000 being transferred out of planned and cyclical repairs and capitalised in the year, which represents an increase of £719,000 on the 2016 balance of £1,057,000. The Association had a turnover of £17,986,000 which represented a marginal decrease of £43,000 on the previous year's turnover of £18,029,000. Operating expenditure of (£13,550,000) shows a reduction of £382,000 when compared with the previous year (£13,932,000). The Association shows a surplus before tax of £1,295,000 which represents an increase of £1,163,000 from the previous year.

Kirkgate Developments Limited's operational results showed an increase to turnover of 17% at £699,000 compared to £596,000 in 2016. This was more than offset by an increase in administration costs of 44% to £463,000 from £322,000 in 2016 as a result of costs associated with void property. The main reason for the transformation of the 2016 pre-tax surplus (£12,000) into a deficit of £53,000, however, was the annual revaluation of investment properties which led to fair value losses of £174,000 in 2017. There are some recent indications that the Aberdeen rental market is moving towards greater stability which will reduce the chances of the replication of these latter losses in future years.

With Grampian Housing Association having charitable status, the Association's tax liability is minimal. Kirkgate Developments Limited is liable to taxation, however there has been a distribution of £123,000 via Gift Aid to Grampian, so no taxation is due for the current year. There is a deferred tax charge of (£12,000) leaving a deferred tax liability of £199,000 relating to Kirkgate Developments Limited.

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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2017

The Group continues to apply a 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.

The Association will be progressing a review of funding this coming year involving securing £20m new funding for development and possible refinancing of existing borrowing.

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 EU 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
	2015/16	2015/16	2016/17	2016/17
% Void Loss	0.4%	1%	0.5%	0.8%
Average Re-Let Time	23 days	35 days	27 days	N/A
Staff costs as % of Turnover	19.2%	N/A	19.8%	N/A
% Properties meeting SHQS	83%	93%	88%	87%
Unit Cost of Day to Day Repairs	£460	N/A	£458	£507
% Tenant Overall Satisfaction	87.4%	89%	87.4%	N/A
% Tenants think VFM provided	75.1%	79%	81.7%	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 and re-let times increased slightly in 2016-17, but remained below the Scottish average. The percentage of properties which meet the Scottish Housing Quality Standard continues to be influenced by 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. Performance under this heading has nonetheless improved from 2015-16.

Tenant satisfaction with both the overall service and the value for money provided by the Association improved significantly in 2016 when the triennial survey yielded a large sample size; this survey will be refreshed shortly, but for now these statistics remain static.

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2017

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. Following a rationalisation of the Committee structure in 2016, the current structure is seen to represent good governance. 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.

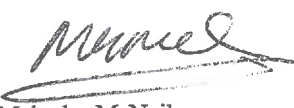
Disclosure of Information to the Auditor

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 auditor is 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, as auditors of the Association, will be proposed at the Annual General Meeting.

By Order of the Board of Management



Malcolm McNeil

Secretary

Date: 22 August 2017

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31 March 2017

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 2017

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 2017. 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
22 August 2017

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
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date *30/8/17*

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

Opinion on financial statements

We have audited the group and parent association financial statements of Grampian Housing Association for the year ended 31 March 2017 (the "financial statements") on pages 11 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

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>

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.

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.

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.

RSM UK Audit LLP

RSM UK AUDIT LLP
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date 30/8/17

GRAMPIAN HOUSING ASSOCIATION LIMITED - CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	<i>1,2,3,4</i>	18,395	18,433
Operating expenditure	<i>2,3,4</i>	(13,723)	(14,062)
Exceptional operating expenditure	<i>5</i>	-	(1,075)
		<hr/>	<hr/>
Operating surplus	<i>9</i>	4,672	3,296
Gain on disposal of property, plant and equipment	<i>10</i>	79	359
Fair value (loss) on investment properties	<i>17</i>	(174)	(142)
Interest receivable	<i>11</i>	5	13
Interest and finance costs	<i>12</i>	(3,463)	(3,384)
		<hr/>	<hr/>
Surplus before taxation		1,119	142
Taxation	<i>13</i>	9	(8)
		<hr/>	<hr/>
Total comprehensive income for the year		1,128	134
		<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 2017**

	<i>Note</i>	2017 £000	2016 £000
Turnover	<i>1,2,3,4</i>	17,986	18,029
Operating expenditure	<i>2,3,4</i>	(13,550)	(13,932)
Exceptional operating expenditure	<i>5</i>	-	(1,075)
		<hr/>	<hr/>
Operating surplus	<i>9</i>	4,436	3,022
Gift aid received		123	-
Gain on disposal of property, plant and equipment	<i>10</i>	79	359
Interest receivable	<i>11</i>	55	66
Interest and financing costs	<i>12</i>	(3,398)	(3,315)
		<hr/>	<hr/>
Surplus before taxation		1,295	132
Taxation	<i>13</i>	(3)	-
		<hr/>	<hr/>
Total comprehensive income for the year		1,292	132
		<hr/> <hr/>	<hr/> <hr/>

All figures relate to continuing operations.

The accompanying notes form part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

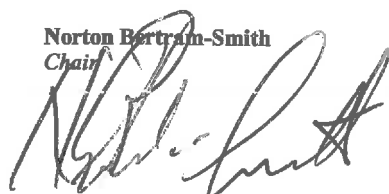
CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2017

	<i>Note</i>	2017		2016	
		GROUP £000	ASSOCIATION £000	GROUP £000	ASSOCIATION £000
Fixed assets					
Intangible assets and goodwill	14	354	354	432	432
Housing properties	15	203,571	203,571	189,989	189,989
Other fixed assets	16	2,314	2,314	2,418	2,418
Investment Properties	17	5,400	-	5,574	-
		<hr/>	<hr/>	<hr/>	<hr/>
		211,639	206,239	198,413	192,839
		<hr/>	<hr/>	<hr/>	<hr/>
Fixed asset investments					
LIFT loans		429	429	429	429
LIFT grants		(429)	(429)	(429)	(429)
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Properties held for sale	20	1,187	1,187	252	252
Trade and other debtors	21	4,510	4,641	1,560	1,533
Investments		-	-	-	-
Cash and cash equivalents	22	4,089	4,001	2,799	2,771
		<hr/>	<hr/>	<hr/>	<hr/>
		9,786	9,829	4,611	4,556
Current liabilities					
Creditors: amounts falling due within one year	23	(8,053)	(7,943)	(7,305)	(7,137)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets/(liabilities)		1,733	1,886	(2,694)	(2,581)
		<hr/>	<hr/>	<hr/>	<hr/>
Debtors: amounts falling due after more than one year	21	50	1,893	-	1,851
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		213,422	210,018	195,719	192,109
Creditors: amounts falling due after more than one year	24	(205,638)	(204,584)	(189,066)	(187,982)
Provisions for liabilities	28	(81)	(81)	(66)	(66)
Other provisions	28	(199)	-	(211)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total Net assets		7,504	5,353	6,376	4,061
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Share capital	29	1	1	1	1
Income and expenditure reserve	29	5,692	5,352	4,391	4,060
Non distributable reserve	29	1,811	-	1,984	-
		<hr/>	<hr/>	<hr/>	<hr/>
		7,504	5,353	6,376	4,061
		<hr/>	<hr/>	<hr/>	<hr/>

These financial statements on pages 11 to 41 were approved and authorised for issue by the Board of Management on 22 August 2017 by:

Norton Bertram-Smith
Chair



Peter Kennedy
Vice Chair



GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2017

CONSOLIDATED	<i>Note</i>	Income and expenditure reserve	Revaluation reserve	Share Capital	Total
		£000	£000	£000	£000
Balance at 1 April 2015		4,115	2,126	1	6,242
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>4,391</u>	<u>1,984</u>	<u>1</u>	<u>6,376</u>
(Deficit)/surplus for the year		1,128	-	-	1,128
Transfer from non distributable reserve to income and expenditure reserve		173	(173)	-	-
Balance at 31 March 2017	29	<u><u>5,692</u></u>	<u><u>1,811</u></u>	<u><u>1</u></u>	<u><u>7,504</u></u>

HOUSING ASSOCIATION

	<i>Note</i>	Income and expenditure reserve	Share Capital	Total
		£000	£000	£000
Balance at 1 April 2015		3,928	1	3,929
Surplus for the year		132	-	132
Balance at 31 March 2016	29	<u>4,060</u>	<u>1</u>	<u>4,061</u>
Surplus for the year		1,292	-	1,292
Balance at 31 March 2017	29	<u><u>5,352</u></u>	<u><u>1</u></u>	<u><u>5,353</u></u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CASHFLOWS

For the year ended 31 March 2017

	<i>Notes</i>	2017 Group £000	2017 Association £000	2016 Group £000	2016 Association £000
Net cash generated from operating activities	<i>31</i>	5,300	5,093	1,361	1,259
Cash flow from investing activities					
Purchase of tangible fixed assets		(18,107)	(18,107)	(6,213)	(6,213)
Proceeds from sale of tangible fixed assets		590	590	980	980
Grants received		11,545	11,545	2,156	2,156
Grants repaid		(66)	(66)	(131)	(131)
Interest received		5	55	13	66
Net cash (used in) investing activities		(733)	(890)	(1,834)	(1,883)
Cash flow from financing activities					
Interest paid		(3,463)	(3,398)	(3,383)	(3,315)
New secured loans		8,000	8,000	2,000	2,000
Repayment of borrowings		(2,514)	(2,482)	(1,239)	(1,213)
Net cash from / (used in) financing activities		2,023	2,120	(2,622)	(2,528)
Net increase / (decrease) in cash and cash equivalents		1,290	1,230	(4,456)	(4,411)
Cash and cash equivalents at beginning of year		2,799	2,771	7,255	7,182
Cash and cash equivalents at end of year		4,089	4,001	2,799	2,771

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

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. Accounts for TLC Housing Maintenance Limited have also been prepared, but due to the materiality of the transactions for the year ended 31 March 2017, these have not been included in the consolidation. TLC Housing Maintenance Limited commenced trading 1 April 2017.

In accordance with FRS102, the association has taken advantage of the exemptions available under Section 33 of disclosing related party transactions with subsidiary undertakings.

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

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. *Accounting policies (continued)*

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

Going concern

The Group has a significant asset base matched by growing reserves. Recent cash flow forecasts covering a period of 1 year from the signing of these financial statements indicate that further loan facilities are needed to meet the Group's borrowing requirements and the Royal Bank of Scotland through discussions has indicated its willingness to provide the required funds. 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 assets at 31 March 2017 of £1,733,000 (2016 – net current liabilities of (£2,694,000)) caused chiefly by additional HAG receivable at year end and higher cash balances following year end drawdowns.

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, with no amortisation in the year of addition.

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

Other Grants

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

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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. *Accounting policies (continued)*

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. The intangible assets are amortised to write down the cost of each asset to its estimated residual value, based on the straight line basis over the estimated years of the assets life. The estimated asset life for computer software is 4 years.

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.

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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. Accounting policies (continued)

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.

	Years
Land	Nil
Assets under construction	Nil
Structure	100
Roofs	60
Kitchens	15
Bathrooms	25
Windows and Doors	25
Lifts	20
Heating Systems	25
Door Entry Systems	15
Electrics	20
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:

Freehold land and buildings	Over 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.

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. Accounting policies (continued)

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 and TLC Housing Maintenance Limited are 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 and TLC Housing Maintenance Limited are a 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.

Retirement benefits

Defined contribution plans

At 31 March 2017 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 and prior year figures are adjusted to reallocate issue costs.

GRAMPIAN HOUSING ASSOCIATION LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2017

1. Accounting policies (continued)

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.

The Comparative period's debtor and creditor figures have been adjusted to reflect a reallocation of costs. The net effect of this amendment is nil.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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)	15,519	(10,886)	4,633	4,467
Other activities (note 4a)	2,876	(2,837)	39	(96)
Total	18,395	(13,723)	4,672	4,371
Total for previous period of account	18,433	(14,062)	4,371	

Association:	Turnover	Operating costs	Operating surplus for previous period of account
	£000	£000	£000
Affordable letting activities (note 3)	15,519	(10,886)	4,633
Other activities (note 4b)	2,467	(2,664)	(197)
Total	17,986	(13,550)	4,436
Total for previous reporting period	18,029	(13,932)	4,097

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 2017	Total 2016
	£000	£000	£000	£000
Rent receivable net of service charges	12,153	1,422	13,575	13,184
Service charges	557	152	709	770
Gross income from rents and service charges	12,710	1,574	14,284	13,954
Less Voids	(70)	(58)	(128)	(75)
Net income from rents and service charges	12,640	1,516	14,156	13,879
Grants released from deferred income	1,215	105	1,320	1,278
Grants from Scottish Ministers	-	-	-	-
Other revenue grants	43	-	43	79
Total turnover from affordable letting activities	13,898	1,621	15,519	15,236
Management and maintenance administration costs	(3,685)	(160)	(3,845)	(3,501)
Service costs	(708)	-	(708)	(666)
Planned and cyclical maintenance including major repairs costs	(733)	-	(733)	(713)
Reactive maintenance costs	(1,431)	-	(1,431)	(1,412)
Bad debts – rent and service charges	(281)	(5)	(286)	(274)
Depreciation of affordable let properties	(3,641)	(242)	(3,883)	(4,203)
Impairment of affordable let properties	-	-	-	-
Operating costs for affordable letting activities	(10,479)	(407)	(10,886)	(10,769)
Operating surplus for affordable letting activities	3,419	1,214	4,633	4,467
Operating surplus for affordable letting activities for previous reporting period	3,232	1,235	4,467	

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

4a. Group:	Grants from Scottish Ministers £000	Other revenue grants £000	Other income £000	Total turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus or deficit £000	Total from Other Activities – 2016 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	212	-	212	-	(579)	(367)	(466)
Care and repair	-	-	409	409	-	(173)	236	274
Investment property activities	-	-	442	442	(6)	(488)	(52)	(12)
Factoring	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	66	66	-	-	66	64
Contracted out activities undertaken for RSL's	-	-	85	85	-	(228)	(143)	(163)
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-
Developments for sale to RSL's	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	78	-	-	78	-	(217)	(139)	(328)
Development and construction of property activities	-	119	-	119	-	(119)	-	-
Big Lottery Grant Fund	-	27	-	27	-	(27)	-	-
Scottish Legal Aid Board	250	16	-	266	-	-	266	318
Homestrike / LIFT / Help to Buy	-	-	711	711	-	(712)	(1)	-
First Tranche Shared Ownership sales	-	-	177	177	-	(18)	159	185
Other Activities (material) -- Foyer	-	-	284	284	-	(270)	14	32
Other Activities (non material)	-	-	-	-	-	-	-	-
Total from other activities	328	374	2,174	2,876	(6)	(2,831)	39	(96)
Total from other activities –2016	364	451	2,382	3,197	(6)	(3,287)	(96)	(96)

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 2016 £000
Association:								
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	212	-	212	-	(579)	(367)	(466)
Care and repair	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-
Factoring	-	-	442	442	(6)	(488)	(52)	(12)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSL's	-	-	66	66	-	-	66	64
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-
Developments for sale to RSL's	-	-	85	85	-	(228)	(143)	(163)
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration cost	-	-	-	-	-	-	-	-
Development and construction of property activities	78	-	-	78	-	(217)	(139)	(328)
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Big Lottery Grant Fund	-	119	-	119	-	(119)	-	-
Scottish Legal Aid Board	-	27	-	27	-	(27)	-	-
Homestake / LIFT/ Help to Buy	-	16	-	16	-	-	-	-
First Tranche Shared Ownership sales	-	-	711	711	-	(712)	266	318
Other Activities (material) – Foyer	-	-	177	177	-	(18)	(1)	-
Other Activities (non material)	-	-	284	284	-	(270)	159	185
Total from other activities	328	374	1,765	2,467	(6)	(2,658)	(197)	(370)
Total from other activities – 2016	364	451	1,978	2,793	(6)	(3,157)	(370)	

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 ended 31 March 2016 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	
	2017	2016	2017	2016
Group				
General needs housing	308	45	3,126	3,059
Non-Social	-	-	<u>32</u>	<u>32</u>
	<u>308</u>	<u>45</u>	<u>3,158</u>	<u>3,091</u>
Shared ownership	-	-	<u>551</u>	<u>559</u>
Association				
General needs housing	308	45	3,126	3,059
Shared ownership	-	-	<u>551</u>	<u>559</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 senior management team consists of the Director of Housing and Property Services, the Director of Development, the Director of Finance and the Director of Corporate Services. 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:

	2017 £000	2016 £000
Aggregate emoluments payable to key management personnel (excluding pension contributions)	<u>375</u>	<u>365</u>
Emoluments payable to the Chief Executive (excluding pension contributions)	<u>94</u>	<u>89</u>
Aggregate pension contributions in relation to the key management personnel	<u>38</u>	<u>36</u>

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

	2017 No	2016 No
£ 60,001 - £ 70,000	1	1
£ 70,001 - £ 80,000	3	3
£ 80,001 - £ 90,000	-	1
£ 90,001 - £100,000	1	-
£100,001- £110,000	-	-

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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	
	2017	2016
Office and management/administration	52	52
Housing support and care	34	33
Development	9	7
	95	92
 Staff costs for the above persons:		
	2017	2016
	£000	£000
Wages and salaries	3,053	2,975
Social security costs	285	278
Defined contribution pension costs	227	213
	3,565	3,466

9. Operating surplus

	2017 Group £000	2017 Association £000	2016 Group £000	2016 Association £000
<i>Operating surplus is stated after charging:</i>				
Depreciation of housing properties	3,883	3,883	4,203	4,203
Depreciation of other tangible fixed assets	121	121	111	111
Amortisation of intangible assets	126	126	118	118
Operating lease rentals:				
Buildings	104	104	231	231
Agency / Temporary Costs	52	52	85	85
 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	28	23	27	22
Taxation compliance services	15	9	13	11
Other assurance services	1	1	1	1
	44	33	41	34

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

10. Surplus or deficit on sale of fixed assets	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Disposal proceeds	831	831	980	980
Carrying value of assets	(548)	(548)	(615)	(615)
	<u>283</u>	<u>283</u>	<u>365</u>	<u>365</u>
Provision for impairment in stock value	(60)	(60)	-	-
(Deficit) on disposal of components	(146)	(146)	(6)	(6)
Gain (Deficit) on disposal of other assets	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
	<u>79</u>	<u>79</u>	<u>359</u>	<u>359</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
11. Interest receivable	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Interest on bank deposits	5	4	13	13
Interest from Group undertakings	-	51	-	53
	<u>5</u>	<u>55</u>	<u>13</u>	<u>66</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
12. Interest payable and similar charges	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Interest arising on:				
Bank loans and overdrafts	3,328	3,263	3,209	3,140
Other loans	151	151	181	181
Less interest capitalised on housing properties under construction	(16)	(16)	(6)	(6)
	<u>3,463</u>	<u>3,398</u>	<u>3,384</u>	<u>3,315</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
13. Taxation				
Group				
Analysis of charge in year		2017	2016	
		£000	£000	
<i>UK corporation tax</i>				
Current tax on income for the year		-	36	
Adjustment in respect of previous years		3	-	
		<u>3</u>	<u>36</u>	
Total current tax		3	36	
Deferred tax movement		(12)	(28)	
Adjustment in respect of previous periods		-	-	
		<u> </u>	<u> </u>	
Tax on surplus on ordinary activities		<u>(9)</u>	<u>8</u>	
		<u> </u>	<u> </u>	

Factors affecting the tax charge for the current year

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

13. Taxation (continued)

The current tax charge for the year differs from the charge calculated at the UK corporation tax rate of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
<i>Current tax reconciliation</i>		
Surplus on ordinary activities before tax	(53)	11
Less current year charity profit	-	-
	(53)	11
<i>Effects of:</i>		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2016 : 20%)	(10)	2
Expenses not deductible for tax purposes	36	36
Adjustments to brought forward balances	(24)	-
Capital allowances in excess of depreciation	(2)	(6)
Prior year adjustment	3	-
Adjustments closing deferred tax to average rate	(12)	(24)
	(9)	8
Total current tax charge (see above)		

Deferred taxation

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

	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Balance brought forward	211	-	239	-
Income and Expenditure account movement arising during the year	(12)	-	(28)	-
	199	-	211	-

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

	2017	2017	2016	2016
	Provided	Potential Provision	Provided	Potential Provision
	£000	£000	£000	£000
Group				
Excess of taxation allowances over depreciation of fixed assets	37	-	37	-
Capital gains	162	-	174	-
	199	-	211	-
Deferred tax liability/(asset) (see note 16)				

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

14. Intangible assets and goodwill (Group and Association)

	Computer Software £000	Computer Software Under Construction £000	Total £000
<i>Cost</i>			
At 1 April 2016	609	88	697
Additions	45	3	48
At 31 March 2017	654	91	745
<i>Amortisation</i>			
At 1 April 2016	265	-	265
Provided during year	126	-	126
At 31 March 2017	391	-	391
<i>Net book value</i>			
At 31 March 2017	263	91	354
At 31 March 2016	344	88	432

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 2016	204,218	1,311	32,266	-	237,795
Additions	-	-	-	-	-
Properties acquired	6,987	9,174	105	-	16,266
Works to existing properties	1,776	-	-	-	1,776
Schemes completed	1,253	(1,253)	-	-	-
Disposals	(752)	-	(441)	-	(1,193)
At 31 March 2017	213,482	9,232	31,930	-	254,644
<i>Depreciation</i>					
At 1 April 2016	44,900	-	2,906	-	47,806
Provided during year	3,642	-	241	-	3,883
Eliminated on disposals	(590)	-	(26)	-	(616)
At 31 March 2017	47,952	-	3,121	-	51,073
<i>Net book value</i>					
At 31 March 2017	165,530	9,232	28,809	-	203,571
At 31 March 2016	159,318	1,311	29,360	-	189,989

Expenditure on works to existing properties

	2017	2016
	£000	£000
Improvement work capitalised	-	-
Replacement component spend capitalised	1,776	1,057
Amounts charged to income and expenditure	<u>688</u>	<u>636</u>
Total major repairs spend	<u>2,464</u>	<u>1,693</u>

Finance Costs

	2017	2016
	£000	£000
Aggregate amount of finance costs included in the cost of housing properties	<u>530</u>	<u>515</u>

Development administration costs capitalised amounted to £74,000 (2016: £58,000) and development allowances amounted to £65,000 (2016: £59,000).

Interest capitalised amounted to £16,000 (2016: £6,000).

The cost of land included in the housing properties is £44,612,000 (2016: £38,539,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 :

	2017	2016
	£000	£000
Cost	8,748	6,045
Accumulated depreciation	(358)	(213)
Total	8,390	5,832

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

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 2016	587	2,738	416	443	4,184
Additions	-	-	11	6	17
Disposals	-	-	-	-	-
At 31 March 2017	587	2,738	427	449	4,201
Depreciation					
At 1 April 2016	193	857	360	356	1,766
Provided during year	16	56	18	31	121
Eliminated on disposals	-	-	-	-	-
At 31 March 2017	209	913	378	387	1,887
Net book value					
At 31 March 2017	378	1,825	49	62	2,314
At 1 April 2016	394	1,881	56	87	2,418

Included in heritable land and buildings is land costing £260,000. Net accumulated interest capitalised in tangible fixed assets at 31 March 2017 amounted to £515,000 (2016: £515,000). Interest of £nil was capitalised in the year (2016: £15,000).

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. Investment Properties

	2017	2016
	£000	£000
At 1 April 2016	5,574	5,716
(Decrease)/increase in value	(174)	(142)
At 31 March 2017	5,400	5,574

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2017 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:

	2017	2016
	£000	£000
Cost	<u>3,867</u>	<u>3,867</u>
Aggregate Depreciation	<u>529</u>	<u>446</u>

18. Fixed asset investments

All investments held are shares in subsidiary undertakings.

	2017	2016
	£	£
At 31 March 2017 and 2016	6	6

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

19. Subsidiary Undertakings

Grampian Housing Association's subsidiary undertakings are all companies Limited by Share Capital:

Name of Undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Kirkgate Developments Limited	Ordinary	100% (2016: 100%)	Mid market and commercial letting
TLC Housing Maintenance Ltd (formerly Sirius Housing Limited)	Ordinary	100% (2016: 100%)	Cyclical maintenance
Kirkgate Homes Limited	Ordinary	100% (2016: 100%)	Dormant
Grampian Community Energy Limited	Ordinary	100% (2016: 100%)	Dormant

20. Properties for sale

	2017 Group £000	2017 Association £000	2016 Group £000	2016 Association £000
Shared ownership properties	1,187	1,187	252	252

21. Debtors

Amounts falling due within one year	2017 Group £000	2017 Association £000	2016 Group £000	2016 Association £000
Rent and service charges receivable	1,096	1,096	906	906
Less: provision for bad and doubtful debts	(678)	(678)	(545)	(545)
	418	418	361	361
HAG receivable	3,590	3,590	292	292
Prepayments and accrued income	284	284	254	254
Other debtors	218	209	653	611
Amount due from Group undertaking	-	131	-	7
Loan due from Group undertaking	-	9	-	8
	4,510	4,641	1,560	1,533
Amounts falling due after more than one year				
Prepayments and accrued income	-	-	51	51
Loans due from Group undertakings	50	1,893	-	1,800
	50	1,893	51	1,851

Loans to subsidiary companies are at a commercial rate with defined payback terms.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

21. Debtors (continued)

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

	2017			2016		
	Debtor £000	Provided £000	Net debtor £000	Debtor £000	Provided £000	Net debtor £000
Due from current tenants	824	(479)	345	707	(375)	332
Due from former tenants	272	(199)	73	199	(170)	29
	<u>1,096</u>	<u>(678)</u>	<u>418</u>	<u>906</u>	<u>(545)</u>	<u>361</u>

£148,000 of bad debt was written off during the period (2016: £129,080).

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 (2016: £235,000) on a specific deposit account.

23. Creditors: amounts falling due within one year

	2017		2016	
	Group £000	Association £000	Group £000	Association £000
Debt (note 26)	1,498	1,467	2,481	2,452
Trade creditors	2,069	2,057	651	642
Other creditors	977	925	552	552
Accruals and deferred income	1,921	1,854	1,214	1,158
Rent and service charges received in advance	195	195	158	158
HAG received in advance	-	-	777	777
Deferred capital grants (note 25)	1,365	1,365	1,320	1,320
Deposits	102	54	89	52
Other taxation and social security costs	26	26	26	26
Corporation tax	-	-	37	-
	<u>8,053</u>	<u>7,943</u>	<u>7,305</u>	<u>7,137</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.

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

	2017		2016	
	Group £000	Association £000	Group £000	Association £000
Debt (note 26)	79,193	78,139	72,720	71,636
Deferred capital grant (note 25)	126,445	126,445	116,326	116,326
Deferred income	-	-	20	20
	<u>205,638</u>	<u>204,584</u>	<u>189,066</u>	<u>187,982</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. Deferred capital grant				
	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
As at 1 April	117,646	117,646	116,913	116,913
Grant received in the year	11,545	11,545	2,156	2,156
Capital grant released	(1,320)	(1,320)	(1,278)	(1,278)
Capital grant on disposals / repaid	(61)	(61)	(145)	(145)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March	127,810	127,810	117,646	117,646
	<hr/>	<hr/>	<hr/>	<hr/>
The deferred capital grant is split:				
Government Grant	118,406	118,406	107,227	107,227
Other Grant	9,404	9,404	10,419	10,419
	<hr/>	<hr/>	<hr/>	<hr/>
	127,810	127,810	117,646	117,646
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts to be released within one year	1,365	1,365	1,320	1,320
Amounts to be released in more than one year	126,445	126,445	116,326	116,326
	<hr/>	<hr/>	<hr/>	<hr/>
	127,810	127,810	117,646	117,646
	<hr/>	<hr/>	<hr/>	<hr/>
26. Debt analysis – borrowings				
	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Creditors: amounts falling due within one year				
Bank loans	1,498	1,467	2,481	2,452
	<hr/>	<hr/>	<hr/>	<hr/>
	1,498	1,467	2,481	2,452
	<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due after more than one year				
Bank loans	79,193	78,139	72,720	71,636
	<hr/>	<hr/>	<hr/>	<hr/>
	79,193	78,139	72,720	71,636
	<hr/>	<hr/>	<hr/>	<hr/>

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 (2016: March 2041). £45,127,000 (2016: £38,648,000) bear average fixed-rate coupons of 5.7% per annum (2016: 5.7% per annum) and £35,614,000 (2016: £36,648,000) bear average variable-rate coupons of 1.3% above LIBOR (2016: 1.1% above LIBOR). The association makes a mix of quarterly and annual repayments of the bank borrowings.

Bank borrowings of £79,657,000 (2016: £75,296,000) are secured against the Association and its subsidiaries housing and investment properties.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

26. Debt analysis – borrowings (continued)

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

	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Due within one year	1,498	1,467	2,481	2,452
Due in one year or more but less than two years	16,635	16,602	1,467	1,436
Due between two and five years	5,180	5,071	20,000	19,896
Due more than five years	57,378	56,466	51,253	50,304
	<u>80,691</u>	<u>79,606</u>	<u>75,201</u>	<u>74,088</u>

27. Financial instruments

Financial assets:

	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Debt instruments measured at amortised cost	7,952	9,802	4,141	5,940
	<u>7,916</u>	<u>9,802</u>	<u>4,141</u>	<u>5,940</u>

Financial liabilities:

	2017	2017	2016	2016
	Group	Association	Group	Association
	£000	£000	£000	£000
Measured at amortised cost	87,238	84,374	81,280	77,046
	<u>87,238</u>	<u>84,374</u>	<u>81,280</u>	<u>77,046</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

28. Provisions

	Deferred Taxation £000	Holiday Pay £000	Total £000
At 1 April 2016	211	66	277
Reversed in the year	-	(66)	(66)
Additional provision in year	(12)	81	69
At 31 March 2017	199	81	280

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		Kirkgate	
	2017	2016	2017	2016
Shares of £1 each fully paid	Number	Number		
At 1 April	112	330	1	1
Joined during the year	2	7	-	-
Left during year	(14)	(225)	-	-
At 31 March	100	112	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.

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 2017 - £1,811,000 (31 March 2016 - £1,984,000).

Other Restricted Reserves

During the year £157,000 (2016: £128,000) was received and £157,000 (2016: £128,000) was spent on restricted funds relating to funding from the Big Lottery Fund, £30,000 (2016: £31,000) was received and £30,000 (2016: £31,000) was spent on restricted funds relating to funding from SLAB for Grampian Woman's Aid.

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

	2017 £000	2016 £000
Capital expenditure contracted for but not provided in the financial statements	9,562	4,623
Other loans committed but not yet drawn down	250	-
	<u>9,812</u>	<u>4,623</u>
 Expenditure authorised by the Board, but not contracted	 <u>1,962</u>	 <u>6,623</u>

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 had the commitment of its main lender, the Royal Bank of Scotland that extensions to its current loans are available to finance these projects.

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

	2017 Group £000	2017 Association £000	2016 Group £000	2016 Association £000
Surplus for the year	1,128	1,292	134	132
Adjustment for non cash items:				
Depreciation of tangible fixed assets	4,130	4,130	4,432	4,432
(Gain)/loss on disposal of tangible fixed assets	(79)	(79)	(359)	(359)
Interest receivable	(5)	(55)	(13)	(66)
Interest payable	3,463	3,398	3,383	3,315
Taxation	(9)	3	8	-
Deferred income	(1,320)	(1,320)	(1,313)	(1,313)
Operating cash flows before movements in working capital	<u>7,308</u>	<u>7,369</u>	<u>6,272</u>	<u>6,141</u>
 (Increase) in stock	 (935)	 (935)	 (53)	 (53)
(Increase) in trade and other debtors	(2,642)	(2,743)	37	51
Increase / (decrease) in trade and other creditors	1,569	1,402	(4,895)	(4,880)
Cash generated from / (used in) operations	<u>5,300</u>	<u>5,093</u>	<u>1,361</u>	<u>1,259</u>

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

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:

	2017	2016
	£000	£000
Amounts due:		
Within one year	28	220
Between one and five years	75	87
After five years	1	14
	104	321
	104	321

33. Contingent liabilities

There were no contingent liabilities in the period (2016: £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 £227,000 (2016: £213,000). Contributions totalling £nil (2016: £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.

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 2017, the following transactions were effected in relation to CFINE (Enterprise) Ltd: Purchase of fruit for staff totalled £180 (2016: £120).

The Chief Executive of the Association is also a director of Rural Housing Service (RHS) and the Rural & Islands Housing Association Forum (RIHAF).

In the year to 31 March 2017 there was amount of £500 (2016: £nil) paid in relation to RHS and £1,408 to RIHAF (2016:£870), both in respect of conference attendance fees.

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

During the year to 31 March 2017 the following transactions were effected in relation to Housemark: Annual subscription and specialist group membership £12,168 (2016: £4,968).

During the year to 31 March 2017 the following transactions were effected in relation to the Foyer:

Housing Rent Receivable £135,110 (2016: £139,255)
 Restaurant rent receivable £32,450 (2016: £33,350)
 Amounts paid in advance for restaurant rent £26,058 (2016: £26,058)
 Repairs Management and other services £2,556 (2016: £18,875)
 Amounts due from Foyer at 31 March 2017 £136 (2016: £19,326)
 Amounts payable to Foyer at 31 March 2017 £288 (2016: £nil)

GRAMPIAN HOUSING ASSOCIATION LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

35. Related party disclosures (continued)

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.

Steven Delaney, a member of the Board is the Chairperson of the Scottish Federation of Housing Associations (SFHA) of which Grampian is a member. The amount paid to them in 2017 was £23,937 (2016: £25,848)

As at 31 March 2017 1 member of the Board of Management was a sharing owner of the Association (2016: 2) and there were no tenants on the Board (2016: 1). Their tenancies are on normal commercial terms. During the year £2,263 (2016: £9,057) of rent was receivable from these tenant and sharing owner members. At the year end there was £186 (2016: £360) 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 (2016: £nil) in respect of bad debts from related parties.

The company has taken the exemption available under Section 33 of FRS102 in relation to disclosing related party transactions with Kirkgate Developments Limited.

