

**KINGSRIDGE CLEDDANS HOUSING ASSOCIATION
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

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KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

ADVISERS AND REGISTERED OFFICE

FOR THE YEAR ENDED 31ST MARCH 2017

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 2017

The Management Committee present their report and the audited financial statements for the year ended 31st March 2017.

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 £3,765,124 (2016 - £3,369,165). The surplus for the year was £395,962 (2016 - £371,410).

During the year to 31st March 2017 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 2016/17.

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.

We replaced external doors and windows in 27 flats at 37-45 Lochgoin Avenue in accordance with recommendations made in our stock condition survey report, as components had reached the end of their life cycle.

We carried out Internal Audits in The Regulatory standards of governance and financial management, rent arrears management and Health and Safety.

Our 5 year and 30 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 financial cost ratios are comparable with or better than peer group and national medians.

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 £92,673.

The Association strive for continuous improvement and ongoing review of key business objectives remains an ongoing priority. A comparison of key performance indicators against national averages highlighted that our performance was comparable or better than national medians. Performance improved across the board in all areas in comparison to 2015/16 outturn.

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 2017

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
J. Knox (Appointed 30.08.16)
M. Moffat (Resigned 24.05.16)

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 2016 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 2017

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



Committee Member

Dated : 25/7/17

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

COMMITTEE STATEMENT ON THE ASSOCIATION'S

SYSTEM OF INTERNAL FINANCIAL CONTROL

FOR THE YEAR ENDED 31ST MARCH 2017

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 environment in which it operates. These controls are designed to give reasonable assurance with respect to:

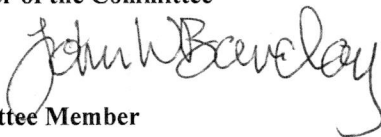
- . The reliability of financial information used within the Association or for publication;
- . The maintenance of proper accounting records;
- . The safeguarding of assets against unauthorised use or disposition.

It is the 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 2017 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



Committee Member

Dated : 25/7/17

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED
REPORT BY THE INDEPENDENT AUDITORS TO THE COMMITTEE
ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31ST MARCH 2017

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.

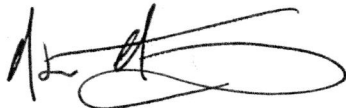
Basis of opinion

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 : 8th August 2017

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 2017 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 on the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 2017 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: 8th August 2017

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST MARCH 2017

	Notes	2017	2016
		£	£
Turnover	2	1,532,168	1,526,386
Operating costs	2	1,092,249	1,072,898
Operating surplus	2	<u>439,919</u>	<u>453,488</u>
Gain/(Loss) on sale of housing stock	6	(22,021)	(50,875)
Interest receivable and other income		11,211	14,222
Interest payable and similar charges	7	(30,547)	(43,984)
Other finance charges	8	(2,600)	(1,441)
Surplus before tax		<u>395,962</u>	<u>371,410</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>395,962</u></u>	<u><u>371,410</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 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets - social housing	12a	13,961,267	14,233,759
Other tangible assets - plant and equipment	12b	<u>6,777</u>	<u>8,982</u>
		<u>13,968,044</u>	<u>14,242,741</u>
 Current assets			
Debtors	13	60,899	56,699
Cash at bank and in hand		<u>1,313,937</u>	<u>1,817,839</u>
		1,374,836	1,874,538
 Creditors: amounts falling due within one year	14	(389,458)	(423,441)
 Net current assets		<u>985,378</u>	<u>1,451,097</u>
 Total assets less current liabilities		14,953,422	15,693,838
 Creditors : amounts falling due after more than one year	15	(1,304,350)	(1,979,863)
 Deferred income			
Deferred capital grants	16	(9,883,948)	(10,344,810)
 Net assets		<u>3,765,124</u>	<u>3,369,165</u>
 Equity			
Share capital	17	79	82
Revenue reserves		3,765,045	3,369,083
		<u>3,765,124</u>	<u>3,369,165</u>

These financial statements were approved by the Management Committee on 25/7/17 and signed on their behalf by:

Chairperson *E Shaw*

Committee Member *J Atkes*

Committee Member *Rm-Lorès*

The notes form part of these financial statements.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2017

	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>
Balance as at 1st April 2016	82	3,369,083	3,369,165
Cancellation of shares	(4)	-	(4)
Issue of shares	1	-	1
Surplus for year	-	395,962	395,962
Balance as at 31st March 2017	<u>79</u>	<u>3,765,045</u>	<u>3,765,124</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2017

	Notes	2017 £	2016 £
Net cash generated from operating activities	1	<u>451,922</u>	<u>449,421</u>
Cash flow from investing activities			
Payments to acquire and develop housing properties	(	248,631)	-
Proceeds from sale of housing properties		89,625	147,426
Purchase of other fixed assets	(	215)	(1,589)
Grants repaid	(	79,214)	-
Interest received		14,855	11,670
Net cash outflow from investing activities		<u>(223,580)</u>	<u>157,507</u>
Cash flow from financing activities			
Interest paid	(	28,776)	(44,099)
Repayments of borrowings	(	703,469)	(136,382)
Issue of share capital		1	-
Net cash outflow from financing activities		<u>(732,244)</u>	<u>(180,481)</u>
Net change in cash and cash equivalents		(503,902)	426,447
Cash and cash equivalents at 1 st April 2016		1,817,839	1,391,392
Cash and cash equivalents at 31st March 2017		<u>1,313,937</u>	<u>1,817,839</u>

Notes

1) Cash flow from operating activities		2017	2016
		£	£
Surplus for the year		395,962	371,410
Adjustments for non cash items			
Depreciation of tangible fixed assets		456,002	431,207
Decrease/(increase) in debtors	(	7,844)	5,932
Increase/(decrease) in creditors	(	8,505)	(22,797)
Pension costs less contributions payable		2,600	1,441
Forfeited share capital	(	4)	(5)
Release of deferred Government Capital Grant	(	427,646)	(418,404)
Carrying amount of tangible fixed asset disposals		111,646	198,301
Adjustments for investing or financing activities			
Proceeds from the sale of tangible fixed assets	(	89,625)	(147,426)
Interest payable		30,547	43,984
Interest received	(	11,211)	(14,222)
Net cash generated from operating activities		<u>451,922</u>	<u>449,421</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

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 2017

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 2017

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 2017

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

Income and expenditure from lettings	Turnover	2017 Operating costs	Operating surplus / (deficit)
	£	£	£
Social lettings	1,504,776	1,067,317	437,459
Other activities	27,392	24,932	2,460
Total	1,532,168	1,092,249	439,919
	Turnover	2016 Operating costs	Operating surplus / (deficit)
	£	£	£
Social lettings	1,488,884	1,038,767	450,117
Other activities	37,502	34,131	3,371
Total	1,526,386	1,072,898	453,488

3. Particulars of income and expenditure from social letting activities

	General needs £	Supported accommod £	Shared ownership £	2017 Total £	2016 Total £
Income from letting					
Rent receivable net of identifiable service charges	1,008,404	13,171	20,306	1,041,881	1,033,951
Service charges	11,110	28,359	-	39,469	39,531
Gross income from rents and service charges	1,019,514	41,530	20,306	1,081,350	1,073,482
Less : voids	(4,220)	-	-	(4,220)	(3,002)
	1,015,294	41,530	20,306	1,077,130	1,070,480
Release of deferred capital grant	413,823	2,716	11,107	427,646	418,404
Total turnover from social letting activities	1,429,117	44,246	31,413	1,504,776	1,488,884
Expenditure on lettings					
Management and maintenance admin costs	355,400	14,529	8,382	378,311	375,673
Reactive maintenance	110,528	-	-	110,528	101,958
Planned maintenance	101,683	-	-	101,683	75,082
Bad debts - rents and service charges	(16,256)	-	-	(16,256)	15,607
Bad debts - others	-	-	-	-	3,051
Depreciation of social housing	433,415	3,107	17,060	453,582	427,865
Service charges	11,110	28,359	-	39,469	39,531
Total expenditure on lettings	995,880	45,995	25,442	1,067,317	1,038,767
Operating surplus for social lettings for 2017	433,237	(1,749)	5,971	437,459	450,117
Operating surplus for social lettings for 2016	436,579	7,967	5,571	450,117	

No service charges were receivable on housing accommodation not eligible for housing benefit (2016 - £Nil).

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

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

	Scottish Ministers' Grants £	Other Income £	Total Turnover £	Operating Costs £	2017 Total £	2016 Total £
Factoring services	-	330	330	330	-	-
Support activities	27,062	-	27,062	24,602	2,460	3,371
Total for other activities for 2017	<u>27,062</u>	<u>330</u>	<u>27,392</u>	<u>24,932</u>	<u>2,460</u>	<u>3,371</u>
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>	

5. Surplus for year

Surplus is stated after charging (crediting):-

	2017 £	2016 £
Operating lease	12,531	12,319
Amortisation of capital grants	(427,646)	(418,404)
Depreciation/loss on sale - tangible other fixed assets	2,420	3,342
Depreciation - tangible land & buildings fixed assets	453,582	427,865
Auditors' remuneration (excl. VAT)	4,200	4,100
Bad debts	(16,256)	<u>18,658</u>

6. Gain/(Loss) on sale of housing stock

	2017 £	2016 £
Sales proceeds	92,000	150,680
Cost of sales	114,021	201,555
Gain/(loss) on sale of housing stock	<u>(22,021)</u>	<u>(50,875)</u>

7. Interest payable and similar charges

	2017 £	2016 £
On property loans payable by instalments	<u>30,547</u>	<u>43,984</u>

8. Other finance income / charges

	2017 £	2016 £
Unwinding of discounted liabilities and remeasurement	<u>2,600</u>	<u>1,441</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

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:-

	2017 £	2016 £
Total emoluments (including pension contributions and benefits in kind)	<u>59,610</u>	<u>58,818</u>
Total emoluments (excluding pension contributions) to the highest paid director amounted to	<u>53,103</u>	<u>52,376</u>
Total expenses reimbursed to the Committee in so far as not chargeable to United Kingdom income tax	<u>250</u>	<u>243</u>

Contributions totalling £6,507 (2016 - £6,442) 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

	2017	2016
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	192,657	192,343
Social security costs	15,818	15,392
Pension contributions	<u>24,044</u>	<u>17,355</u>
	<u>232,519</u>	<u>225,090</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 2017

12. Non-current assets

a) Housing Properties

	Housing property held for letting £	Shared ownership held for letting £	Total £
Cost			
As at 1 st April 2016	19,444,071	976,599	20,420,670
Transfers	123,596	(123,596)	-
Additions	248,631	-	248,631
Disposals	(154,998)	-	(154,998)
As at 31 st March 2017	<u>19,661,300</u>	<u>853,003</u>	<u>20,514,303</u>
Depreciation			
As at 1 st April 2016	6,050,187	136,724	6,186,911
Transfers	17,303	(17,303)	-
Provided during year	436,522	17,060	453,582
Eliminated on disposal	(87,457)	-	(87,457)
As at 31 st March 2017	<u>6,416,555</u>	<u>136,481</u>	<u>6,553,036</u>
Net book value at 31.03.17	<u>13,244,745</u>	<u>716,522</u>	<u>13,961,267</u>
Net book value at 31.03.16	<u>13,393,884</u>	<u>839,875</u>	<u>14,233,759</u>

No administration costs were capitalised during the year (2016 - £Nil).

Net book value of properties under security at 31st March 2017 was £2,051,105 (2016 - £2,202,721).

All properties are freehold.

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

12. **Non-current assets**

b) **Other tangible assets**

	Furniture & fittings £	Office equipment £	Total £
Cost			
As at 1 st April 2016	43,440	23,147	66,587
Additions during year	-	215	215
Disposals in year	-	(234)	(234)
As at 31 st March 2017	<u>43,440</u>	<u>23,128</u>	<u>66,568</u>
Aggregate depreciation			
As at 1 st April 2016	36,608	20,997	57,605
Provided in year	1,236	1,184	2,420
Disposals in year	-	(234)	(234)
As at 31 st March 2017	<u>37,844</u>	<u>21,947</u>	<u>59,791</u>
Net book value at 31.03.17	<u>5,596</u>	<u>1,181</u>	<u>6,777</u>
Net book value at 31.03.16	<u>6,832</u>	<u>2,150</u>	<u>8,982</u>

13. **Trade and other receivables**

	2017 £	2016 £
Rental arrears	63,569	67,343
Less: provision for doubtful debts	<u>24,312</u>	<u>43,171</u>
	39,257	24,172
Other receivables	<u>21,642</u>	<u>32,527</u>
	<u>60,899</u>	<u>56,699</u>

Housing benefit in the sum of £15,491 (2016 - £12,487) is included within rent arrears.

14. **Creditors - Amounts falling due within one year**

	2017 £	2016 £
Current instalments of loans	88,887	126,735
Trade payables	13,527	7,719
Other creditors	14,420	17,430
Pension due within one year	12,504	11,591
Rent in advance	16,593	9,917
HAG repayable	113,280	115,173
Accruals and deferred income	130,247	134,876
	<u>389,458</u>	<u>423,441</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

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

	2017 £	2016 £
Loans	1,253,315	1,918,936
Liability for past service contributions	51,035	60,927
	<u>1,304,350</u>	<u>1,979,863</u>

The Association repaid all its Clydesdale bank loans during the period to date. Loan debt with the Clydesdale Bank was therefore £Nil at 31st March 2017 (2016 - £605k).

The Association has four loan agreements in place with Nationwide at 31st March 2017. These facilities shall be fully repaid between 2027 and 2032 and are secured over 143 units with an existing use value of £3.8m.

Interest rates charged on these facilities is currently 0.8%.

The above creditors are due as follows:

	2017 £	2016 £
Due within one year	<u>88,887</u>	<u>126,735</u>
Between one and two years	89,609	128,100
Between two and five years	273,218	392,638
In five years or more	890,488	1,398,198
	<u>1,253,315</u>	<u>1,918,936</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 1.06% (2016 - 2.29%).

The above creditors are due as follows:

	2017 £	2016 £
Due within one year	<u>12,504</u>	<u>11,591</u>
Between one and two years	12,744	12,224
Between two and five years	38,291	37,184
In five years or more	-	11,519
	<u>51,035</u>	<u>60,927</u>

16. Deferred capital grants

	2017 £	2016 £
Social Housing Grants		
Balance as at 1 st April 2016	10,344,810	10,822,263
Repaid on disposal of property	(77,321)	(115,173)
Transfer to cost of sales	44,105	56,124
Amortisation in year	(427,646)	(418,404)
Balance as at 31 st March 2017	<u>9,883,948</u>	<u>10,344,810</u>
Due within 1 year	392,741	382,760
Due after more than 1 year	9,491,207	9,962,050
	<u>9,883,948</u>	<u>10,344,810</u>

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

17. Share capital

	2017	2016
Shares of £1 each issued and fully paid		
As at 1 st April 2016	82	87
Shares issued at par during the year	<u>1</u>	<u>-</u>
	83	87
Shares forfeited	<u>(4)</u>	<u>(5)</u>
At 31 st March 2017	<u>79</u>	<u>82</u>

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

	2017	2016
The number of units of accommodation in management at the year end was :-		
General needs - new build	254	253
- rehabilitation	27	27
Shared ownership	<u>11</u>	<u>14</u>
	<u>292</u>	<u>294</u>

19. Capital commitments

The Association had no capital commitments at 31st March 2017 (2016 - £Nil).

20. Leasing commitments

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

	Land & Buildings	
	2017	2016
	£	£
Expiring between one and five years	<u>9,031</u>	<u>11,785</u>

21. Contingent liabilities

The Association has no known contingent liabilities at 31st March 2017 (2016 - £Nil).

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST MARCH 2017

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 £33,873 (2016 - £32,849) with rent arrears at the year end of £44 (2016 - £239) and rent prepayments of £586 (2016 - £542).

Mr John Docherty, 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 £11,786 (2016 - £11,573) to that organisation.

23. Legislation

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

24. Retirement Benefit Obligations

The Pensions Trust Retirement Solutions - Scottish Housing Associations' Pension Scheme (the Scheme)

The company participates in the Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The Scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the Scheme as a defined contribution scheme.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30th December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

A formal actuarial valuation for the Scheme was carried out at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to make additional contributions - increasing at 3% per annum - to February 2022. The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Scheme liabilities. (Recently, a provisional valuation of the Scheme was carried out in September 2016. This showed assets of £810m, liabilities of £1,020m and a larger deficit of £210m).

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company must recognise a liability for this obligation by reference to Para 28.11A of FRS 102. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. At the statement of financial position date the present value of this obligation was £63,539 (2016 - £72,518). This was calculated by reference to the terms of the agreement and discounting the liability using the yield of a high quality corporate bond with a similar term. The discount rate used was 1.06%. The unwinding of the discount rate is recognised as a finance cost.

The Association also makes contributions to the personal pension scheme of one employee which is a defined contribution scheme operated by an insurance company.

The total pension cost for the Association for the year was £32,375 (2016 - £28,597) including pension deficit contribution payments to the Scheme of £11,579 (2016 - £11,242).