

Hillhead Housing Association 2000 Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB 326

FCA Reference No. 2562R(S)

Scottish Charity No. SC029908

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015

MANAGEMENT COMMITTEE

James Shovlin
Clare Taylor
Jacqui Peltier
Irene Cowie
Cllr Stewart Macdonald
Cllr John Jamieson
Karen Finlayson
Robert Smith
Margaret Morier
Francesca Cox
Mary Docherty

EXECUTIVE OFFICERS

Stephen MacIntyre
Eispeth Sharkey

REGISTERED OFFICE

60 Highfield Road
Hillhead
Kirkintilloch
Glasgow
G66 2PS

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
16 Cowgate
Kirkintilloch
G66 1JX

SOLICITORS

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

FINANCE AGENTS

FMD Financial Services Ltd
Unit 29
KCEDG Commercial Centre
Ladyloan Place
Drumchapel

Chairperson
Vice Chairperson
Treasurer
Secretary

Resigned 24/09/2014
Appointed 07/05/2014
Appointed 07/05/2014, Resigned 03/06/2015
Appointed 04/02/2015
Appointed 04/02/2015

Director
Housing Manager

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2562R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC029908.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

In 2014 we celebrated our 10th year following the stock transfer from East Dunbartonshire Council at the end of June 2004. This represented a key milestone in the Association's development. Having already completed our biggest new build development at Ivanhoe Drive we embarked on our smallest development to date. Now on site, the Phase 5 development includes a new permanent office for the Association and replaces the current temporary portacabins which we have out grown. Across 2 sites we are building another 15 new homes which will take our stock to over 820 by the end of next year.

Against an uncertain and increasingly risky economic background we continue to review our long term projections annually and we are pleased to report that the financial outlook from this year's update remains positive over the short/medium and longer term. We continue to manage our day to day finances prudently as well as investing for the longer term by continuing with our planned improvement programme to our housing stock.

During the year we completed improvements to 35 homes and commenced planned improvements to a further 110 homes that form part of Phase 10. During the year we invested £792,000 in planned works and a further £192,000 on cyclical works.

Our reactive repairs service continues to perform very well and during the year 1,901 repairs were carried out - a slight reduction from the previous year. Of these 99.16% were completed within the target time for completion. Where we have been able to offer a repairs appointment to tenants 98.14% of these were kept. During the year the reactive repairs service was re-tendered and we are pleased that we have been able to reappoint Rodgers & Johnston Ltd, thus maintaining continuity of service that continues to provide value for money combined with an excellent service to our tenants. On average the time taken to respond to all non emergency repairs was 2.93 days, an improvement from the 4 days recorded for the previous year. 99.53% of our Emergency Repairs were dealt within the 2 hour call out period.

Against an improving economic environment but with major welfare reform still to be fully implemented we have successfully maintained our rental income to very high levels with 99.93% of rent due being collected. Although the "Bedroom Tax" affects about 1 in 5 tenants, awards of Discretionary Housing Payments by the local authority ameliorate the impact and our rent arrears at the year-end have even reduced slightly to 2.29%.

Review of Business and Future Developments (Contd)

Building on a proven track record of delivering real community regeneration we have successfully added to the local services that we offer residents. Following two successful Big Lottery awards we now employ a second welfare rights officer and a Money Advisor. Both posts are also supported by a grant contribution from the Scottish Government as well as being funded by the Association. As well as Money Advice we offer Energy Advice too, thus helping residents manage their fuel costs and ensuring that their homes are heated as efficiently as possible. Sustaining people in their tenancies is a key element of ensuring the well being of our community and over the year our service supported over 52 tenants with 40 receiving on-going support. The Tenancy Support Service continues to be supported by funding from the Scottish Government until March 2016 and we provide this service in partnership with the Mungo Foundation with an Officer based in the Association's Office.

As we near the completion of our major housing regeneration projects our attention is turning now to focus on the environment of the estate with additional investment planned for the years ahead.

Our second success was the award of a Big Lottery Grant to develop our Community Growing Project. Having now reclaimed two derelict pieces of ground we now offer residents the opportunity to participate in gardening, benefit from associated training and employment opportunities as well as improve the general well being of the community. Over £150,000 has been invested and the project is lead by a horticultural qualified co-ordinator.

Now in its second year the Scottish Housing Charter indicates that across a wide range of measures we are continuing to perform better than the Scottish average.

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Statement on Internal Financial Control

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

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

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems 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 Association'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 which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;

- Quarterly financial management reports 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 Management Committee;

- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken;


- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. 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 auditor's report on the financial statements.

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



IRENE COWIE

Secretary

02 September 2015

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice 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.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN

Chartered Accountants

GLASGOW

02 September 2015

We have audited the financial statements of Hillhead Housing Association 2000 Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 auditors' 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 Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception
We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

Matters on which we are required to report by exception (contd.:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
02 September 2015

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015	2014
		£	£
TURNOVER		3,439,020	3,095,773
Operating Costs	2.	(2,987,216)	(3,850,339)
OPERATING SURPLUS / (DEFICIT)		451,804	(754,566)
Gain On Sale Of Housing Stock	7.	20,422	13,225
Interest Receivable and Other Income		944	3,584
Interest Payable and Similar Charges	8.	(596,141)	(583,352)
Other Finance Costs	23.	1,000	(3,000)
DEFICIT ON ORDINARY ACTIVITIES AFTER TAXATION		(573,775)	(569,543)
		(121,971)	(1,324,109)

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2015	2014
	£	£
Surplus for the financial year	(121,971)	(1,324,109)
Actuarial Losses on Defined Benefit Pension Scheme	(37,000)	(10,000)
Total losses recognised since last annual report	(158,971)	(1,334,109)

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

Notes	2015	2014
TANGIBLE FIXED ASSETS	£	£
Housing Properties - Depreciated Cost	25,156,772	25,247,493
Less: Social Housing Grant	(13,775,131)	(12,040,105)
: Other Public Grants	(549,362)	(2,149,194)
11.(a)		
11.(a)		
11.(a)		
Other fixed assets	10,832,279	11,058,194
11.(b)		
	242,246	33,589
	11,074,525	11,091,783
CURRENT ASSETS	£	£
Debtors	285,696	296,434
Cash at bank and in hand	848,316	390,904
14.		
	1,134,012	687,338
CREDITORS: Amounts falling due within one year	15. (1,260,789)	(1,213,404)
(NET CURRENT LIABILITIES)	(126,777)	(526,066)
TOTAL ASSETS LESS CURRENT LIABILITIES	10,947,748	10,565,717
CREDITORS: Amounts falling due after more than one year	16. (10,749,000)	(10,249,000)
PENSION LIABILITY	23. (172,000)	(131,000)
NET ASSETS	26,748	185,717
CAPITAL AND RESERVES		
Share Capital	83	81
Revenue Reserves	198,665	316,636
Pension Reserves	19.(b) (172,000)	(131,000)
19.(b)		
	26,748	185,717

The Financial Statements were approved by the Management Committee and signed on their behalf on 02 September 2015.

[Signature]
Chairperson

[Signature]
Vice-Chairperson

[Signature]
Secretary

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2015

	Notes	2015	2014
		£	£
Net Cash Inflow / (Outflow) from Operating Activities	17.	1,018,288	(380,770)
Returns on Investment and Servicing of Finance		944	3,584
Interest Received			
Interest Paid		(596,141)	(583,352)
Net Cash Outflow from Investment and Servicing of Finance		(595,197)	(579,768)
Capital Expenditure and Financial Investment		(560,090)	(1,265,765)
Acquisition and Construction of Properties			
Purchase of Other Fixed Assets		(233,980)	(16,161)
Social Housing Grant Received		296,683	32,902
Social Housing Grant Repaid		-	96,619
Proceeds on Disposal of Properties		31,699	15,528
Net Cash Outflow from Capital Expenditure and Financial Investment		(465,688)	(1,136,877)
Net Cash Outflow before use of Liquid Resources and Financing		(42,597)	(2,097,415)
Financing		500,000	750,000
Loan Advances Received		9	14
Share Capital Issued			
Net Cash Inflow from Financing		500,009	750,014
Increase / (decrease) In Cash	17.	457,412	(1,347,401)

Notes

2015

2014

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable. Revenue is recognised on a time basis for rental income and as it is receivable for service charges, fees and revenue grants.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component Useful Economic Life

Structure	50 years
Central Heating	15 years
Windows	25 years
Kitchen	15 years
Bathroom	20 years
External Doors	25 years
Rewiring	20 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets
 Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- 10%
Furniture and Fittings	- 33%
Computer & Office Equipment	- 33%
Van	- 33%

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

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Notes	2015		2014	
	Operating Turnover	Operating Costs	Operating Turnover	Operating Costs
Operating Surplus / (Deficit)	£	£	£	£
3.	3,142,629	2,638,448	2,960,085	3,620,826
4.	296,391	348,768	135,688	229,513
Total	3,439,020	2,987,216	3,095,773	3,850,339
Social Lettings				(660,741)
Other Activities				(93,825)
Total				(754,566)

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	2015		2014	
	General Needs Housing	Supported Housing	Shared ownership	Total
Income from Lettings	£	£	£	£
Rent Receivable Net of Identifiable Service Charges	3,126,057	-	3,126,057	2,989,911
Gross Rents Receivable	3,126,057	-	3,126,057	2,989,911
Less: Rent losses from voids	19,799	-	19,799	53,415
Net Rents Receivable	3,106,258	-	3,106,258	2,936,496
Revenue Grants from Scottish Ministers	-	-	-	-
Revenue Grants from Local Authorities and Other Agencies	36,371	-	36,371	23,589
Total Income From Social Letting	3,142,629	-	3,142,629	2,960,085
Expenditure on Social Letting Activities	-	-	-	19,200
Service Costs	-	-	-	882,482
Management and maintenance administration costs	958,099	-	958,099	299,231
Reactive Maintenance	262,943	-	262,943	7,905
Bad Debts - Rents and Service Charges	7,905	-	7,905	1,986,908
Planned and Cyclical Maintenance, including Major Repairs	993,038	-	993,038	416,463
Depreciation of Social Housing	416,463	-	416,463	-
Operating Costs of Social Letting	2,638,448	-	2,638,448	3,620,826
Operating Surplus on Social Letting Activities	504,181	-	504,181	(660,741)

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2015 £	Operating Surplus / (Deficit) 2014 £
Wider Role Activities	51,061	203,803	-	3,814	258,678	-	275,591	(16,913)	(39,268)
Welfare Rights	-	25,798	-	10,000	35,798	-	73,177	(37,379)	(55,874)
Rechargeable Repairs	-	-	-	1,085	1,085	-	-	1,085	1,317
Other Activities	-	-	-	830	830	-	-	830	-
Total From Other Activities	51,061	229,601	-	15,729	296,391	-	348,768	(52,377)	(93,825)
2014	50,615	71,635	-	13,438	135,688	-	229,513	(93,825)	

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management and Community Benefit managers or servants of the Association.

	2015	2014
No Officer of the Association received emoluments greater than £60,000.	£	£
Emoluments payable to Chief Executive (excluding pension contributions)	59,806	56,484

5. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

	2015	2014
Staff Costs were:	£	£
Wages and Salaries	592,835	543,754
Social Security Costs	57,277	48,440
Other Pension Costs	76,050	85,195
	<u>726,162</u>	<u>677,389</u>

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
Sales Proceeds	£ 31,699	£ 15,528
Cost of Sales	11,277	2,303
Gain On Sale Of Housing Stock	<u>20,422</u>	<u>13,225</u>

8. INTEREST PAYABLE

	2015	2014
On Bank Loans & Overdrafts	£ 596,141	£ 583,352
Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2014 £0).	596,141	583,352
	<u>596,141</u>	<u>583,352</u>

9. DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
Deficit on Ordinary Activities before Taxation is stated after charging:-	£	£
Depreciation - Tangible Owned Fixed Assets	441,787	436,972
Auditors' Remuneration - Audit Services	7,584	7,194
Operating Lease Rentals - Other	4,024	4,109
	<u>443,395</u>	<u>448,265</u>

10. TAX ON DEFICIT ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties		Housing Properties Held for Letting		Housing Properties in course of Construction	
		£		£	
COST					
As at 1st April 2014	26,332,805	76,797	117,163	26,409,602	351,607
Additions	234,444	-	-	-	-
Disposals	(27,930)	-	-	(27,930)	-
Schemes Completed	-	-	-	-	-
As at 31st March 2015	26,539,319	193,960	26,733,279	-	-
DEPRECIATION					
As at 1st April 2014	1,162,109	-	1,162,109	-	-
Charge for Year	416,464	-	416,464	-	-
Disposals	(2,066)	-	(2,066)	-	-
As at 31st March 2015	1,576,507	-	1,576,507	-	-
SOCIAL HOUSING GRANT					
As at 1st April 2014	11,963,308	76,797	12,040,105	-	-
Additions	32,618	117,163	149,781	-	-
Disposals	(14,587)	-	(14,587)	-	-
Schemes Completed	1,599,832	-	1,599,832	-	-
As at 31st March 2015	13,581,171	193,960	13,775,131	-	-
OTHER CAPITAL GRANTS					
As at 1st April 2014	2,149,194	-	2,149,194	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Schemes Completed	(1,599,832)	-	(1,599,832)	-	-
As at 31st March 2015	549,362	-	549,362	-	-
NET BOOK VALUE					
As at 31st March 2015	10,832,279	-	10,832,279	-	-
As at 31st March 2014	11,058,194	-	11,058,194	-	-

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £19,813 (2014 £652,942)

All land and housing properties are freehold.

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	£	£	£	£
COST				
As at 1st April 2014	27,394	270,523	212,614	478,305
Additions	-	212,614	-	233,980
Eliminated on Disposals	-	-	-	(4,857)
As at 31st March 2015	27,394	483,137	196,897	707,428
GRANTS RECEIVED				
As at 1st April 2014	13,534	215,794	20,919	250,247
As at 31st March 2015	13,534	215,794	20,919	250,247
AGGREGATE DEPRECIATION				
As at 1st April 2014	9,240	41,912	18,279	194,469
Charge for year	4,620	2,424	18,279	25,323
Eliminated on disposal	-	-	(4,857)	(4,857)
As at 31st March 2015	13,860	44,336	156,739	214,935
NET BOOK VALUE				
As at 31st March 2015	-	223,007	19,239	242,246
As at 31st March 2014	4,620	12,817	16,152	33,589

12. CAPITAL COMMITMENTS

	2015	2014
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	£ 3,929,806	£ 290,936

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

	2015	2014
At the year end, the annual commitments under operating leases were as follows:-	£	£
Other	1,319	1,534
Expiring within one year	2,706	2,490
Expiring between two and five years		

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
Arrears of Rent & Service Charges	114,512	117,937
Less: Provision for Doubtful Debts	(67,691)	(70,216)
Social Housing Grant Receivable	46,821	47,721
Other Debtors	238,875	161,710
	<u>285,696</u>	<u>296,434</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
Trade Creditors	820,342	572,516
Rent in Advance	82,085	79,217
Social Housing Grant in Advance	59,899	-
Other Taxation and Social Security	16,351	-
Other Creditors	282,112	561,671
	<u>1,260,789</u>	<u>1,213,404</u>

At the balance sheet date there were pension contributions outstanding of £8,301 (2014 £10,629)

16. CREDITORS: Amounts falling due after more than one year

	2015	2014
Housing Loans	10,069,000	9,569,000
Loan Payable to Scottish Government*	680,000	680,000
	<u>10,749,000</u>	<u>10,249,000</u>

*This represents an amount due to the Scottish Government which is repayable in two equal tranches in 2024 and 2034. There is no interest payable on this sum.

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-

In five years or more

10,749,000	10,749,000
10,749,000	10,249,000
-	-
<u>10,749,000</u>	<u>10,249,000</u>

Less: Amount shown in Current Liabilities

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus / (deficit) to net cash inflow / (outflow) from operating activities</i>		<i>Reconciliation of net cash flow to movement in net debt</i>	
2015	2014	2015	2014
Operating Surplus / (Deficit)	451,804	£	£
Depreciation	441,787	457,412	(1,347,401)
Change in Debtors	(76,265)	(500,000)	(750,000)
Change in Creditors	195,969		
Share Capital Written Off	(7)		
Defined Benefit Pension Contributions Paid (Strathclyde Pension Fund)	(6,000)		
Service cost on defined benefit scheme (Strathclyde Pension Fund)	11,000		
Net Cash Inflow / (Outflow) from Operating Activities	1,018,288	£	£
		2015	2014
Increase / (decrease) in Cash	457,412	£	£
Cash flow from change in debt	(500,000)		
Movement in net debt during year	(42,588)		
Net debt at 1st April 2014	(9,178,096)		
Net debt at 31st March 2015	(9,220,684)		
<i>Analysis of changes in net debt</i>			
At	Cash	At	Other
01.04.14	Flows	01.04.14	Changes
£	£	£	£
390,904	457,412	390,904	848,316
Debt: Due within one year	-	Debt: Due within one year	-
Debt: Due after more than one year	(9,569,000)	Debt: Due after more than one year	(10,069,000)
Net Debt	(9,178,096)	Net Debt	(9,220,684)
		Cash at bank and in hand	848,316

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	At 1st April 2014	81
	Issued in year	9
	Cancelled in year	(7)
	At 31st March 2015	83

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Revenue Reserves	At 1st April 2014	316,636
	Deficit for the year	(121,971)
	Transfer (to) / from Pension Reserves	4,000
	At 31st March 2015	198,665
(b) Pension Reserves	At 1st April 2014	£
	Actual Loss in the year	(131,000)
	Transfer (to) / from Revenue Reserves	(37,000)
	At 31st March 2015	(172,000)

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	No.	2015
General Needs - New Build	176	176
- Rehabilitation	630	634
	<u>806</u>	<u>810</u>

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by

Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as

follows:

5 members are tenants of the Association

1 private tenant

1 member is a owner occupier

2 members are relevant local councillors

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

22. RETIREMENT BENEFIT OBLIGATIONS

General

Hillhead Housing Association 2000 Limited participates in the Scottish Housing Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Hillhead Housing Association 2000 Limited has elected to operate a Final Salary with a 1/70th accrual rate benefit structure for active members as at 31 March 2011 and the career averaged revalued earnings with 1/70th accrual rate benefit structure for new entrants from 1 April 2012.

In July 2013 Hillhead Housing Association Limited gave the Pensioner's Trustee notice of its intention to close the Scottish Housing Pension Scheme final salary benefit option to new members and existing members from 30 September 2013. From 1 October 2013 the Association has elected to operate the Defined Contribution Scheme for both existing members and for new entrants.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Hillhead Housing Association 2000 Limited paid contributions at the rate of 6.45% of pensionable salaries. Member contributions were between 3% and 6%.

As at the balance sheet date there were 16 active members of the Scheme employed by Hillhead Housing Association 2000 Limited. The annual pensionable payroll in respect of these members was £474659. Hillhead Housing Association 2000 Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	- Investment return pre-retirement	5.3
	- Investment return post-retirement - non pensioners	3.4
	- Investment return post-retirement - pensioners	3.4
	- Rate of Salary increases	4.1
	- Rate of price inflation:	
	RPI	2.6
	CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

Long-term joint contribution rate (% of pensionable	24.6
Benefit Structure	
Final salary - 60ths	22.4
Career average 60ths	19.2
Career average 70ths	16.9
Career average 80ths	11.4
Career average 120ths	

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

The Trustees have recently supplied Hillhead Housing Association 2000 Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Hillhead Housing Association 2000 Limited will be required to pay £40,279 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Hillhead Housing Association 2000 Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there was 1 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £6,191. Gross pensionable salaries for the year were £32,594.

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 17 - 'Retirement Benefits' (FRS 17) and Guidance Note 36: Accounting for Retirement Benefits under Financial Reporting Standard 17 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2015	2014	2013
Price increases	2.1	2.6	2.8
Salary increases	4.0	4.9	5.1
Pension increases	3.1	6.0	5.2
Discount rate	3.1	4.1	4.5

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2015	2014
Equities	3.1	6.6
Bonds	3.1	3.7
Property	3.1	4.8
Cash	3.1	3.7

Mortality Rates

Life expectancy is based on the FFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1	23.6
Future Pensioners	24.8	26.2

HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category	
Equities	2015
Bonds	£'000
Property	273
Cash	47
	40
	4
	17
	<u>364</u>
	2014
	£'000
	264
	42
	24
	17
	<u>347</u>
Net Pension Liability	2015
Fair value of employer's assets	£'000
Present value of scheme liabilities	364
	(536)
	(172)
	<u>(131)</u>
	2014
	£'000
	347
	(478)
	<u>(131)</u>
Reconciliation of fair value of employer assets	2015
Opening fair value of employer assets	£'000
Current Service Cost	347
Interest Cost	21
Contributions by members	2
Actuarial Gains	6
Estimated Benefits Paid	-
	5
	<u>364</u>
	2014
	£'000
	325
	17
	2
	7
	5
	<u>347</u>
Reconciliation of defined benefit obligations	2015
Opening defined benefit obligation	£'000
Current Service Cost	478
Interest Cost	11
Contributions by members	20
Actuarial Gains	2
Estimated Benefits Paid	37
	15
	(9)
	<u>478</u>
	2013
	£'000
	439
	11
	20
	2
	37
	(12)
	<u>536</u>
	<u>478</u>

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2015	2014
	£'000	£'000
Charged to operating costs:		
Service cost	11	11
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(21)	(17)
Interest on pension scheme liabilities	20	20
	<u>(1)</u>	<u>3</u>
Net Charge to the Income and Expenditure Account	10	14
Actual Return on Plan Assets	<u>45</u>	<u>22</u>

Amounts for the current and previous accounting periods:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	364	347	325	271	264
Present value of defined benefit obligations	(536)	(478)	(439)	(363)	(360)
Deficit	(172)	(131)	(114)	(92)	(96)
Experience (losses) on assets	-	5	25	(26)	1
Experience gains on liabilities	10	-	-	34	-
Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses					
Actuarial gain/(loss) recognised in year	£'000 (37)	£'000 (10)	£'000 (17)	£'000 9	£'000 48
Cumulative actuarial gains	(123)	(86)	(76)	(59)	(68)

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of projected amount to be charged to the Income & Expenditure Account for the year

	£'000	% of pay
Projected current service cost	13	0
Interest on obligation	16	0
Expected return on plan assets	(11)	(0)
	<u>18</u>	<u>54.4%</u>

Contributions made by the Association for the year ended 31 March 2015 are estimated to be approximately £6,000

