

Linstone Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No. HEP299

FCA Reference No. 2524R (S)

Scottish Charity No. SCO27454

LINSTONE HOUSING ASSOCIATION LIMITED

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LINSTONE HOUSING ASSOCIATION LIMITED

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

MANAGEMENT COMMITTEE

Nanette J. Reid BEM	Chairperson
Elizabeth Arnott	Vice-Chairperson
James Carmichael	Retired 15 September 2015
Jamie Irvine	
Elizabeth McAlpine	Secretary
Audrey Simpson	
Joe Ferrie	
Elaine Hunter	
Sandy Hewitt	
Bernard Singleton	
Elizabeth Bell	Appointed 15 September 2015
Bernard Parsons	Appointed 15 September 2015
Councillor John hood	
Colin Turnbull	
Isaac Nwokeabia	Co-opted 15 September 2015

EXECUTIVE OFFICERS

Adele Fraser	Chief Executive Officer
David Adam	Director of Housing & Property Services
Gary Dalziel	Director of Finance & Corporate Services

REGISTERED OFFICE

17 Bridge Street
Linwood
Renfrewshire
PA3 3DB

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland Corporate Specialist Banking - RM (Not for Profit)
2nd Floor Pentland House
8 Lochside Avenue
Edinburgh Park
EH12 9DJ

SOLICITORS

HBJ Gateley
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

LINSTONE HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2524R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO27454.

Principal Activities

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

Review of Business and Future Developments

The Association has now completed its seventeenth year of business and 2015/16 has been successful in terms of performance and activities.

The rent increase for the year was set at 1.5%, which is low in comparison to other Housing Associations in our sector. Our major expenditure during the year was targeted to improve our stock including progressing the ECO programme. For these works the association invested almost £2 million while at the same time attaining significant grant funding from the energy companies and government. This has allowed us to continue our major programme of investment in insulating and improving energy efficiency within our residents' homes.

Allied to the investment in our ECO programme expenditure in relation to other works including reactive maintenance, cyclical works and minor planned maintenance amounted to a further £1.1 million.

We continued to deliver significant investment and resources into Johnstone Castle which has resulted in improvements in allocating the properties in this area. Extensive estate management initiatives have been implemented across large portions of our stock including close cleaning, estate services and on-going maintenance.

One area Linstone continues to focus on is providing training opportunities through placements and temporary positions for people in our communities. During the year we were able to offer several placements including from the Community Jobs Fund and Invest in Renfrewshire.

In December 2015 the association (on behalf of FLAIR and other partners) was successful in attaining over £500,000 from the Big Lottery for a 3 year project aimed at providing support to tenants suffering from financial exclusion which complements and builds upon our existing welfare rights service. The second phase of this Lottery funded project, Connect4Renfrewshire, commenced in December 2015 and will continue for 3 years. Working with several third sector partners, the project provides assistance in home energy, financial literacy, mental health support and furniture provision.

Linstone has also been successful in raising external funding to resource a number of innovative wider role projects including Community Connectors.

Other activities which continued the development and growth of the association during the last year included a focus upon marketing, on-line communication and communication with our customers. An enhanced website with greater user functionality was implemented together with increasing our social media presence across a range of platforms.

Across almost all areas of core performance Linstone continued to see a positive trend with areas like tenancy sustainment, debt control and re-letting of homes all improving on the previous year's performance.

Overall Linstone has made significant progress throughout the year and this has allowed us to meet a range of commitments to our customers and deliver long term improvements in our homes.

LINSTONE HOUSING ASSOCIATION LIMITED

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

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

LINSTONE HOUSING ASSOCIATION LIMITED

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

Statement on Internal Financial Control

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

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

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

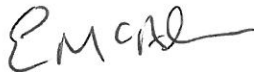
The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

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

By order of the Management Committee

ELIZABETH MCALPINE
Secretary
30 August 2016



LINSTONE HOUSING ASSOCIATION LIMITED

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



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
30 August 2016

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

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LINSTONE HOUSING ASSOCIATION LIMITED

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
30 August 2016

LINSTONE HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
REVENUE	2.	8,842,853	8,205,145
Operating Costs	2.	(8,556,121)	(7,980,429)
OPERATING SURPLUS	9.	286,732	224,716
Gain On Sale Of Housing Stock	7.	64,045	83,469
Interest Receivable and Other Income		35,873	29,192
Interest Payable and Similar Charges	8.	(321,236)	(333,766)
Other Finance Charges	11.	(53,000)	(248,000)
		(274,318)	(469,105)
SURPLUS / (DEFICIT) FOR YEAR		12,414	(244,389)
Other Comprehensive Income	26.	173,000	57,000
TOTAL COMPREHENSIVE INCOME		185,414	(187,389)

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

The notes on pages 12 to 30 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

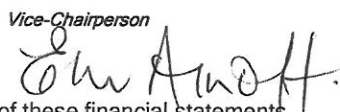
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

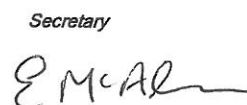
	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		21,083,221		21,632,953
Other Non Current Assets	12.(b)		531,743		573,122
			<u>21,614,964</u>		<u>22,206,075</u>
CURRENT ASSETS					
Receivables	15.	448,594		444,418	
Investments	15.	1,598,658		2,112,331	
Cash at bank and in hand		3,083,315		2,689,387	
		<u>5,130,567</u>		<u>5,246,136</u>	
CREDITORS: Amounts falling due within one year	16.	(1,888,026)		(1,847,959)	
NET CURRENT ASSETS			<u>3,242,541</u>		<u>3,398,177</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,857,505</u>		<u>25,604,252</u>
CREDITORS: Amounts falling due after more than one year	17.	(12,631,682)		(13,327,224)	
DEFERRED INCOME					
Social Housing Grants	19.	(4,266,127)		(4,327,741)	
			<u>(4,266,127)</u>		<u>(4,327,741)</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Pension Liability	26.	(114,000)		(289,000)	
NET ASSETS			<u>7,845,696</u>		<u>7,660,287</u>
EQUITY					
Share Capital	20.		159		164
Revenue Reserves			7,845,537		7,660,123
			<u>7,845,696</u>		<u>7,660,287</u>

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

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 30 August 2016.

Chairperson


Vice-Chairperson


Secretary


The notes on pages 12 to 30 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	18.	945,664	155,417
Investing Activities			
Acquisition and Construction of Properties	(383,145)	(1,170,745)	
Purchase of Other Fixed Assets	-	(614,501)	
Social Housing Grant Received	68,065	1,038,399	
Changes on short term deposits with banks	513,673	(5,716)	
Proceeds on Disposal of Properties	88,540	106,466	
Net Cash Inflow / (Outflow) from Investing Activities		287,133	(646,097)
Financing Activities			
Interest Received on Cash and Cash Equivalents	27,232	29,192	
Interest Paid on Loans	(321,236)	(333,766)	
Loan Principal Repayments	(544,866)	(534,372)	
Share Capital Issued	1	2	
Net Cash Outflow from Financing		(838,869)	(838,944)
Increase / (decrease) in Cash		393,928	(1,329,624)
Opening Cash & Cash Equivalents		2,689,387	4,019,011
Closing Cash & Cash Equivalents		3,083,315	2,689,387
Cash and Cash equivalents as at 31 March 2016.			
Cash		3,083,315	2,689,387
		<u>3,083,315</u>	<u>2,689,387</u>

The notes on pages 12 to 30 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY 31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	172	7,847,512	7,847,684
Issue of Shares	2	-	2
Cancellation of Shares	(10)	-	(10)
Surplus for Year	-	(187,389)	(187,389)
Balance as at 31st March 2015	164	7,660,123	7,660,287
Balance as at 1st April 2015	164	7,660,123	7,660,287
Issue of Shares	1	-	1
Cancellation of Shares	(6)	-	(6)
Surplus for Year	-	185,414	185,414
Balance as at 31st March 2016	159	7,845,537	7,845,696

The opening Revenue Reserve balance at 1 April 2014 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Revenue

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

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

Retirement Benefits

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

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within Note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Structure	50 years
Kitchens	15 years
Bathrooms	25 years
Central Heating	20 years
Windows	35 years
Door Entry System	16 years
Lifts	40 years

LINSTONE HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Leasehold Office Improvements	- 6.67%
Computer Equipment	- 20%
Furniture and Office Equipment	- 10%
Office Premises	- 5%

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

Social Housing Grant And Other Grants In Advance/Arrears

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

When components are replaced, remaining deferred Social Housing Grant on these components is written off to the Statement of Comprehensive Income.

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.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Leases/Leased Assets

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

Works to Existing Properties

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

LINSTONE HOUSING ASSOCIATION LIMITED

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

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 Linstone Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Useful life of properties, plant and equipment

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

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

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

b) The Categorisation of Housing Properties

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

c) Identification of cash generating units

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

d) Pension Liability

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

e) Fixed Rate Loans

The Association has considered the break clauses attached to the Financial Instruments that it has in place for its loan funding. In the judgement of the Board, these break clauses do not cause the Financial Instruments to be classified as a Complex Financial Instrument, and therefore, they meet the definition of a Basic Financial Instrument.

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	8,151,691	8,031,802	119,889	7,830,800	7,655,705	175,095
Other Activities	4.	691,162	524,319	166,843	374,345	324,724	49,621
Total		8,842,853	8,556,121	286,732	8,205,145	7,980,429	224,716

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2016 Total £	2015 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	5,851,265	304,063	6,155,328	6,004,409
Service Charges	27,336	208,930	236,266	231,039
Gross income from rent and service charges	5,878,601	512,993	6,391,594	6,235,448
Less: Rent losses from voids	158,795	5,582	164,377	174,594
Net Rents Receivable	5,719,806	507,411	6,227,217	6,060,854
Grants released from deferred income	129,679	-	129,679	135,487
Revenue grants from Scottish Ministers	48,651	-	48,651	53,010
Home Energy Efficiency Programmes Scotland Grant	1,671,333	-	1,671,333	1,581,449
Other revenue grants	74,811	-	74,811	-
Total turnover from affordable letting activities	7,644,280	507,411	8,151,691	7,830,800
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,943,306	101,883	2,045,189	2,099,365
Service Costs	28,936	221,163	250,099	263,205
Planned and cyclical maintenance, including major repairs	3,795,899	195,175	3,991,074	3,681,957
Reactive maintenance costs	737,089	37,943	775,032	649,780
Bad Debts - rents and service charges	58,962	3,064	62,026	(973)
Depreciation of affordable let properties	862,969	45,413	908,382	962,371
Operating costs of affordable letting activities	7,427,161	604,641	8,031,802	7,655,705
Operating surplus on affordable letting activities	217,119	(97,230)	119,889	175,095
2015	183,744	(8,649)		

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	131,719	-	120,916	252,635	-	257,783	(5,148)	(26,631)
Factoring	-	-	-	365,357	365,357	6,935	231,030	127,392	61,218
Support Activities	-	-	30,390	-	30,390	-	28,571	1,819	15,034
Other activities	-	42,780	-	-	42,780	-	-	42,780	-
Total From Other Activities	-	174,499	30,390	486,273	691,162	6,935	517,384	166,843	49,621
2015	37,133	-	-	337,212	374,345	2,543	322,181	49,621	

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>69,930</u>	<u>69,265</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,832</u>	<u>7,716</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,930</u>	<u>69,265</u>
Total Compensation paid to key management personnel	<u>202,888</u>	<u>201,503</u>

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

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

6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>49</u>	<u>47</u>
The average total number of Employees employed during the year was	<u>51</u>	<u>51</u>
Staff Costs were:	£	£
Wages and Salaries	1,400,811	1,414,121
Social Security Costs	108,000	118,132
Other Pension Costs	116,097	127,741
Temporary, Agency and Seconded Staff	34,243	33,708
	<u>1,659,151</u>	<u>1,693,702</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	88,540	106,466
Cost of Sales	24,495	22,997
Gain On Sale Of Housing Stock	<u>64,045</u>	<u>83,469</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>321,236</u>	<u>333,766</u>

9. SURPLUS / (DEFICIT) FOR YEAR

	2016	2015
	£	£
Surplus / (Deficit) is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	949,761	1,012,842
Auditors' Remuneration - Audit Services	9,024	9,000
Auditors' Remuneration - Other Services	1,806	-
Operating Lease Rentals - Other	11,784	2,439
Gain on sale of fixed assets	<u>-</u>	<u>83,469</u>

10. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	44,000	253,000
Finance (Gain)/Cost on Strathclyde Pension Fund	9,000	(5,000)
	<u>53,000</u>	<u>248,000</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2015	31,863,495	31,863,495
Additions	383,145	383,145
Disposals	(219,495)	(219,495)
Schemes Completed	-	-
As at 31st March 2016	<u>32,027,145</u>	<u>32,027,145</u>
DEPRECIATION		
As at 1st April 2015	10,230,542	10,230,542
Charge for Year	908,382	908,382
Disposals	(195,000)	(195,000)
As at 31st March 2016	<u>10,943,924</u>	<u>10,943,924</u>
NET BOOK VALUE		
As at 31st March 2016	<u>21,083,221</u>	<u>21,083,221</u>
As at 31st March 2015	<u>21,632,953</u>	<u>21,632,953</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £156,495 (2015 £203,472)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £4,922,601. The amount capitalised is £156,495, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £156,495 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £3,951,414 (2015 - £4,312,389).

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Furniture & Equipment £	Office Premises £	Office Computers £	Total £
COST				
As at 1st April 2015	63,681	501,020	49,800	614,501
Additions	-	-	-	-
Eliminated on Disposals	-	-	-	-
As at 31st March 2016	<u>63,681</u>	<u>501,020</u>	<u>49,800</u>	<u>614,501</u>
AGGREGATE DEPRECIATION				
As at 1st April 2015	6,368	25,051	9,960	41,379
Charge for year	6,368	25,051	9,960	41,379
Eliminated on disposal	-	-	-	-
As at 31st March 2016	<u>12,736</u>	<u>50,102</u>	<u>19,920</u>	<u>82,758</u>
NET BOOK VALUE				
As at 31st March 2016	<u>50,945</u>	<u>450,918</u>	<u>29,880</u>	<u>531,743</u>
As at 31st March 2015	<u>57,313</u>	<u>475,969</u>	<u>39,840</u>	<u>573,122</u>

13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>791,100</u>	<u>7,282,931</u>

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

14. COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	3,330	-
Later than one year and not later than five years	<u>23,266</u>	<u>26,516</u>

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

15. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Short Term Deposits	<u>1,598,658</u>	<u>2,112,331</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	251,420	362,181
Less: Provision for Doubtful Debts	(128,032)	(142,182)
	123,388	219,999
Other Receivables	325,206	224,419
	<u>448,594</u>	<u>444,418</u>

16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	554,888	557,212
Trade Payables	99,903	162,833
Rent in Advance	191,072	130,986
Other Taxation and Social Security	35,487	36,536
Other Payables	101,720	90,980
Liability for Past Service Contributions	197,000	192,000
Accruals and Deferred Income	707,956	677,412
	<u>1,888,026</u>	<u>1,847,959</u>

At the balance sheet date there were pension contributions outstanding of £37,501 (2015 £31,462)

17 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions (SHAPS)	2,135,000	2,288,000
Housing Loans	10,496,682	11,039,224
	<u>12,631,682</u>	<u>13,327,224</u>
<i>Housing Loans</i>		
Amounts due within one year	554,888	557,212
Amounts due in one year or more but less than two years	548,670	564,949
Amounts due in two years or more but less than five years	1,624,263	1,778,451
Amounts due in more than five years	8,323,749	8,695,824
	11,051,570	11,596,436
Less: Amount shown in Current Liabilities	554,888	557,212
	<u>10,496,682</u>	<u>11,039,224</u>
<i>Liability for Past Service Contributions (SHAPS)</i>		
Amounts due within one year	197,000	192,000
Amounts due in one year or more but less than two years	203,000	197,000
Amounts due in two years or more but less than five years	648,000	629,000
Amounts due in more than five years	1,284,000	1,462,000
	2,332,000	2,480,000
Less: Amount shown in Current Liabilities	197,000	192,000
	<u>2,135,000</u>	<u>2,288,000</u>

Housing Loans

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest		Maturity	Variable / Fixed
		Rate			
Nationwide	Nationwide hold a Standard Security over 1051	5.19%		2032	Fixed
Nationwide	properties across 2 loans	LIBOR + 0.5%		2032	Variable

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

Past Service Deficit Contributions

The liability for the 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%)

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	286,732	224,716
Depreciation	949,761	1,012,842
Amortisation of Capital Grants	(129,679)	(135,487)
Change in debtors	4,465	(134,239)
Change in creditors	(110,609)	(550,405)
Unwinding of Discount on Pension Liability (SHAPS)	(44,000)	(253,000)
Share Capital Written Off	(6)	(10)
Defined Benefit Pension Contributions (Strathclyde Pension Fund)	(30,000)	(25,000)
Service Cost on Defined Benefit Scheme (Strathclyde Pension Fund)	19,000	16,000
Balance as at 31st March 2016	<u>945,664</u>	<u>155,417</u>

19. DEFERRED INCOME

<i>Social Housing Grants</i>	2016 £	2015 £
Balance as at 1st April 2015	4,327,741	3,707,922
Additions in year	68,065	755,306
Amortisation in Year	(129,679)	(135,487)
Balance as at 31st March 2016	<u>4,266,127</u>	<u>4,327,741</u>

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

	2,016 £	2,015 £
Amounts due within one year	129,679	135,487
Amounts due in one year or more	4,136,448	4,192,254
	<u>4,266,127</u>	<u>4,327,741</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	164
Issued in year	1
Cancelled in year	(6)
At 31st March 2016	<u>159</u>

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

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
General Needs - New Build	No. 1,501	No. 1,479
Supported Housing	78	101
	<u>1,579</u>	<u>1,580</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

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

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

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

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

	£
Rent Received from Tenants on the Management Committee	16,609
Factoring Charges received from owners on the Management Committee	38

At the year end total rent arrears owed by the tenant members of the Management Committee (and their close family) were £0

At the year end total factoring arrears owed by the factored owners of the Management Committee (and their close family) were £0

23. DETAILS OF ASSOCIATION

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

The Association's principle place of business is 17 Bridge Street, Linwood, Renfrewshire.

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

24. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £nil in the year by way of reimbursement of expenses.(2015 - £nil). No remuneration is paid to Management Committee members in respect of their duties in the Association.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS - SHAPS

General

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

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2015. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £2,332,000 (2015 - £2,480,000). 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% (2015 - 2.22%).

The Association made payments totalling £284,411 (2015: £274,741) to the pension scheme during the year.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Strathclyde Pension Fund Defined Benefit Scheme

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

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

At the balance sheet date, there were 2 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £30,636 This includes £2,747 of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £46,135.

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

Principal Actuarial Assumptions

Assumptions as at	2016 %p.a.	2015 %p.a.	2014 %p.a.
Price increases	2.2	2.4	-
Salary increases	4.2	4.3	5.1
Pension increases	3.5	3.2	2.8
Discount rate	3.5	3.2	4.3

The defined benefit obligation is estimated to comprise of the following:

	2016 £'000	2015 £'000
Employee members	588	606
Deferred pensioners	584	664
Pensioners	366	405
	<u>1,538</u>	<u>1,675</u>

	2016 £'000	2015 £'000
Net Pension Liability		
Fair value of employer's assets	1,424	1,386
Present value of scheme liabilities	<u>(1,538)</u>	<u>(1,675)</u>
Net liability	<u>(114)</u>	<u>(289)</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Analysis of amount charged to the Income and Expenditure Account

	2016 £'000	2015 £'000
Charged to operating costs:		
Service cost	19	16
	<u>19</u>	<u>16</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(44)	(73)
Interest on pension scheme liabilities	53	68
	<u>9</u>	<u>(5)</u>
	53	73
Net Charge to the Income and Expenditure Account	<u>28</u>	<u>11</u>
Actual Return on Plan Assets	<u>36</u>	<u>160</u>

Expected Return on Assets

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

Asset Class	2016 % p.a.	2015 % p.a.
Equities	3.5	3.2
Bonds	3.5	3.2
Property	3.5	3.2
Cash	3.5	3.2

Other Assumptions

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	22.1	23.6
Future Pensioners	24.8	26.2

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Employer membership statistics	2016	2015
	(Number)	(Number)
Actives	2	2
Deferreds	4	4
Pensioners	8	8
Fair Value of employer assets	2016	2015
	£'000	£'000
Opening fair value of employer assets	1,386	1,224
Expected Return on Assets	44	73
Contributions by Members	3	3
Contributions by the Employer	30	25
Actuarial Gains / (Losses)	(8)	92
Estimated Benefits Paid	(31)	(31)
Closing fair value of employer assets	1,424	1,386
Fair value of scheme assets by category	2016	2015
	£'000	£'000
Equities	1,025	1,040
Bonds	228	180
Property	171	152
Cash	-	14
	1,424	1,386
Reconciliation of defined benefit obligations	2016	2015
	£'000	£'000
Opening defined benefit obligation	1,675	1,584
Current Service Cost	19	16
Interest Cost	53	68
Contributions by members	3	3
Actuarial Gains	(181)	35
Estimated Benefits Paid	(31)	(31)
	1,538	1,675

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

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

	£	% of pay
Projected current service cost	17,000	42%
Interest on obligation	50,000	121%
Expected return on plan assets	(54,000)	-100%
	<u>13,000</u>	<u>62.7%</u>

Contributions made by the Association for the year ended 31 March 2016 are estimated to be approximately £25,000.

Amounts for the current and previous accounting periods:

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	1,424	1,386	1,224	1,159	1,020
Present value of defined benefit obligations	(1,538)	(1,675)	(1,584)	(1,479)	(1,281)
Deficit	(114)	(289)	(360)	(320)	(261)
Experience (losses) on assets	(8)	92	17	92	(23)
Experience (losses) on Liabilities	(25)	-	1	3	(45)

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

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Actuarial (losses) recognised in year	173	71	(44)	(70)	(136)
Cumulative actuarial (losses)	(185)	(358)	(429)	(385)	(315)

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. TRANSITION TO THE FINANCIAL REPORTING STANDARD

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

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

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

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
Note	As previously Stated £	Effect of Transition £	As Restated £	As previously Stated £	Effect of Transition £	As Restated £	
Non Current Assets	(i)	17,763,464	4,442,611	22,206,075	17,655,126	3,812,426	21,467,552
Current Assets		5,246,136	-	5,246,136	6,718,898	-	6,718,898
Current Liabilities	(ii)	(1,630,662)	(217,297)	(1,847,959)	(2,241,328)	(211,297)	(2,452,625)
Non Current Liabilities	(ii)	(11,039,224)	(2,288,000)	(13,327,224)	(11,591,219)	(2,227,000)	(13,818,219)
Deferred Income	(i)	-	(4,327,741)	(4,327,741)	-	(3,707,922)	(3,707,922)
Pension Liability (Strathclyde Pension Fund)		(289,000)	-	(289,000)	(360,000)	-	(360,000)
		10,050,714	(2,390,427)	7,660,287	10,181,477	(2,333,793)	7,847,684
Capital & Reserves		(10,050,714)	2,390,427	(7,660,287)	(10,181,477)	2,333,793	(7,847,684)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated £	Effect of Transition £	As Restated £	
Revenue	(i)	8,069,658	135,487	8,205,145
Operating Costs	(i) & (ii)	(8,041,308)	60,879	(7,980,429)
Other Income		83,469	-	83,469
Interest Receivable		29,192	-	29,192
Interest Payable		(333,766)	-	(333,766)
Other Finance Income / Costs		5,000	(253,000)	(248,000)
		(187,755)	(56,634)	(244,389)
Other Comprehensive income		57,000	-	57,000
Surplus		(130,755)	(56,634)	(187,389)

Notes to the Reconciliations

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

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

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