

**HOMES FOR LIFE HOUSING PARTNERSHIP**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**Registration information**

Registered Social Landlord Number 311

Registered Charity Number SC028542

Registered Charitable Company Limited by Guarantee Number SC188299

## **HOMES FOR LIFE HOUSING PARTNERSHIP**

**Report and Financial Statements  
For the year ended 31 March 2016**

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**Members, Executives and Advisers**

**Directors**

Gregor Booth

Alan Brown

Jamila Greig (Chair)

Gordon Leitch (Vice Chair)

D Graeme MacGregor

Tania Orde

David Rose

Brenda Tonner

Maureen Watt

Margo Shaw

(appointed 9 September 2015 and resigned 7 April 2016)

Thomas Mitchell

(resigned 9 September 2015)

Sheila Williamson

(resigned 3 December 2015)

**Executive Officer**

George Russell

Business Manager and Company Secretary

**Registered Office**

Tolbooth Gate

57 Market Street

Haddington

East Lothian

EH41 3JG

**Bankers**

The Royal Bank of Scotland plc

32 Court Street

Haddington

EH41 3NS

**Solicitors**

HBJ Gateley (Corporate matters)

Exchange Tower

19 Canning Street

Edinburgh EH3 8EH

TC Young (Tenancy matters)

69a George Street

Edinburgh EH2 2JG

**External Auditor**

Chiene + Tait LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

**Internal Auditor**

Wylie & Bisset LLP

168 Bath Street

Glasgow

G2 4TP

**Strategic Report**  
**For the year ended 31 March 2016**

The Directors present their Strategic Report, Report of the Board of Directors' and the audited financial statements for the year ended 31 March 2016.

**Principal activities**

The Company's principal activity during the year was the provision, improvement and management of housing for persons in necessitous circumstances in East Lothian.

**Review of business**

The Company has continued to develop arrangements to mitigate the impact of Welfare Reform as well as for compliance with the Social Housing Charter and other regulatory requirements. Internal Audit for this year focused on Complaints Handling, Repairs & Maintenance, and Health & Safety, as well as follow-up from the previous audit. The former was assessed as Strong Assurance, whilst both of the others were assessed as Substantial Assurance, with only two high priority recommendations.

Planned maintenance completed during the year included our first phase of kitchen unit replacements and shower installations for our older new build homes. Further phases are planned over the next few years, along with cyclical painter work and electrical testing.

The Company completed another comprehensive Tenant Satisfaction Survey in October 2015 - its third annual survey under new regulatory guidance for such surveys. This secured an encouraging 42% response rate, with 91% of respondents expressing satisfaction and less than 1% expressing any dissatisfaction with overall service. The Company has also continued to carry out interim thematic surveys of all tenants - focusing this year on options for tenant engagement.

**Employees**

The Company has six employees, excluding directors, two of whom are job-sharing.

**Fixed assets**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2014, the Company utilises component accounting in dealing with its housing assets. Component accounting ensures that the major components of the Company's housing stock are identified and depreciated over their estimated economic lives. The cost of any subsequent replacement of a major component will be capitalised in the statement of financial position with the item replaced being disposed of from the statement of financial position. This enables the financial statements to better reflect the use of the component over its life cycle.

Changes in respect of housing properties, resulting from transactions during the year, are detailed in note 13.

All work necessary for Scottish Housing Quality Standard compliance has been completed, with only 5 properties remaining exempted on technical grounds. The Company is assessing works required for compliance with the new Energy Efficiency Standard for Social Housing by 2020.

**Structure and governance**

The Company is a housing partnership created in July 1998, under the Scottish Government's New Housing Partnerships initiative, by founding members East Lothian Council and East Lothian Housing Association Limited. Under the initiative, the Company secured revenue support funding and capital funding for development projects, in the form of grants from East Lothian Council. Membership also includes tenants and other interested parties. Following a review of the Articles of Association, approved by the members at the AGM in September 2008, founding members no longer have any special rights or obligations.

**Strategic Report (continued)  
For the year ended 31 March 2016**

The Company is limited by guarantee and is recognised as a charity. It does not trade for profit and is prohibited from making distributions to its members.

The Company is registered as a Registered Social Landlord with the Scottish Housing Regulator, and is required to prepare financial statements in accordance with the Scottish Housing Regulator's Determination of Accounting Requirements (December 2014): Regulatory Guidance and the Companies Act 2006.

**Future Plans**

The Company does not currently have access to development funding on any proposed development programme. It is however actively considering other options to secure operational growth and efficiencies through provision of management services.

**Risk and Uncertainties**

The Key Risk Register is regularly reviewed by the Audit & Risk Committee and informs planning for both internal and external audit. Of 17 registered key risks at the year end, only 3 were assessed as High Risks:

<p>Loss of Directors</p>	<p>The Chair completed one to one review interviews with all directors during the year to confirm individual strengths, aspirations and barriers as well as support and training needs. The Company is seeking to recruit a further specialist co-option with finance and/or audit experience. We have joined TIS to secure specialist support to review our tenant engagement strategy, to strengthen tenant scrutiny for policy and performance review as well as to secure further tenants willing to become directors with appropriate training, mentoring and other support.</p>
<p>Stock Condition</p>	<p>Scottish Housing Quality Standard Improvements completed during the year brought 5 more self-contained homes which had been subject to temporarily exempt or in abeyance into full compliance with this standard. 98% of properties now fully comply. Only 5 self-contained homes remain temporarily exempt from this standard. Viable proposals are being sought to secure their full compliance by March 2017.</p> <p>Energy Efficiency Standard for Social Housing – this is a newer standard for energy efficiency than the Scottish Housing Quality Standard. Some properties which met that standard will fail the new standard. The Company is working to clarify and assess potential failures, to prepare viable proposals and to secure full compliance by March 2020.</p> <p>The Company has reviewed and updated lifecycle costings and related 30 year projections to improve planning and delivery of planned maintenance. This includes ensuring adequate resourcing to meet statutory requirements as well as changing tenant expectations, including for installation of showers for properties which do not already have these, as well as for periodic element replacements.</p>
<p>Maintenance service</p>	<p>The Company has acknowledged that this is a key area with scope to improve performance. It has been working with its repairs &amp; maintenance contractors to review and improve service delivery, including monitoring, reporting, value for money and tenant satisfaction. Gas maintenance services were re-procured during the year, and now include independent specialist quality assurance. Reactive maintenance services will be re-procured during 2016/17 for implementation from April 2017.</p>

**Strategic Report (continued)**  
**For the year ended 31 March 2016**

**Financial and non-financial key performance indicators**

The Board review performance quarterly and benchmark annually against a peer group of other rural, local and smaller Registered Social Landlords, as well as against published averages for all Registered Social Landlords. Loan covenant compliance is also monitored quarterly. Performance indicators monitored include the following:

<b>Financial Key Performance Indicators</b> <i>(figures are percentages)</i>	<b>This Year Homes for Life</b>	<b>Previous Year Homes for Life</b>	<b>Loan Covenant</b>	
Loan Interest Cover	<b>326</b>	365	110	
Loan Security Cover	<b>309</b>	276	105	
<b>Non-Financial Key Performance Indicators</b> <i>(figures are percentages)</i>	<b>This Year Homes for Life</b>	<b>Previous Year Benchmarking</b>		
		<b>Homes for Life</b>	<b>Peer Average</b>	<b>All RSL Average</b>
Percentage of tenants satisfied with the overall service provided by their landlord	<b>91.5</b>	92.7	88.9	88.1
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS)	<b>98.3</b>	96.7	94.7	91.0
Percentage of tenants who have had repairs or maintenance carried out in last 12 months satisfied with the repairs and maintenance service	<b>90.7</b>	88.3	90.8	89.3
Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year	<b>1.4</b>	1.9	3.7	4.85
Percentage of rent due lost through properties being empty during the last year	<b>0.3</b>	0.4	0.8	1.1

**By order of the Board**

Secretary: .....

  
 George Russell

Date: .....



**Report of the Board of Directors  
For the year ended 31 March 2016****The Board of Directors and Executive Officers**

The directors and executive officer of the Company are listed on page 1.

**Related Party Transactions**

Six of the Company's directors are tenant directors. Tenant directors must comply with the same regulations as non-director tenants and do not receive favourable terms or discounted rents.

One director is also on the Boards of East Lothian Housing Association Limited (ELHA) and Employers in Voluntary Housing Limited (EVH). Another director was also on the Board of Scottish Housing Associations Resources for Education (SHARE) until their resignation from SHARE on 30 June 2015.

Transactions with tenant directors and other related parties are disclosed at note 28.

**Statement of Board of Directors' Responsibilities**

Housing Association legislation requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the income and expenditure of the Company for the year ended on that date. In preparing those financial statements the Board are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company.

The Board are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement on Internal Financial Control**

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

1. The reliability of financial information used within the Company or provided for external users;
2. The maintenance of proper accounting records; and
3. The safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures, which the Board has established and which are designed to provide effective financial control, include the following:-

1. Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of financial controls and restrict the unauthorised use of the Company's assets;
2. Experienced and suitably qualified staff take responsibility for important business functions, and annual appraisal procedures have been established to maintain standards of performance;

**Report of the Board of Directors  
For the year ended 31 March 2016**

**Statement on Internal Financial Control (continued)**

3. Forecasts and budgets are prepared which allow the Board of Directors and Executive Officer to monitor the key business risks, financial objectives and the progress being made towards achieving plans set for the year and for the medium term;
4. Management accounts are prepared regularly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors;
6. The Board receives an annual report from the external auditor who review and test the system of internal financial control only to the extent necessary to express their audit opinion;
7. The Board receives an Annual Report from the internal auditor as part of an agreed audit plan;
8. Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external reports, including for delegation of preliminary consideration of reports and action by an Audit and Risk Committee.

The Board confirms that it has reviewed the effectiveness of the Company's system of internal financial control as it operated during the year ended 31 March 2016. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, or in the auditor's report on the financial statements.


**Disclosure of information to the auditor**

To the knowledge and belief of each of the persons who are directors of the board at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the Company's auditor is unaware, and
- Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information, and to establish that the Company's auditor is aware of the information.

**By order of the Board**

Secretary: .....   
George Russell

Date: ..... 



**Independent Auditor's Report to the Members of Homes For Life Housing Partnership  
For the year ended 31 March 2016**

We have audited the financial statements of Homes for Life Housing Partnership for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members as a body for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board of Directors and auditor**

As explained more fully in the Statement of Board of Directors Responsibilities set out on page 5, the Board is responsible for the preparation of financial statements which 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the requirements of United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Jeremy Harper CA (Senior statutory auditor)  
for and on behalf of Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL**

*30 August*

**2016**

**Report of the Auditor to the Members of Homes for Life Housing Partnership on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Company'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 Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Company's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

*Chiene + Tait LLP*

**CHIENE + TAIT LLP**  
**Chartered Accountants and Statutory Auditor**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**

30 August 2016

**Statement of Comprehensive Income**  
**For the year ended 31 March 2016**

	Notes	Year ended 31 March 2016 £	As restated Year ended 31 March 2015 £
<b>Turnover</b>	4	1,543,306	1,512,717
Less: Operating expenditure	4	(1,099,957)	(1,110,618)
<b>Operating surplus</b>	4	443,349	402,099
Interest receivable and other income	10	14,322	7,439
Interest and financing costs	11	(146,000)	(156,731)
<b>Surplus before taxation</b>		311,671	252,807
Taxation	12	-	-
<b>Surplus for the year</b>		311,671	252,807
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension schemes	23	187,000	(111,000)
<b>Total comprehensive income for the year</b>		498,671	141,807

The results for the year relate wholly to continuing activities.

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

Statement of Financial Position  
As at 31 March 2016

	Notes	2016 £	As restated 2015 £
<b>Fixed assets</b>			
Tangible assets – social housing	13	12,561,408	12,887,468
Tangible assets – property, plant and equipment	14	93,718	106,033
Investments	16	2	2
		<u>12,655,128</u>	<u>12,993,503</u>
<b>Current assets</b>			
Trade and other debtors	17	103,129	53,626
Cash and cash equivalents	18	1,952,516	1,691,943
		<u>2,055,645</u>	<u>1,745,569</u>
<b>Less: creditors falling due within one year</b>	19	<u>(529,043)</u>	<u>(390,149)</u>
<b>Net current assets</b>		<u>1,526,602</u>	<u>1,355,420</u>
<b>Total assets less current liabilities</b>		<u>14,181,730</u>	<u>14,348,923</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>(1,965,235)</u>	<u>(2,242,825)</u>
Deferred capital grants	21	(9,347,582)	(9,579,856)
Pension liability	23	(68,000)	(224,000)
<b>Net assets</b>		<u>2,800,913</u>	<u>2,302,242</u>
<b>Reserves</b>			
Designated reserve		493,000	425,000
General reserve		2,375,913	2,101,242
Pension reserve		(68,000)	(224,000)
		<u>2,800,913</u>	<u>2,302,242</u>

The financial statements were authorised for issue by the Board of Directors on 29 June and were signed on its behalf by:

Jamila Greig  
George Russell  
G. Leitch

Chairperson – Jamila Greig

Secretary – George Russell

Vice Chairperson – Gordon Leitch

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

**Statement of Changes in Reserves  
For the year ended 31 March 2016**

	General Reserve £	Pension Reserve £	Total £	Designated Reserve (Planned Maintenance) £	Grand Total £
Balance as at 1 April 2015 - restated (note 29)	2,101,242	(224,000)	1,877,242	425,000	2,302,242
Surplus from statement of comprehensive income	311,671	187,000	498,671	-	498,671
Net transfers during the year	(37,000)	(31,000)	(68,000)	68,000	-
Balance at 31 March 2016	<u>2,375,913</u>	<u>(68,000)</u>	<u>2,307,913</u>	<u>493,000</u>	<u>2,800,913</u>

**Statement of Changes in Reserves  
For the year ended 31 March 2015**

	General Reserve £	Pension Reserve £	Total £	Designated Reserve (Planned Maintenance) £	Grand Total £
Balance as at 1 April 2014 - restated (note 29)	1,656,121	(92,000)	1,564,121	596,314	2,160,435
Surplus from statement of comprehensive income	252,807	(111,000)	141,807	-	141,807
Net transfers during the year	192,314	(21,000)	171,314	(171,314)	-
Balance at 31 March 2015	<u>2,101,242</u>	<u>(224,000)</u>	<u>1,877,242</u>	<u>425,000</u>	<u>2,302,242</u>

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

**Statement of Cash Flows**  
**For the year ended 31 March 2016**

	Notes	2016 £	Restated 2015 £
<b>Net cash inflow from operating activities</b>	24	726,145	590,850
<b>Cashflow from investing activities</b>			
Purchase of tangible fixed assets		(102,780)	(20,270)
Proceeds from sale of tangible fixed assets		-	2,199
Grants received		23,946	9,000
Interest received		14,314	7,409
<b>Cashflow from financing activities</b>			
Interest paid		(138,000)	(151,731)
Repayments of borrowings		(263,052)	(249,328)
<b>Net change in cash equivalents</b>		<u>260,573</u>	<u>188,129</u>
<b>Cash and cash equivalents at the beginning of the year</b>		1,691,943	1,503,814
<b>Cash and cash equivalents at the end of the year</b>		<u>1,952,516</u>	<u>1,691,943</u>
		<u>260,573</u>	<u>188,129</u>

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

**Notes to the Financial Statements  
For the year ended 31 March 2016****1. General Information**

These financial statements are stated in Pounds Sterling (GBP), as that is the currency which the majority of Company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 March 2016. Except where otherwise stated all financial information is presented in GBP.

The Company is registered under The Co-operative & Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices (UK GAAP) including Financial Reporting Standard 102 (FRS 102), The Determination of Accounting Requirements December 2014 issued by the Scottish Housing Regulator and Housing SORP 2014: Statement of Recommended Practice for Social Housing Providers (SORP 2014).

This is the first year the accounts have been prepared under FRS 102. The impact of this transition is detailed in note 29.

The Company is defined as a public benefit entity and thus the Company complies with all disclosure requirements relating to public benefit entities. The Company is a registered social landlord in Scotland and its registered number is 311.

**2. Accounting policies****(a) Accounting Convention**

The financial statements are prepared under the historical cost basis of accounting and in accordance with applicable standards. The accounting policies of the Company are set out in paragraphs (d) to (s) below.

**(b) Basis of Accounting**

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2016, which occurred before the date of approval of the financial statements have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2016 and of the results for the year ended on that date.

**(c) Going concern**

The Company has: a healthy bank balance, budgeted to make a surplus for the year ended 31 March 2017, a strong asset base, no liquidity issues and the directors are of the opinion that the Company will continue to meet its obligations as they fall due for the foreseeable future. On this basis the directors consider it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

**(d) Turnover**

Turnover represents rental income and fees from tenants and revenue based grants received from The Scottish Government. The Company has no shared-ownership properties and consequently all income relates to properties wholly-owned by the Company.

**(e) Apportionment of management expenses**

Management and administration expenses are apportioned between housing and commercial activities based on the income generated by these activities. The costs thus allocated to housing are further apportioned based on the units held within each sub-type.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**2. Accounting policies (continued)**

**(f) Repairs and Maintenance Costs**

Costs for reactive and planned maintenance are charged to the Statement of Comprehensive Income as they are incurred. Property improvements are capitalised, if these are material in nature and can give rise to additional income or cost savings. These capitalised improvements are subsequently written off in line with the Company's fixed asset policy.

**(g) Designated reserves – planned maintenance reserves**

The Company maintains its housing properties in a state of repair which at least maintains their residual value in prices prevailing at either the time of acquisition or construction. Provision is made for such future major repairs based on planned maintenance programme requirements for the next three years'.

**(h) Grants**

**Capital**

New Housing Partnership Grants (NHP) were made by East Lothian Council and were utilised to reduce the amount of loans required in respect of an approved scheme.

For schemes developed with NHP the grant was paid directly to the Company as required to meet its liabilities during the development process.

Capital grants in respect of property development are applied in the following order:

- Land;
- Structure;
- With any remaining balance being allocated as "unapplied grants".

Capital grants applied to land and structure are amortised at 2% per annum. Other components have various useful lives and to apportion grants to these components would not reflect that grants are not repayable except under disposal of the entire property. Unapplied grants are therefore amortised on a straight line basis at 2% per annum in line with the main structure.

**Revenue**

Revenue grants are credited to income in the appropriate period to match related expenditure.

**(i) Fixed assets – Housing Properties**

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.



**Notes to the Financial Statements  
For the year ended 31 March 2016**

**2. Accounting policies (continued)**

**(j) Depreciation**

Depreciation is charged on tangible fixed assets so as to write off the asset cost less any recoverable value on a straight line basis over its anticipated useful life as follows:

	<b>Useful economic life</b>
Office premises	30 years
Office furniture and equipment	3 years

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Company:

Housing properties (by component):

• Land	Infinite
• Structure	50 years
• Roof	50 years
• Kitchens	15 years
• External doors and windows	25 years
• Bathrooms & WCs	20 years
• Electrics	25 years
• Boilers	15 years
• Specialist heating, plumbing, ventilation systems	20 years

**(k) Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, such as the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**(l) Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**2. Accounting policies (continued)**

**(m) Rental Arrears**

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 17.

**(n) Cash & cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**(o) Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**(p) Pensions**

The Company participates in a defined benefit scheme in respect of its employees. The assets of the scheme are held by the Lothian Pension Fund.

In accordance with 'FRS 102 s28 – Employee Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the income and expenditure account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The differences between actual and expected returns on assets during the year and changes in the actuarial assumptions are recognised in the statement of comprehensive income.

**(q) Financial Commitments**

Rentals paid under operating leases are charged to income and expenditure account on a straight line basis over the lease term.

**(r) Consolidation**

The Company has taken advantage of the exemption provided in section 402 of the Companies Act 2006 not to prepare group financial statements and accordingly these financial statements present information about the company as a single undertaking (see note 16).

**(s) VAT**

The Company is not registered for VAT purposes and all expenses are shown inclusive of VAT.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**3. Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior members of staff on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the Lothian Pension Fund	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

**4. Particulars of Turnover, Operating Costs and Operating Surplus**

	2016			2015 Restated		
	Turnover	Operating Costs	Operating Surplus	Turnover	Operating Costs	Operating Surplus
	£	£	£	£	£	£
Affordable Lettings (note 5)	1,537,456	1,094,639	442,817	1,499,456	1,104,318	395,138
Other activities (note 6)	5,850	5,318	532	13,261	6,300	6,961
	<u>1,543,306</u>	<u>1,099,957</u>	<u>443,349</u>	<u>1,512,717</u>	<u>1,110,618</u>	<u>402,099</u>

Notes to the Financial Statements  
For the year ended 31 March 2016

5. Particulars of turnover, operating costs and operating surplus from affordable letting activities

	General Needs Housing £	Supported Housing Accommodation £	Other (Respite Unit) £	2016 Total £	restated 2015 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	1,223,540	37,215	20,020	1,280,775	1,250,886
Service charges	-	-	-	-	-
<b>Gross income from rents and service charges</b>	1,223,540	37,215	20,020	1,280,775	1,250,886
<b>Less voids</b>	(3,966)	-	-	(3,966)	(4,916)
<b>Net income from rents and service charges</b>	1,219,574	37,215	20,020	1,276,809	1,245,970
Adaptation grants	4,427	-	-	4,427	-
Release of deferred capital grant	247,255	5,974	2,991	256,220	253,486
<b>Total turnover from social letting activities</b>	1,471,256	43,189	23,011	1,537,456	1,499,456
<b>Expenditure</b>					
Management and maintenance administration costs	425,064	5,359	1,340	431,763	416,629
Planned cyclical maintenance including major repairs	75,489	925	333	76,747	152,255
Reactive maintenance costs	90,202	368	486	91,056	89,686
Bad debts – rents and service charges	6,089	-	-	6,089	786
Depreciation of social housing	475,361	9,310	4,313	488,984	444,962
<b>Operating costs for social letting activities</b>	1,072,205	15,962	6,472	1,094,639	1,104,318
<b>Operating Surplus on letting activities, 2016</b>	399,051	27,227	16,539	442,817	
<b>Operating Surplus on letting activities, 2015</b>	364,662	14,686	15,790		395,138

6. Particulars of turnover, operating costs and operating surplus from other activities

	2016			2015		
	Other income £	Other Operating Costs £	Operating Surplus £	Other income £	Other Operating Costs £	Operating Surplus £
Commercial rents	3,164	2,632	532	9,006	2,284	6,722
Factoring activity	2,686	2,686	-	4,255	4,016	239
	5,850	5,318	532	13,261	6,300	6,961

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**7. Staff Costs**

	<b>2016</b>	<b>Restated 2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	206,775	213,048
Social security costs	14,825	15,791
Pension costs – contributions rate 19.5% (2015: 17.1%)	34,830	30,092
Pension costs – past service adjustment	-	7,103
Pension adjustment (note 23)	23,000	16,000
	<u>279,430</u>	<u>282,034</u>

The number of persons (head count) employed during the year was:

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Administration Staff	5	5
Wardens and Cleaners	1	1

**8. Directors' emoluments**

The directors are defined as Board members, and did not receive any remuneration or accrue any retirement benefits during the year. During the year Board members were reimbursed £2,108 (2015: £1,475) for travel and subsistence expenses in respect of attendance at Board meetings and training sessions. Board members include tenant directors who must comply with the same regulations as non-director tenants. The Company considers key management personnel to be the business manager and directors of the Company only.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding pension contributions) of:		
Business manager and company secretary	61,280	60,407
Pensions contributions	11,681	10,092
	<u>72,961</u>	<u>70,499</u>

Other staff members reporting directly to the Board did not receive emoluments (excluding employer's pension contributions) exceeding £60,000 per annum.

**9. Operating Surplus**

	<b>2016</b>	<b>Restated 2015</b>
	<b>£</b>	<b>£</b>
Operating surplus is stated after charging:		
Depreciation - housing	488,984	444,962
Depreciation - other assets	12,315	9,533
Amortised capital grants	256,200	253,486
Repairs: cyclical, major, day to day	168,025	225,258
Auditor's remuneration		
- In their capacity as auditors	4,385	4,003
- In respect of other services	-	-

Notes to the Financial Statements  
For the year ended 31 March 2016

<b>10. Interest receivable and other income</b>		<b>Restated</b>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest receivable on deposits	14,322	7,439
	<u>14,322</u>	<u>7,439</u>
	<u><u>14,322</u></u>	<u><u>7,439</u></u>
<b>11. Interest and financing costs</b>		<b>Restated</b>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loan interest payable	138,000	151,725
Interest on factoring deposits	-	6
Interest on defined benefit pension scheme	8,000	5,000
	<u>146,000</u>	<u>156,731</u>
	<u><u>146,000</u></u>	<u><u>156,731</u></u>
<b>12. Taxation</b>		
The Company is recognised by HM Revenue & Customs as a charity and no charge for taxation arises on the results for the year.		
<b>13. Tangible Fixed Assets – social housing</b>		<b>Housing Properties Held for Letting</b>
		<b>£</b>
<b>Current year</b>		
<b>Cost</b>		
As at 1 April 2015		17,891,278
Additions during the year – replacement components		162,924
Disposals		(116,485)
At 31 March 2016		<u>17,937,717</u>
<b>Depreciation</b>		
As at 1 April 2015 restated		5,003,810
Charge for the year		450,393
Released on disposals during the year – replacement components		(77,894)
At 31 March 2016		<u>5,376,309</u>
<b>Net Book Value</b>		
At 31 March 2016		<u>12,561,408</u>
At 31 March 2015 (restated)		<u><u>12,887,468</u></u>

None of these properties are held under lease.

The net book value of components which have been replaced in the year of £38,591 (2015: £4,483) is included in the depreciation charge of £488,984 (2015: £444,962) in Notes 5 and 9.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**14. Tangible Fixed Assets – property plant and equipment**

	<b>Heritable Property £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 April 2015 & 31 March 2016	168,999	38,756	207,755
<b>Depreciation</b>			
As at 1 April 2015	79,331	22,391	101,722
Provided in year	5,627	6,688	12,315
At 31 March 2016	84,958	29,079	114,037
<b>Net Book Value</b>			
At 31 March 2016	84,041	9,677	93,718
<b>Net Book Value</b>			
At 31 March 2015	89,668	16,365	106,033

**15. Property Stock**

The number of units of accommodation owned by the Company was as follows:

	<b>Units in management</b>	
	<b>2016</b>	<b>2015</b>
Unimproved	-	-
New build	272	272
Improved	27	27
General Needs Housing	299	299
<b>Other (Respite Unit)</b>	1	1
<b>Supported Housing Accommodation</b>	9	10
<b>Total Housing Stock</b>	309	310
<b>Other Property</b>		
Commercial property held for letting	1	1
<b>Total Property</b>	310	311

During the year, there was a change of use in one of the shared occupancy supported housing accommodation properties resulting in the number of units reducing by 1.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

<b>16. Investments</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Investment in subsidiary undertaking		2	2
		<u>2</u>	<u>2</u>
<p>The investment represents 100% of the ordinary share capital of Homes for Life Developments Limited. The Company was dormant throughout the year. The directors consider that the value of the unlisted investments is not materially different from cost.</p> <p>The aggregate equity and reserves as at 31 March 2016 for Homes for Life Developments Limited was as follows:</p>			
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Aggregate equity and reserves		2	2
		<u>2</u>	<u>2</u>
<b>17. Trade and other receivables</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Rental debtors		16,477	22,620
Less: provision for bad debts		(3,142)	(599)
		<u>13,335</u>	<u>22,021</u>
Other debtors		2,376	1,001
Prepayments and accrued income		87,418	30,604
		<u>103,129</u>	<u>53,626</u>
		<u>103,129</u>	<u>53,626</u>
<b>18. Cash and cash equivalent</b>			
	<b>As at</b>	<b>Movement</b>	<b>As at</b>
	<b>1 April 2015</b>	<b>in year</b>	<b>31 March 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Bank and cash balances	1,441,943	(239,427)	1,202,516
Funds held on deposit	250,000	500,000	750,000
	<u>1,691,943</u>	<u>260,573</u>	<u>1,952,516</u>
	<u>1,691,943</u>	<u>260,573</u>	<u>1,952,516</u>
<b>19. Creditors – amounts falling due within one year</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Housing Loans		277,153	262,615
Accruals		196,178	73,088
Other Creditors		1,802	1,802
Rent in advance		48,959	47,474
Other taxed and social security		4,951	5,170
		<u>529,043</u>	<u>390,149</u>
		<u>529,043</u>	<u>390,149</u>

Details of security in respect of loans are included in note 20.



**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

20. Creditors – amounts falling due after more than one year	2016 £	2015 £
Housing loans	1,965,235	2,242,825
Loans are due within the following periods:		
Loans due between 1 and 2 years	291,286	275,794
Loans due between 2 and 5 years	975,090	923,223
Loans due after 5 years	698,859	1,043,808
	<u>1,965,235</u>	<u>2,242,825</u>

The loan is repayable in equal monthly instalments and is due to be fully repaid in April 2023. Interest is charged on the loan at a fixed rate of 5.505%. Loans are secured by a standard security over certain properties and a bond and floating charge over the assets of the company.

21. Deferred capital grants	Housing Properties Held for Letting £	Non Housing Properties £	Total £
<b>Year ended 31 March 2016</b>			
At 1 April 2015 (restated)	9,563,856	16,000	9,579,856
Additions during year	23,946	-	23,946
Transfers in year	-	-	-
Amortised in year	(255,220)	(1,000)	(256,220)
At 31 March 2016	<u>9,332,582</u>	<u>15,000</u>	<u>9,347,582</u>
Deferred capital grants due for release within one year	255,220	1,000	256,220
Deferred capital grants due for release after one year	9,077,362	14,000	9,091,362
	<u>9,332,582</u>	<u>15,000</u>	<u>9,347,582</u>
<b>Year ended 31 March 2015</b>			
At 1 April 2014 (restated)	9,816,342	17,000	9,833,342
Additions during year	-	-	-
Transfers in year	-	-	-
Amortised in year	(252,486)	(1,000)	(253,486)
At 31 March 2015	<u>9,563,856</u>	<u>16,000</u>	<u>9,579,856</u>
Deferred capital grants due for release within one year	252,486	1,000	253,486
Deferred capital grants due for release after one year	9,311,370	15,000	9,326,370
	<u>9,563,856</u>	<u>16,000</u>	<u>9,579,856</u>

Grants received totalled £12,576,602; the above £9,347,582 represents the unamortised balance at 31 March 2016. Grants are repayable in certain circumstances primarily following the sale of the related property. A contingent liability of £3,229,020 exists in respect of the amortised amount of the grants.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**22. Financial instruments**

	2016 £	Restated 2015 £
<b>Financial Assets</b>		
Financial assets measured at amortised cost	68,746	23,685
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	2,440,368	2,579,893

Financial assets measured at amortised cost comprises rental arrears, grants receivable, other debtors and accrued income.

Financial liabilities measured at amortised cost comprises bank loans, amounts owed to contractors, other creditors and accruals.

**23. Pensions**

**Defined benefit scheme – Lothian Pension Fund**

The Company participates in a defined benefit scheme in the UK that provides pensions linked to final salaries. A valuation of the pension fund is carried out triennially. The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2014, with the next formal valuation due as at 31 March 2017.

Liabilities are valued on an actuarial basis using the projected unit credit method, which assess the future liabilities of the fund discounted to their present value. 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.

The principal actuarial assumptions used by the actuary for the purposes of the FRS102 s28 valuation at each year end are as follows:

	31 March 2016 % pa	31 March 2015 % pa
Pension Increase Rate	2.2%	2.4%
Salary Increase Rate	4.2%	4.3%
Discount Rate	3.8%	3.2%

Life expectancy is based on the Funds Vita Curves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.7 years
Future Pensioners	24.2 years	26.3 years

The major categories of plan assets as a % of total plan assets:

	31 March 2016	31 March 2015
Equities	67%	69%
Bonds	20%	17%
Property	9%	8%
Cash	4%	6%

The Company does not have a past service deficit, as such deficit recovery payments are not required.

**Notes to the Financial Statements**  
**For the year ended 31 March 2016**

**23. Pensions (continued)**

Changes in the fair value of plan assets, defined benefit obligation and net liability for year end 31 March 2016 are as follows:

<b>Period ended 31 March 2016</b>	<b>Assets £(000)</b>	<b>Obligations £(000)</b>	<b>Net (liability)/ asset £(000)</b>	<b>Net position March 2015 £(000)</b>
Fair value of plan assets	1,165	-	1,165	940
Present value of funded liabilities	-	1,389	(1,389)	(1,052)
Present value of unfunded liabilities	-	-	-	-
<b>Opening position as at 31 March 2015</b>	<b>1,165</b>	<b>1,389</b>	<b>(224)</b>	<b>(92)</b>
<b>Service cost</b>				
Current service cost	-	58	(58)	(53)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>58</b>	<b>(58)</b>	<b>(53)</b>
<b>Net interest</b>				
Interest income on plan assets	38	-	38	41
Interest cost on defined benefit obligation	-	46	(46)	(46)
Impact of asset ceiling on net interest	-	-	-	-
<b>Total net interest</b>	<b>38</b>	<b>46</b>	<b>(8)</b>	<b>(5)</b>
<b>Total defined benefit cost recognised in surplus or (deficit)</b>	<b>38</b>	<b>104</b>	<b>(66)</b>	<b>(58)</b>
<b>Cashflows</b>				
Plan participants' contributions	13	13	-	-
Employer contributions	35	-	35	37
Contributions in respect of unfunded benefits	-	-	-	-
Benefits paid	(2)	(2)	-	-
Unfunded benefits paid	-	-	-	-
Effect of business combinations and disposals	-	-	-	-
<b>Expected closing position</b>	<b>1,249</b>	<b>1,504</b>	<b>(255)</b>	<b>(113)</b>
<b>Remeasurements</b>				
Changes in demographic assumptions	-	-	-	(52)
Changes in financial assumptions	-	(157)	157	(162)
Other experience	-	(9)	9	(32)
Return on assets excluding amounts included in net interest	21	-	21	135
Changes in asset ceiling	-	-	-	-
<b>Total remeasurements recognised in other comprehensive income (OCI)</b>	<b>21</b>	<b>(166)</b>	<b>187</b>	<b>(111)</b>
Fair value of plan assets	1,270	-	1,270	1,165
Present value of funded liabilities	-	1,338	(1,338)	(1,389)
Present value of unfunded liabilities	-	-	-	-
<b>Closing position as at 31 March 2016</b>	<b>1,270</b>	<b>1,338</b>	<b>(68)</b>	<b>(224)</b>

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**24. Net Cash Flow from Operating Activities**

	2016 £	2015 £
Operating surplus	443,349	402,099
Depreciation tangible fixed assets	501,299	454,495
Pension service costs	23,000	16,000
(Increase)/decrease in debtors	(49,495)	1,097
Increase/(decrease) in creditors	64,212	(29,355)
Release of deferred capital grants	(256,220)	(253,486)
	<u>726,145</u>	<u>590,850</u>
Net cash inflow from operating activities	<u>726,145</u>	<u>590,850</u>

**25. Capital Commitments**

There were no capital commitments at 31 March 2016 (2015: £nil).

**26. Revenue Commitments**

The Company's total commitments for rental payments under non-cancellable operating leases at 31 March 2016 and entered into since the year end were as set out below:

**Operating Leases:**

	2016 Other leases £	2015 Other leases £
Payable within one year	1,647	1,647
Payable within two to five years	2,059	3,706
	<u>3,706</u>	<u>5,353</u>
	<u>3,706</u>	<u>5,353</u>

**27. Legislative Provisions**

The Company is established under the Companies Act as a charitable company, limited by guarantee. In the event of a winding up each of the members (at 31 March 2016: 152) undertake to contribute an amount not exceeding £1.

**28. Related parties**

The Company has directors who are also tenants. The total rent charged in the year relating to tenant directors was £23,030 (2015: £21,424). The total rent arrears relating to tenant directors included within debtors at the year end is £nil (2015: £174).

During the year, the Company recharged costs to ELHA, incurred at a shared scheme, of £557 (2015: £543). Included within other debtors at 31 March 2016 is £557 (2015: £543) due from ELHA. The Company also incurred costs recharged from ELHA totalling £1,148 (2015: £1,780) in respect of Homehunt services and costs related to a shared scheme. At 31 March 2016, the company owed ELHA £nil (2015: £nil).

ELHA has a trading subsidiary, R3 Limited. From 1 April 2012, R3 Limited has been providing the Company's reactive maintenance service. Revenue and capital costs for the year were £228,461 (2015: £71,134). Included within creditors due within one year at 31 March 2016 is £171,996 (2015: £51,877) due to R3 Limited.

As a member of EVH, the Company sets its employee terms and conditions based on their guidance. The membership fee for the year ended 31 March 2016 was £1,632 (2015: £1,618) and the Company has received other services from EVH during the year costing £1,540 (2015: £1,375).

As a member of SHARE, the Company's membership for the year ended 31 March 2016 was £1,100 (2015: £1,100) and the Company received other services during the year costing £nil (2015: £nil). Included within creditors due within one year at 31 March 2016 is £nil (2015: £nil) due to SHARE.

**Notes to the Financial Statements  
For the year ended 31 March 2016**

**29. Transition to FRS102**

The Company has adopted Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS 102 the Company does not present an Income and Expenditure Account or a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements to 31 March 2015 as items that previously appeared in these statements are now included in the Statement of Comprehensive Income.

As permitted by FRS 102 the Company has renamed the Balance Sheet as the Statement of Financial Position.

As prescribed by FRS 102 the Company now prepares a Statement of Changes in Reserves whereas in the financial statements to 31 March 2015 reserves were analysed as part of the notes to the financial statements.

New Housing Partnership Grants (NHP) are now recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure.

**Restated statement of comprehensive income**

	£
Surplus per signed financial statements for year ended 31 March 2015	231,053
Effect of adjustment to amortised deferred capital grants	253,486
Effect of adjustment to housing property depreciation	(213,732)
Effect of adjustment to net interest on pension schemes	(18,000)
	<hr/>
<b>Restated Surplus for the year ended 31 March 2015</b>	<b>252,807</b>
	<hr/> <hr/>

**Restated actuarial (loss)**

	£
Actuarial (loss) per signed financial statements for year ended 31 March 2015	(129,000)
Effect of adjustment to actuarial (loss) on defined benefit pension scheme	18,000
	<hr/>
<b>Restated actuarial (loss) for the year ended 31 March 2015</b>	<b>(111,000)</b>
	<hr/> <hr/>

**Restated statement of financial position**

	£
Reserves as at 31 March 2015 per signed financial statements	1,804,217
Effect of adjustment to amortised deferred capital grants over the lives of the applicable assets to date	2,972,800
Effect of adjustment to housing depreciation over the lives of the applicable assets to date	(2,474,775)
	<hr/>
<b>Restated equity and reserves as at 31 March 2015</b>	<b>2,302,242</b>
	<hr/> <hr/>

**Restated statement of financial position**

	£
Reserves as at 31 March 2014 per signed financial statements	1,702,164
Effect of adjustment to amortised deferred capital grants over the lives of the applicable assets to date	2,719,314
Effect of adjustment to housing depreciation over the lives of the applicable assets to date	(2,261,043)
	<hr/>
<b>Restated equity and reserves as at 31 March 2014</b>	<b>2,160,435</b>
	<hr/> <hr/>

