

# Hillhead Housing Association 2000

**Report and Financial Statements**

**For the year ended 31st March 2016**

**Registered Housing Association No.HAC 326**

**FCA Reference No. 2562R (S)**

**Scottish Charity No. SCO29908**

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# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2016

## MANAGEMENT COMMITTEE

James Shovlin	Chairperson - Resigned 03/08/16
Clare Taylor	Vice Chairperson
Jacqui Peltier	Resigned - 02/09/15
Irene Cowie	Secretary
Stewart MacDonald	Councillor
John Jamieson	Treasurer, Councillor
Robert Smith	
Francesca Cox	
Mary Docherty	
Lisa Scott	From 03/06/15
David Wilson	From 02/09/15
Margaret Morier	Resigned - 03/06/15

## EXECUTIVE OFFICERS

Stephen Macintyre	Director
Elsbeth Sharkey	Housing Manager

## REGISTERED OFFICE

2 Meikehill Road  
Kirkintilloch  
Glasgow  
G66 2LA

## AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

## INTERNAL AUDITORS

Quinn Internal Audit  
55 Lady Place  
Livingston  
EH54 6TB

## BANKERS

Royal Bank of Scotland  
116 Cowgate  
Kirkintilloch  
G66 1JX

## SOLICITORS

Brechin Tindall Oats  
48 St Vincent Street  
Glasgow  
G2 5HS

## FINANCE AGENTS

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

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

### **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 SCO29908.

### **Principal Activities**

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

### **Review of Business and Future Developments**

In 2015 we moved into our new offices at 2 Meiklehill Road. Forming part of our Phase 5 newbuild project our old office site has been redeveloped and with 9 homes. A further 6 cottage flats were built at a nearby old lock garage site.

Our new location offers a modern, spacious and easily accessible office from which all our services are delivered.

Whilst we continue to work in uncertain times 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 finances prudently as well as investing for the longer term by continuing our planned programme of major repairs.

During the year we completed improvements to 110 homes and commenced planned improvements to a further 67 homes that form part of Phase 11. During the year we invested £1.5M in planned works and a further £0.7M on cyclical works.

Our reactive repairs service continues to perform very well and during the year 1878 repairs were carried out, a slight reduction from the previous year. Of these 99.48% were completed within the target time for completion. Where we have been able to offer a repairs appointment to tenants 95.1% of these were kept. On average the time taken to respond to all non emergency repairs was 2.5 days an improvement from the 3 days recorded for the previous year. 99.28% of our Emergency Repairs were dealt within the 2 hour call out period with average time of 1hr 26 minutes. Feedback from tenants is also very high with 96.51% of tenants stating they are satisfied with the service. We believe therefore that the Repairs Service continues to provide value for money combined with an excellent service to tenants.

Our primary source of income is from rents and we therefore put a significant amount of resources into maximising our rental income. During the year we have successfully maintained our rental income to very high levels with 99.31% of rent due being collected. Despite the ongoing changes to the welfare system our gross rent arrears at the year-end have only marginally increased from 3.67% to 3.81%. We are now preparing for the introduction of Universal Credit which will apply to all new claims in our area from November this year.

During the year we carried out our 3 yearly tenant satisfaction survey and we are heartened by the sustained and high levels of satisfaction recorded across all our services. Two areas where we performed less well were in relation to value for money and satisfaction with re-lets. However we are pleased that overall satisfaction with the Association stands at 92.94% an increase from 87.57% recorded in 2013.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

Sustaining people in their tenancies is a key element of ensuring the well being of our community and over the year 47 tenants are receiving on-going support from our partnership with The Mungo Foundation. A successful bid to the Scottish Government has enabled us to extend the service for another year to March 2017.

In 2016 the Scottish Government announced its aim of increasing the supply of affordable housing across Scotland. In East Dunbartonshire this is being supported by the local authority with increased levels of grant support enabling us to consider some future development work. We aim to bring 2 new schemes which lie on our area's periphery forward during 2016.

Our community growing project which is supported by Big Lottery grant funding is successfully working with a wide range of community groups and as a result of its success received a visit by the Scottish Government's Housing Minister in the autumn. We have since obtained an extension of the revenue funding to enable us to maintain the services of our Community Garden Co-ordinator for a further year into 2017.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Management Committee and Executive Officers

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 and Community Benefit Act 2014 require 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 enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### 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 control procedures are in place and are being followed and that a general 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 2016. No weaknesses were found in the 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.


### Donations

During the year the Association made charitable donations amounting to £550 (2015: £560).

### 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

7th September 2016

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF  
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED  
ON CORPORATE GOVERNANCE MATTERS



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 in 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 Auditing Practices Board. 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 with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes 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 the relevant Regulatory Standards in respect of internal financial controls 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  
7th September 2016



We have audited the financial statements of Hillhead Housing Association 2000 Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with 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 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. 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 2016 and of its surplus 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 2014 and the Determination of Accounting Requirements 2015.

#### **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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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  
7th September 2016

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
REVENUE	2.	4,022,123	3,815,115
Operating Costs	2.	(4,068,326)	(3,278,962)
<b>OPERATING (DEFICIT) / SURPLUS</b>	9.	<b>(46,203)</b>	<b>536,153</b>
Gain On Sale Of Housing Stock	7.	25,621	20,422
Interest Receivable and Other Income		1,287	944
Interest Payable and Similar Charges	8.	(697,197)	(655,901)
Other Finance Charges	11.	(23,702)	(11,895)
		(693,991)	(646,430)
<b>DEFICIT FOR YEAR</b>		<b>(740,194)</b>	<b>(110,277)</b>
Other Comprehensive Income		25,000	(37,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(715,194)</b>	<b>(147,277)</b>
Tax on deficit on ordinary activities	10.	-	-
<b>DEFICIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(715,194)</b>	<b>(147,277)</b>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 13 to 27 form part of these financial statements.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

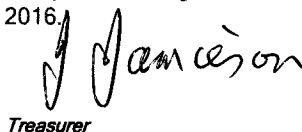
## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

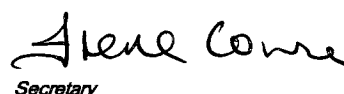
	Notes	2016	2015
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	24,352,867	23,516,247
Other Non Current Assets	12.(b)	1,162,615	243,246
		<u>25,515,482</u>	<u>23,759,493</u>
<b>CURRENT ASSETS</b>			
Receivables	15.	133,256	285,696
Cash at bank and in hand		683,984	848,316
		<u>817,240</u>	<u>1,134,012</u>
<b>CREDITORS: Amounts falling due within one year</b>	16.	<u>(725,730)</u>	<u>(1,299,934)</u>
<b>NET CURRENT ASSETS</b>		<u>91,510</u>	<u>(165,922)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>25,606,992</u>	<u>23,593,571</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17.	<u>(13,039,492)</u>	<u>(10,534,029)</u>
<b>PENSION LIABILITY</b>		<u>(161,000)</u>	<u>(172,000)</u>
<b>DEFERRED INCOME</b>			
Social Housing Grants	19.	(12,242,989)	(11,996,119)
Other Grants	19.	(461,191)	(473,910)
		<u>(12,704,180)</u>	<u>(12,470,029)</u>
<b>NET ASSETS</b>		<u>(297,680)</u>	<u>417,513</u>
<b>EQUITY</b>			
Share Capital	20.	84	83
Revenue Reserves		(136,764)	589,430
Pension Reserve		(161,000)	(172,000)
		<u>(297,680)</u>	<u>417,513</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 7th September 2016.

  
Chairperson

  
Treasurer

  
Secretary

The notes on pages 13 to 27 form part of these financial statements.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

<b>Net Cash Inflow from Operating Activities</b>	18.	19,002	1,018,288
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(1,610,663)	(560,090)	
Purchase of Other Fixed Assets	(993,004)	(233,980)	
Purchase of investment properties	-	-	
Social Housing Grant Received	541,215	296,683	
Social Housing Grant Repaid	-	-	
Other Grants Received	-	-	
Changes on short term deposits with banks	-	-	
Proceeds on sale of investments	-	-	
Proceeds on Disposal of Properties	46,619	31,699	
<b>Net Cash Outflow from Investing Activities</b>		<b>(2,015,833)</b>	<b>(465,688)</b>
<b>Financing Activities</b>			
Loan Advances Received	2,500,000	500,000	
Loan Redemption Payments	-	-	
Interest Received on Cash and Cash Equivalents	1,287	944	
Interest Paid on Loans	(668,797)	(596,141)	
Loan Principal Repayments	-	-	
Share Capital Issued	9	9	
<b>Net Cash Inflow / (Outflow) from Financing</b>		<b>1,832,499</b>	<b>(95,188)</b>
<b>(Decrease) / Increase in Cash</b>		<b>(164,332)</b>	<b>457,412</b>
<b>Opening Cash &amp; Cash Equivalents</b>		<b>848,316</b>	<b>390,904</b>
<b>Closing Cash &amp; Cash Equivalents</b>		<b>683,984</b>	<b>848,316</b>
<b>Cash and Cash equivalents as at 31 March 2016.</b>			
Cash		683,984	848,316
Bank overdraft		-	-
		<b>683,984</b>	<b>848,316</b>

The notes on pages 13 to 27 form part of these financial statements.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	£	£	£	£
Balance as at 1st April 2014	81	(131,000)	695,707	564,788
Issue of Shares	9	-	-	9
Cancellation of Shares	(7)	(7)	(7)	(7)
Other comprehensive income - pension scheme		(37,000)	(37,000)	(37,000)
Deficit for Year		(4,000)	(106,277)	(110,277)
<b>Balance as at 31st March 2015</b>	<b>83</b>	<b>(172,000)</b>	<b>589,430</b>	<b>417,513</b>
Balance as at 1st April 2015	83	(172,000)	589,430	417,513
Issue of Shares	9	-	-	9
Cancellation of Shares	(8)	-	-	(8)
Other comprehensive income - pension scheme		25,000	25,000	25,000
Revaluation in year				
Transfer to revenue Reserve on disposal		(14,000)	(14,000)	(14,000)
Deficit for Year		(161,000)	(726,194)	(740,194)
<b>Balance as at 31st March 2016</b>	<b>84</b>	<b>(161,000)</b>	<b>(136,764)</b>	<b>(297,680)</b>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

## NOTES TO THE FINANCIAL STATEMENTS

### 1 PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of of the asset to which it relates.

#### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme. The Association also participates in the Strathclyde Pension Scheme. This is a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association still has a liability for past service costs contrubtions to the Scottish Housing Association Defined benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

#### Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Central Heating	15 years
Windows	25 years
Kitchen	15 years
Bathroom	20 years
External Doors	25 years
Rewiring	20 years

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

### Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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	-2%
Furniture and Fittings	-33%
Computer & Office Equipment	-33%
Van	-33%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

### Social Housing Grant And Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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.

### Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Hillhead Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

#### *Rent Arrears - Bad Debt Provision*

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

#### *Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

#### *Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

#### *Pension Liability*

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.



# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

### **Development Interest**

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

### **Key Judgements made in the application of Accounting Policies**

#### *a) Exemptions taken in the transition to FRS 102*

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Association has not revisited previous accounting estimates

#### *b) The Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

#### *c) Identification of cash generating units*

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES							
	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	3,790,764	3,784,973	5,791	3,518,724	2,930,194	588,530
Other Activities	4.	231,359	283,353	(51,994)	296,391	348,768	(52,377)
<b>Total</b>		<b>4,022,123</b>	<b>4,068,326</b>	<b>(46,203)</b>	<b>3,815,115</b>	<b>3,278,962</b>	<b>536,153</b>

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES				
	General Needs Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
<b>Revenue from Lettings</b>				
Rent Receivable Net of Service Charges	3,252,440	-	3,252,440	3,126,057
Service Charges	-	-	-	-
<b>Gross income from rent and service charges</b>	<b>3,252,440</b>	<b>-</b>	<b>3,252,440</b>	<b>3,126,057</b>
Less: Rent losses from voids	19,409	-	19,409	19,799
<b>Net Rents Receivable</b>	<b>3,233,031</b>	<b>-</b>	<b>3,233,031</b>	<b>3,106,258</b>
Grants released from deferred income	366,963	-	366,963	376,095
Revenue grants from Scottish Ministers	40,770	-	40,770	-
Other revenue grants	150,000	-	150,000	36,371
<b>Total turnover from affordable letting activities</b>	<b>3,790,764</b>	<b>-</b>	<b>3,790,764</b>	<b>3,518,724</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	996,469	-	996,469	924,602
Service Costs	-	-	-	-
Planned and cyclical maintenance, including major repairs	1,702,772	-	1,702,772	993,038
Reactive maintenance costs	321,884	-	321,884	262,943
Bad Debts - rents and service charges	10,804	-	10,804	7,905
Depreciation of affordable let properties	753,044	-	753,044	741,706
Impairment of affordable letting activities	-	-	-	-
<b>Operating costs of affordable letting activities</b>	<b>3,784,973</b>	<b>-</b>	<b>3,784,973</b>	<b>2,930,194</b>
<b>Operating surplus on affordable letting activities</b>	<b>5,791</b>	<b>-</b>	<b>5,791</b>	<b>588,530</b>
<b>2015</b>	<b>588,530</b>	<b>-</b>		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	£	£	£	£	£	£	£	£	£
Wider Role Activities	80,699	103,178	-	183,877	-	207,097	(23,220)	(16,083)	
Welfare rights	-	46,847	-	46,847	-	75,656	(28,809)	(37,379)	
Other activities	-	-	600	600	-	600	-	-	
Rechargeable Repairs	-	-	-	35	-	-	35	1,085	
<b>Total From Other Activities</b>	<b>80,699</b>	<b>150,025</b>	<b>-</b>	<b>231,359</b>	<b>-</b>	<b>283,353</b>	<b>(51,994)</b>	<b>(52,377)</b>	
2015	51,061	229,601	-	296,391	-	348,768	(52,377)		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5 OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>60,743</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>4,403</u>	<u>-</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>60,743</u>	<u>59,806</u>
Total Compensation paid to key management personnel	<u>65,146</u>	<u>63,586</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	<u>1</u>	<u>-</u>

## 6 EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>22</u>	<u>21</u>
The average total number of Employees employed during the year was	<u>22</u>	<u>21</u>
Staff Costs were:	£	£
Wages and Salaries	631,528	592,835
Social Security Costs	59,072	57,277
Other Pension Costs	45,443	38,045
	<u>736,043</u>	<u>688,157</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	46,619	31,699
Cost of Sales	<u>20,998</u>	<u>11,277</u>
Gain On Sale Of Housing Stock	<u>25,621</u>	<u>20,422</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>697,197</u>	<u>655,901</u>
	697,197	655,901
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>697,197</u>	<u>655,901</u>

## 9. DEFICIT FOR YEAR

	2016	2015
	£	£
Deficit is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	826,679	766,680
Auditors' Remuneration - Audit Services	9,600	7,584
Operating Lease Rentals - Other	4,320	4,024
Gain on sale of fixed assets	<u>25,621</u>	<u>20,422</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.

## 11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>23,702</u>	<u>11,895</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In-course of Construction £	Total £
<b>COST</b>					
As at 1st April 2015	26,539,319	193,960	-	-	26,733,279
Additions	557,564	1,053,099	-	-	1,610,663
Disposals	(28,032)	-	-	-	(28,032)
Schemes Completed	-	-	-	-	-
As at 31st March 2016	<u>27,068,851</u>	<u>1,247,059</u>	<u>-</u>	<u>-</u>	<u>28,315,910</u>
<b>DEPRECIATION</b>					
As at 1st April 2015	3,217,032	-	-	-	3,217,032
Charge for Year	753,044	-	-	-	753,044
Disposals	(7,033)	-	-	-	(7,033)
As at 31st March 2016	<u>3,963,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,963,043</u>
<b>NET BOOK VALUE</b>					
As at 31st March 2016	<u>23,105,808</u>	<u>1,247,059</u>	<u>-</u>	<u>-</u>	<u>24,352,867</u>
As at 31st March 2015	<u>23,322,287</u>	<u>193,960</u>	<u>-</u>	<u>-</u>	<u>23,516,247</u>

Additions to housing properties includes capitalised development administration costs of £0 (2015 - £0) and capitalised major repair costs to existing properties of £491,664 (2015 £19,813)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £2,016,168. The amount capitalised is £468,444, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £468,444 and improvement of £nil.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Van £	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2015	27,394	483,137	196,897	707,428
Additions	14,925	911,965	66,114	993,004
Eliminated on Disposals	-	(270,523)	(8,126)	(278,649)
As at 31st March 2016	42,319	1,124,579	254,885	1,421,783
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2015	27,394	260,132	176,656	464,182
Charge for year	4,975	32,883	35,777	73,635
Eliminated on disposal	-	(270,523)	(8,126)	(278,649)
As at 31st March 2016	32,369	22,492	204,307	259,168
<b>NET BOOK VALUE</b>				
As at 31st March 2016	9,950	1,102,087	50,578	1,162,615
As at 31st March 2015	-	223,005	20,241	243,246

## 12. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	1,846,805	3,929,806

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

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,185	1,319
Later than one year and not later than five years	6,323	7,622
Later than five years	-	-

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Arrears of Rent & Service Charges	120,625	114,512
Less: Provision for Doubtful Debts	<u>(59,879)</u>	<u>(67,691)</u>
	60,746	46,821
Other Receivables	<u>72,510</u>	<u>238,875</u>
	<u>133,256</u>	<u>285,696</u>

## 16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade Payables	499,146	820,342
Rent in Advance	93,819	82,085
Social Housing Grant in Advance	-	59,899
Other Taxation and Social Security	16,352	16,351
Other Payables	76,570	282,112
Liability for Past Service Contributions	<u>39,843</u>	<u>39,145</u>
	<u>725,730</u>	<u>1,299,934</u>

At the balance sheet date there were pension contributions outstanding of £8935 (2015 £8301)

## 17 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for Past Service Contributions	228,336	251,273
Housing Loans	<u>12,811,156</u>	<u>10,282,756</u>
	<u>13,039,492</u>	<u>10,534,029</u>
<i>Housing Loans</i>		
Amounts due in more than five years	<u>12,811,156</u>	<u>10,282,756</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	39,843	39,145
Amounts due in one year or more but less than two years	43,396	38,304
Amounts due in two years or more but less than five years	141,285	129,584
Amounts due in more than five years	<u>43,655</u>	<u>83,385</u>
	<u>268,179</u>	<u>290,418</u>

The loans from private lenders are secured over all 610 properties owned by the Association. These have a net book value of £23,082,584 at 31 March 2016 (2015 - £23,322,282). The loans are subject to a fixed rate charge of 6.75% and are repayable as set out in the Association's long term financial forecasts.

The Scottish Government loan is unsecured and payable in two equal tranches of £340,000 in 2024 and 2028. No interest is charged on this loan. The Association has discounted this loan at 6.5% to value the loan in the financial statements at the amortised cost using the effective rate.

represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

Due to lenders at the year end	13,249,000	10,749,000
Effective interest rate adjustment	<u>(437,844)</u>	<u>(466,244)</u>
	<u>12,811,156</u>	<u>10,282,756</u>
Loans at amortised cost using the effective interest rate	<u>12,811,156</u>	<u>10,282,756</u>



# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18 STATEMENT OF CASH FLOWS

<i>Reconciliation of operating (deficit) / surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating (Deficit) / Surplus	(46,203)	536,153
Depreciation	826,679	766,680
Amortisation of Capital Grants	(366,963)	(371,587)
Change in debtors	152,440	(76,265)
Change in creditors	(537,242)	195,969
Gain on sale of fixed assets	(25,621)	-
Unwinding of Discount on Pension Liability	1,920	(37,655)
Defined benefit pension scheme	14,000	5,000
Share Capital Written Off	(8)	(7)
Balance as at 31st March 2016	<u>19,002</u>	<u>1,018,288</u>

## 19 DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	11,996,119	12,205,202
Additions in year	601,114	149,781
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(354,244)	(358,864)
Balance as at 31st March 2016	<u>12,242,989</u>	<u>11,996,119</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	473,910	491,141
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(12,719)	(17,231)
Balance as at 31st March 2016	<u>461,191</u>	<u>473,910</u>
Total	<u>12,704,180</u>	<u>12,470,029</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2,016 £	2,015 £
Amounts due within one year	366,963	376,095
Amounts due in one year or more	12,337,217	12,093,934
	<u>12,704,180</u>	<u>12,470,029</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	83
Issued in year	9
Cancelled in year	<u>(8)</u>
At 31st March 2016	<u>84</u>

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.

## 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	182	176
General Needs - Rehabilitation	628	630
	<u>810</u>	<u>806</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

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.

Transactions with governing body members (and their close family) were as follows:

Rent and factoring received from Tenants on the Committee and family	£ 51,609
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At the year end total rent arrears and factoring owed by the tenant members of the Committee were £148

One member of the committee is a local councillor.

## 24. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 2 Meikehill Road, Kirkintilloch, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Kirkintilloch.

## 26. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £1,847 in the year by way of reimbursement of expenses. (2015 - £1,360). No remuneration is paid to Board members in respect of their duties in the Association.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 28 RETIREMENT BENEFIT OBLIGATIONS

### General

Hillhead Housing Association 2000 Limited participated in the Scottish Housing Association 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 Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

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 FRS102 represents the employer contribution payable.

The last provisional valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £268,179 (2015 - £290,418). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 4%.

The Association made payments totalling £38941 (2015: £38005) to the pension scheme during the year.

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26 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 £13,000. Gross pensionable salaries for the year were £33,392.

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	2016 %p.a.	2015 %p.a.	2014 %p.a.
Price increases	2.1	2.1	2.6
Salary increases	4.1	4.0	4.9
Pension increases	2.1	3.1	6.0
Discount rate	3.4	3.1	4.1

### Mortality Rates

Life expectancy is based on the PFA92 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 (Years)	Females (Years)
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 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23. RETIREMENT BENEFIT OBLIGATIONS

Net Pension Liability	2016	2015
	£'000	£'000
Fair value of employer's assets	322	364
Present value of scheme liabilities	(483)	(536)
	<u>(161)</u>	<u>(172)</u>

### Reconciliation of fair value of employer assets

	2016	2015
	£'000	£'000
Opening fair value of employer assets	364	347
Current Service Cost	9	21
Interest Cost	2	2
Contributions by members	6	6
Actuarial Gains	-	-
Estimated Benefits Paid	(59)	(12)
	<u>322</u>	<u>364</u>

### Reconciliation of defined benefit obligations

	2016	2015
	£'000	£'000
Opening defined benefit obligation	536	478
Current Service Cost	13	11
Interest Cost	16	20
Contributions by members	2	2
Actuarial Gains	(25)	37
Estimated Benefits Paid	(59)	(12)
	<u>483</u>	<u>536</u>

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23 RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2016 £'000	2015 £'000
Charged to operating costs:		
Service cost	13	11
	<u>13</u>	<u>11</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(9)	(21)
Interest on pension scheme liabilities	16	20
	<u>7</u>	<u>(1)</u>
Net Charge to the Income and Expenditure Account	20	10
Actual Return on Plan Assets	-	45

Amounts for the current and previous accounting periods:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Fair value of employer assets	322	364	347	325	271
Present value of defined benefit obligations	(483)	(536)	(478)	(439)	(363)
Deficit	(161)	(172)	(131)	(114)	(92)
Experience (losses) on assets	-	-	5	25	(26)
Experience gains on liabilities	-	10	-	-	34

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Actuarial gain/(loss) recognised in year	25	(37)	(10)	(17)	9
Cumulative actuarial gains	(98)	(123)	(86)	(76)	(59)

# HILLHEAD HOUSING ASSOCIATION 2000 LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 29. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves						
At 31 March 2015			At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated
	£	£	£	£	£	£
Non Current Assets Investment	11,074,525	12,684,968	23,759,493	11,091,783	12,864,938	23,956,721
Debtors due after more than a year	-	-	-	-	-	-
Negative Goodwill	-	-	-	-	-	-
Current Assets	1,134,012	-	1,134,012	687,338	-	687,338
Current Liabilities	(1,260,789)	(39,145)	(1,299,934)	(1,213,404)	(37,807)	(1,251,211)
Non Current Liabilities	(10,921,000)	214,971	(10,706,029)	(10,380,000)	248,283	(10,131,717)
Deferred Income	-	(12,470,029)	(12,470,029)	-	(12,696,343)	(12,696,343)
Capital & Reserves	26,748	390,765	417,513	185,717	379,071	564,788
	(26,748)	(390,765)	(417,513)	(185,717)	(379,071)	(564,788)

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue	(i)	3,439,020	3,815,115
Operating Costs	(i) & (ii)	(2,987,216)	(3,278,962)
Other Income		20,422	20,422
Exceptional item		-	-
Interest Receivable		944	944
Interest Payable		(596,141)	(655,901)
Change in Fair Value of Financial Inst.		-	-
Other Finance Income / Costs		1,000	(11,895)
Surplus		(121,971)	(110,277)
		(121,971)	(110,277)

### Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs. In addition to this the Association has an interest rate swap which was previously unrecognised, but now requires to be recognised at its fair value under FRS 102 Section 12.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A