

**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

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KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH 2016

Auditors

Armstrongs, Chartered Accountants
142 West Nile Street
Glasgow
G1 2RQ

Bankers

Bank of Scotland
19 Roman Road
Bearsden
Glasgow
G61 2SP

Legal advisors

T C Young
Solicitors
7 West George Street
Glasgow
G2 1BA

Registered Office

KCEDG Commercial Centre
Unit 2/3
Ladyloan Place
Glasgow
G15 8LB

Registration information

The Scottish Housing Regulator
Registered number:

Housing (Scotland) Act 2014
HCB 234

Recognised Scottish Charity:

CR60589

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014
Registration number: 2378R(S)

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee present their report and the audited financial statements for the year ended 31st March 2016.

Principal activity

The principal activity of the Association as a landlord and developer is the provision of good quality homes at affordable rents and prices for people in housing need.

Review of business

As the financial statements demonstrate, the Association's financial position indicates net assets of £3,369,165 (2015 - £2,997,760). The surplus for the year was £371,410 (2015 - £280,638).

During the year to 31st March 2016 the Association made good progress in a number of key areas of business activity.

We updated our reporting systems to ensure we were able to meet the reporting requirements of all of the indicators set out in the Annual Report on the Charter and the Energy Efficiency Standard for Scottish Housing covering the reporting period 2015/16.

A comprehensive training programme for our governing body members was delivered in partnership with other Drumchapel RSL's to ensure that our management committee will meet the requirements of the Regulatory Standards of Governance. A number of training sessions were delivered by external training consultants, covering a broad range of topics.

A comprehensive stock condition survey was carried out to demonstrate our compliance with the SHQS, to highlight condition of stock in terms of planned renewal cycles and to provide accurate financial information on future planned maintenance/renewal requirements over a thirty year planning period.

Our Gas Servicing/Maintenance Contract was procured in partnership with other Drumchapel RSL's and a new five year contract put in place covering the period 2015-2020.

Our five year and thirty year budget projections continue to demonstrate our medium/long term viability under reasonable assumptions. The Association is aware of the need for effective financial performance based on sound management practice.

Our Welfare Benefits Advice Service continues to be well used and our adviser had another successful year and assisted a number of residents to claim various financial benefits, resulting in financial gains totalling £23,735.

The Association strive for continuous improvement and ongoing review of key business objectives remains a priority. A comparison of key performance indicators against national averages highlighted that our performance was comparable or better than national medians.

Changes in fixed assets

Details of changes in fixed assets are set out in note 12.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee and Executive Officer

Executive Officer

J. Docherty

Management Committee

E. Shaw (Chairperson)
J. Barclay (Vice Chairperson)
S. McLeod (Secretary)
R. Wards (Treasurer)
C. Wards
K. McLerie
C. McManus
J. Atkins
M. Moffat (Co-opted 28.07.15)

At the Annual General Meeting one third of all serving committee members will retire from office and may stand for re-election if eligible. No nominations for new committee members were received at the AGM in August 2015 and the existing members were re-elected.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and, although not having the legal status of a Director, acts as an executive within the authority delegated by the Committee.

Statement of Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require the 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 income and expenditure of the Association for the year ended on that date. In preparing these financial statements, the Committee is required to:-

- . Select suitable accounting policies and apply them consistently;
- . Make judgements 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business;
- . Prepare a statement on internal financial control.

The 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 it to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014. It is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

Corporate governance

The Association has complied throughout the accounting period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance in 1992.

In accordance with the requirements of the Scottish Housing Regulator, the auditors have confirmed that they consider this statement appropriately reflects the Association's compliance with those paragraphs of the Code of Best Practice required to be reviewed by them. The auditors have also confirmed that, in their opinion, with respect to the Statement on Internal Financial Control, the Management Committee have provided the disclosures required by Paragraph 4.5 of the Code of Best Practice as supplemented by the related guidance for Management Committee and such statement is not inconsistent with the information of which they were aware from their audit work on the financial statements.

Statement as to disclosure of information to auditors

So far as the Committee are aware, there is no relevant audit information of which the Association's auditors are unaware, and each Committee member has taken all the steps that he or she ought to have taken as a Committee member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to re-appoint the auditors, Armstrongs, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Committee

Secretary *Sandra Marked*

Dated : *26TH JULY 2016*

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

COMMITTEE STATEMENT ON THE ASSOCIATION'S

SYSTEM OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31ST MARCH 2016

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

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

It is the 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 misstatement or loss. Key elements include ensuring that:

- . formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- . experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- . forecasts and budgets are prepared regularly which allow the Committee and staff to monitor the key business risks, financial objectives and the progress towards financial plans set for the year and the medium term;
- . regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budgets 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 relevant sub-committees comprising Committee members and others;
- . the Committee review reports from management, from staff and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association; and
- . formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2016 and until the below date. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the Auditor's Report on the financial statements.

By order of the Committee

Secretary *Sandra Marked*

Dated: *26TH JULY 2016*

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED
REPORT BY THE INDEPENDENT AUDITORS TO THE COMMITTEE
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31ST MARCH 2016

Corporate governance

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

Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

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

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



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Date: 2nd August 2016

REPORT OF THE INDEPENDENT AUDITORS TO

THE MEMBERS OF KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Kingsridge Cleddans Housing Association Limited for the year ended 31st March 2016 which comprise a Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association, the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Management Committee and Auditor

As explained more fully in the Statement of Management Committee's Responsibilities set out on page three, the Management Committee is responsible for the preparation of the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of 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 for our report.

Opinion on 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, Part 6 of the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Report of the Management Committee is inconsistent in any material respect with the financial statements; or
- the Association 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.



Adam Armstrong, LLB, CA, (Senior Statutory Auditor),
for and on behalf of Armstrongs,
Statutory Auditor,
Chartered Accountants,
Victoria Chambers,
142, West Nile Street,
Glasgow,
G1 2RQ.

Dated: 2nd August 2016.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2016

	Notes	2016	Restated 2015
		£	£
Turnover	2	1,526,386	1,457,212
Operating costs	2	1,072,898	1,136,479
Operating surplus	2	<u>453,488</u>	<u>320,733</u>
Loss on sale of housing stock	6	(50,875)	-
Interest receivable and other income		14,222	11,615
Interest payable and similar charges	7	(43,984)	(46,246)
Other finance charges	8	(1,441)	(5,464)
Surplus before tax		<u>371,410</u>	<u>280,638</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>371,410</u></u>	<u><u>280,638</u></u>

The results for the year relate wholly to continuing activities.

There is no difference between the surplus for the year stated above and the historical cost equivalent.

The notes form part of these financial statements.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST MARCH 2016

	Notes	2016 £	Restated 2015 £
Fixed assets			
Tangible assets - social housing	12a	14,233,759	14,803,801
Other tangible assets - plant and equipment	12b	8,982	10,735
		<u>14,242,741</u>	<u>14,814,536</u>
Current assets			
Debtors	13	56,699	60,079
Cash at bank and in hand		1,817,839	1,391,392
		<u>1,874,538</u>	<u>1,451,471</u>
Creditors: amounts falling due within one year	14	(423,441)	(336,193)
Net current assets		<u>1,451,097</u>	<u>1,115,278</u>
Total assets less current liabilities		15,693,838	15,929,814
Creditors : amounts falling due after more than one year	15	(1,979,863)	(2,109,791)
Deferred income			
Deferred capital grants	16	(10,344,810)	(10,822,263)
Net assets		<u>3,369,165</u>	<u>2,997,760</u>
Equity			
Share capital	17	82	87
Revenue reserves		3,369,083	2,997,673
		<u>3,369,165</u>	<u>2,997,760</u>

These financial statements were approved by the Management Committee on 26/7/16 and signed on their behalf by:

Chairperson *E. Shad*

Committee Member *John W Bewley*

Secretary *Sandra Macleod*

The notes form part of these financial statements.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2015	87	2,997,673	2,997,760
Cancellation of shares	(5)	-	(5)
Surplus for year	-	371,410	371,410
Balance as at 31st March 2016	<u>82</u>	<u>3,369,083</u>	<u>3,369,165</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2016

	Notes	2016 £	Restated 2015 £
Net cash inflow from operating activities	1	<u>449,421</u>	<u>389,810</u>
Cash flows from investing activities			
Payments to acquire and develop housing properties		-	(42,439)
Proceeds from sale of tangible fixed assets		147,426	-
Payments to acquire other fixed assets		(1,589)	(2,278)
Interest received		11,670	7,035
Net cash outflow from investing activities		<u>157,507</u>	<u>(37,682)</u>
Cashflow from financing activities			
Interest paid		(44,099)	(46,248)
Repayments of borrowings		(136,382)	(132,211)
Issue of share capital		-	1
Net cash outflow from financing activities		<u>(180,481)</u>	<u>(178,458)</u>
Net change in cash and cash equivalents		426,447	173,670
Cash and cash equivalents at the beginning of the year		1,391,392	1,217,722
Cash and cash equivalents at the end of the year		<u>1,817,839</u>	<u>1,391,392</u>

Notes

1) Cashflow from operating activities	2016 £	Restated 2015 £
Surplus for the year	371,410	280,638
Adjustments for non cash items		
Depreciation of tangible fixed assets	431,207	435,379
Decrease/(increase) in trade and other debtors	5,932	7,968
Increase/(decrease) in trade and other creditors	(22,797)	12,001
Pension costs less contributions payable	1,441	5,464
Share capital written off	(5)	(6)
Amortisation of Grants	(418,404)	(386,265)
Carrying amount of tangible fixed asset disposals	198,301	-
Adjustments for investing or financing activities		
Proceeds from the sale of tangible fixed assets	(147,426)	-
Interest payable	43,984	46,246
Interest receivable	(14,222)	(11,615)
	<u>449,421</u>	<u>389,810</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with FRS 102 as issued by the Financial Reporting Council and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2014, the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

Kingsridge Cleddans Housing Association Limited is a public benefit entity (PBE).

Turnover

Turnover represents rental and service charge income receivable, fees receivable, other income, revenue grants receivable from the Scottish Government, local authorities and other agencies.

Housing properties

Housing Properties are stated at cost less accumulated depreciation. Properties other than heritable land are depreciated at rates calculated to reduce the net book value of each component of the property to its residual value on a straight line basis, over the expected remaining life of the component. The estimated remaining lives are reviewed on a regular basis.

Component (Useful economic life)

Structure (50 years)
Windows (17 to 28 years)
Central heating boilers (17 to 34 years)
Radiators and pipework (17 to 36 years)
Kitchens (15 to 22 years)
Bathrooms (17 to 28 years)
Rewiring (17 to 28 years)

Reviews for impairment of housing properties are carried out regularly and any impairment in an income-generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the Statement of Comprehensive Income.

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing with the year of acquisition at rates estimated to write off costs less any residual value over the expected economic useful lives at annual rates :-

Furniture and Fittings	- 10% per annum
Office Equipment	- 25% per annum

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies (Continued)

Social housing grants and other grants

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.

Capitalisation of interest

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

Development administration costs

Development costs incremental to the other costs of the Association have been capitalised.

Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

The surplus or deficit is shown on the face of the Statement of Comprehensive Income.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income in the period to which they relate.

Cyclical and planned maintenance

The costs of cyclical and planned maintenance are charged to the Statement of Comprehensive Income in the year in which they are incurred.

Pension costs

The Association participates in the centralised Scottish Housing Associations Pension Scheme ("The Scheme") and retirement benefits to employees are funded by contributions from all participating employers and employees. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102 the payments in respect of the past service deficit plan have been discounted and recognised as a provision within the financial statements.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

1. Principal accounting policies (Continued)

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 Kingsridge Cleddans Housing Association Limited'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.

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.

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 recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard.

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

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

2. Particulars of turnover, cost of sales, operating costs and operating surpluses / (deficits)

	Turnover £	2016 Operating costs £	Operating surplus / (deficit) £
Income and expenditure from lettings			
Social lettings	1,488,884	1,038,767	450,117
Other activities	37,502	34,131	3,371
Total	<u>1,526,386</u>	<u>1,072,898</u>	<u>453,488</u>
		Restated 2015 Operating costs £	Operating surplus / (deficit) £
	Turnover £		
Social lettings	1,431,062	1,103,932	327,130
Other activities	26,150	32,547	(6,397)
Total	<u>1,457,212</u>	<u>1,136,479</u>	<u>320,733</u>

3. Particulars of income and expenditure from social letting activities

	General needs £	Supported accomm £	Shared ownership £	2016 Total £	Restated 2015 Total £
Income from letting					
Rent receivable net of identifiable service charges	997,041	12,951	23,959	1,033,951	1,016,956
Service charges	11,172	28,359	-	39,531	38,610
Gross income from rents and service charges	<u>1,008,213</u>	<u>41,310</u>	<u>23,959</u>	<u>1,073,482</u>	<u>1,055,566</u>
Less : voids	(3,002)	-	-	(3,002)	(10,769)
	<u>1,005,211</u>	<u>41,310</u>	<u>23,959</u>	<u>1,070,480</u>	<u>1,044,797</u>
Release of deferred capital grant	402,856	2,642	12,906	418,404	386,265
Total turnover from social letting activities	<u>1,408,067</u>	<u>43,952</u>	<u>36,865</u>	<u>1,488,884</u>	<u>1,431,062</u>
Expenditure on lettings					
Management and maintenance admin costs	362,253	4,709	8,711	375,673	333,434
Reactive maintenance	101,958	-	-	101,958	141,333
Planned maintenance	75,082	-	-	75,082	133,762
Bad debts - rents and service charges	15,607	-	-	15,607	23,293
Bad debts - others	-	-	3,051	3,051	1,339
Depreciation of social housing	405,416	2,917	19,532	427,865	432,161
Service charges	11,172	28,359	-	39,531	38,610
Total expenditure on lettings	<u>971,488</u>	<u>35,985</u>	<u>31,294</u>	<u>1,038,767</u>	<u>1,103,932</u>
Operating surplus for social lettings for 2016	<u>436,579</u>	<u>7,967</u>	<u>5,571</u>	<u>450,117</u>	<u>327,130</u>
Operating surplus for social lettings for 2015	<u>309,828</u>	<u>8,141</u>	<u>9,161</u>	<u>327,130</u>	

No service charges were receivable on housing accommodation not eligible for housing benefit (2015 - £Nil).

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Scottish Ministers' Grants £	Other Income £	Total Turnover £	Operating Costs £	2016 Total £	2015 Total £
Factoring services	-	420	420	420	-	-
Wider role	-	-	-	-	-	(6,397)
Support activities	37,082	-	37,082	33,711	3,371	-
Total for other activities for 2016	<u>37,082</u>	<u>420</u>	<u>37,502</u>	<u>34,131</u>	<u>3,371</u>	<u>(6,397)</u>
Total for other activities for 2015	<u>25,730</u>	<u>420</u>	<u>26,150</u>	<u>32,547</u>	<u>(6,397)</u>	

5. Surplus for year

Surplus is stated after charging (crediting):-

	2016 £	2015 £
Operating lease	12,319	12,064
Amortisation of capital grants	(418,404)	(386,265)
Depreciation/loss on sale - tangible other fixed assets	3,342	3,218
Depreciation - tangible land & buildings fixed assets	427,865	432,161
Auditors' remuneration (excl. VAT)	4,100	4,040
Bad debts	<u>18,658</u>	<u>24,632</u>

6. Loss on sale of housing stock

	2016 £	2015 £
Sales proceeds	150,680	-
Cost of sales	201,555	-
Loss on sale of housing stock	<u>(50,875)</u>	<u>-</u>

7. Interest payable and similar charges

	2016 £	2015 £
On property loans payable by instalments	<u>43,984</u>	<u>46,246</u>

8. Other finance income / charges

	2016 £	2015 £
Unwinding of discounted liabilities and remeasurement	<u>1,441</u>	<u>5,464</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

9. Directors' Emoluments

The remuneration paid to the directors (defined as the Committee of Management and Chief Executive of Kingsridge Cleddans Housing Association Limited) was:-

	2016	2015
	£	£
Total emoluments (including pension contributions and benefits in kind)	<u>58,818</u>	<u>57,949</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>52,376</u>	<u>51,602</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>243</u>	<u>290</u>

Contributions totalling £6,442 (2015 - £6,347) were made to the pension scheme of the Chief Executive. The Chief Executive's pension arrangements are on the same basis as other members of staff, with no enhanced or special terms.

None of the Committee members received any remuneration during the year.

10. Employee information

	2016	2015
The average full time equivalent of persons employed during the year was:-	<u>5</u>	<u>5</u>
	£	£
Staff costs (including Executive Emoluments)		
Wages and salaries	192,343	178,028
Social security costs	15,392	15,816
Pension contributions	<u>17,355</u>	<u>15,323</u>
	<u>225,090</u>	<u>209,167</u>

11. Tax on surplus on ordinary activities

The Association was recognised as a charity with effect from 15th May 2007 and as such is no longer subject to taxation.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

12. **Non-current assets**

a) **Housing Properties**

	Housing property held for letting £	Shared ownership held for letting £	Total £
Cost			
As at 1 st April 2015	19,651,543	976,599	20,628,142
Disposals	(207,472)	-	(207,472)
As at 31 st March 2016	<u>19,444,071</u>	<u>976,599</u>	<u>20,420,670</u>
Depreciation			
As at 1 st April 2015	5,707,149	117,192	5,824,341
Provided during year	408,333	19,532	427,865
Eliminated on disposal	(65,295)	-	(65,295)
As at 31 st March 2016	<u>6,050,187</u>	<u>136,724</u>	<u>6,186,911</u>
Net book value at 31.03.16	<u>13,393,884</u>	<u>839,875</u>	<u>14,233,759</u>
Net book value at 31.03.15	<u>13,944,394</u>	<u>859,407</u>	<u>14,803,801</u>

No administration costs were capitalised during the year (2015 - £Nil).

All properties are freehold.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

12. Non-current assets

b) Other tangible assets

	Furniture & fittings £	Office equipment £	Total £
Cost			
As at 1 st April 2015	43,315	23,135	66,450
Additions during year	261	1,328	1,589
Disposals in year	(136)	(1,316)	(1,452)
As at 31 st March 2016	<u>43,440</u>	<u>23,147</u>	<u>66,587</u>
Aggregate depreciation			
As at 1 st April 2015	35,424	20,291	55,715
Provided in year	1,320	1,972	3,292
Disposals in year	(136)	(1,266)	(1,402)
As at 31 st March 2016	<u>36,608</u>	<u>20,997</u>	<u>57,605</u>
Net book value at 31.03.16	<u>6,832</u>	<u>2,150</u>	<u>8,982</u>
Net book value at 31.03.15	<u>7,891</u>	<u>2,844</u>	<u>10,735</u>

13. Trade and other receivables

	2016 £	2015 £
Rental arrears	67,343	58,671
Less: provision for doubtful debts	<u>43,171</u>	<u>29,398</u>
	24,172	29,273
Other receivables	<u>32,527</u>	<u>30,806</u>
	<u>56,699</u>	<u>60,079</u>

Housing benefit in the sum of £12,487 (2015 - £16,636) is included within rent arrears.

14. Creditors - Amounts falling due within one year

	2016 £	2015 £
Current instalments of loans	126,735	143,327
Trade payables	7,719	26,252
Other creditors	17,430	9,699
Pension due within one year	11,591	11,253
Rent in advance	9,917	10,706
HAG repayable	115,173	-
Accruals and deferred income	134,876	134,956
	<u>423,441</u>	<u>336,193</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

15. Creditors - Amounts falling due after more than one year

	2016 £	2015 £
Loans	1,918,936	2,038,726
Liability for past service contributions	60,927	71,065
	<u>1,979,863</u>	<u>2,109,791</u>

Loan debt with the Clydesdale Bank totals £605k at March 2016. This loan rate shall be fully repaid by 2026 and is secured over 68 rented properties with an existing use value of £1.8m.

The Association has four loan agreements in place with Nationwide at March 2016. These facilities shall be fully repaid between 2027 and 2032 and are secured over 212 units with an existing use value of £3.8m.

Interest rates charged on these facilities currently ranges from 1% to 6.54%.

The above creditors are due as follows:

	2016 £	2015 £
Due within one year	<u>126,735</u>	<u>143,327</u>
Between one and two years	128,100	146,154
Between two and five years	392,638	456,628
In five years or more	<u>1,398,198</u>	<u>1,435,944</u>
	<u>1,918,936</u>	<u>2,038,726</u>

The liability for past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.29% (2015 - 2.22%).

The above creditors are due as follows:

	2016 £	2015 £
Due within one year	<u>11,591</u>	<u>11,253</u>
Between one and two years	12,224	11,339
Between two and five years	37,184	36,175
In five years or more	<u>11,519</u>	<u>23,551</u>
	<u>60,927</u>	<u>71,065</u>

16. Deferred capital grants

	2016 £	2015 £
Social Housing Grants		
Balance as at 1 st April 2015	10,822,263	11,208,528
Repaid on disposal of property	(115,173)	-
Transfer to cost of sales	56,124	-
Amortisation in year	(418,404)	(386,265)
Balance as at 31 st March 2016	<u>10,344,810</u>	<u>10,822,263</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

17. Share capital	2016	2015
Shares of £1 each issued and fully paid		
As at 1 st April 2015	87	92
Shares issued at par during the year	<u>-</u>	<u>1</u>
	87	93
Shares forfeited	(5)	(6)
	<u>82</u>	<u>87</u>
At 31 st March 2016		

Each shareholder of the Association holds only one share and is entitled to vote at general meetings of the Association. Shares carry no right to dividend or distribution 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 member meetings.

18. Housing stock	2016	2015
The number of units of accommodation in management at the year end was :-		
General needs - new build	253	256
- rehabilitation	27	27
Shared ownership	<u>14</u>	<u>14</u>
	<u>294</u>	<u>297</u>

19. Capital commitments

The Association had no capital commitments at 31st March 2016 (2015 - £Nil).

20. Leasing commitments

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:

	Land & Buildings	
	2016	2015
	£	£
Expiring between one and five years	<u>11,785</u>	<u>11,573</u>

21. Contingent liabilities

The Association has no known contingent liabilities at 31st March 2016 (2015 - £Nil).

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

22. Related party transactions

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

Some key management personnel and their close family are tenants and shared owners of the Association. The tenancies are on the Association's normal tenancy terms and shared ownerships rent charges are also at normal arms-length contractual terms. The rent charge in the year in respect of these tenancies and shared ownership accounts were £32,849 (2015 - £25,738) with rent arrears at the year end of £239 (2015 - £Nil) and rent prepayments of £542 (2015 - £190).

Mr John Barclay and Ms Christine Wards are on the Board of Kingsridge Cleddans Economic Development Group (KCEDG). During the year the Association paid rent totalling £11,573 (2015 - £11,346) to that organisation.

23. Legislation

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

24. Retirement Benefit Obligations

General

Kingsridge Cleddans Housing Association Limited participates in the Scottish Housing Associations' 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.

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 FRS 102 represents the employer contribution payable.

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.

A full actuarial valuation for the scheme was carried out at 30th September 2015. The preliminary results of the valuation showed assets of £612m, liabilities of £816m and a deficit of £198m equivalent to a past service funding level of 76%.

Based on the provisional valuation the scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £12,504 per annum from 1st April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employers 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 £72,518 (2015 - £82,318). 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 2.29%.

The Association made payments totalling £28,597 (2015 - £26,237) to the pension scheme during the year.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2016

25. Transition to FRS 102

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 1st April 2015. As a result of this the comparative figures for the period ending 31st March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in several 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 31st March 2016.

Changes for FRS 102 adoption:

- (i) Social Housing 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) FRS 102 requires that provision be made for employment costs such as holiday pay which had been incurred but not paid at the balance sheet date. Previously no adjustment had been made for these amounts.
- (iii) 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.
- (iv) The liability recognised as a result of (iii) 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.
- (v) FRS 102 requires that all debtor balances are included at fair value. The balances due from tenants have therefore been reviewed and adjusted as necessary.

Restated Statement of Financial Position

	31.03.15	01.04.15
	£	£
Original capital and reserves	2,353,142	2,166,058
Increase in pension deficit	(82,318)	(87,768)
Increase in accumulated depreciation	(4,680,621)	(4,392,636)
Increase in HAG amortisation	5,417,738	5,031,473
Adjustment to employee costs	20	-
Adjustment to bad debt provision	(10,201)	-
Restated statement of financial position	<u>2,997,760</u>	<u>2,717,127</u>

Restated Surplus for the Year Ended 31.03.15

	31.03.15
	£
Original profit on ordinary activities	187,089
Adjustment to depreciation	(287,985)
HAG amortisation in year	386,265
Adjustment to employee costs	10,934
Adjustment to bad debt provision	(10,201)
Unwinding of pension discount	(2,628)
Change in assumption of discount rate	(2,836)
Restated surplus for the year	<u>280,638</u>