



Loreburn Housing Association Limited
Financial Statements
For The Year Ended 31 March 2015

Wylie & Bisset LLP
Chartered Accountants
Glasgow

Loreburn Housing Association Limited
Financial Statements
For The Year Ended 31 March 2015

Contents

	Page
Report of Committee of Management	1 - 3
Statement of Committee Responsibilities	4
Committee Statement on the Association's System of Internal Financial Control	5 - 6
Report of the Independent Auditors on the Committee Statement on the Association's System of Internal Financial Control	7
Report of the Independent Auditors	8 - 9
Income & Expenditure Account	10
Balance Sheet	11
Cashflow Statement	12 - 13
Notes to the Financial Statements	14 -31

Registration Particulars:

Financial Conduct Authority:	Cooperative And Community Benefit Societies Act 2014 Registration Number 2110R(S)
Scottish Housing Regulator:	Housing (Scotland) Act 2001 Registered Number HAL 153
Scottish Charity No:	SC029917
Registered Office:	Huntingdon 27 Moffat Road Dumfries DG1 1NN

Principal Professional Advisers:

Auditors:	Wylie & Bisset LLP Chartered Accountants 168 Bath Street Glasgow G2 4TP	Bankers:	Royal Bank of Scotland UK Corporate Banking Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Internal Auditors:	Scott Moncreiff 25 Bothwell Street Glasgow G2 6NL	Solicitors:	T C Young 7 West George Street Glasgow G2 1BA

Loreburn Housing Association Limited
Report of Committee of Management
For The Year Ended 31 March 2015

The Committee of Management have pleasure in submitting their report and the Financial Statements for the year ended 31 March 2015.

The Association is a registered non-profit making organisation under the Cooperative And Community Benefit Societies Act 2014 No 2110R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC029917.

Principal Activities

The principal activity of the Association is the provision of rented accommodation for those in housing need. In addition, the Association has developed housing for sale in schemes of shared ownership. The Association is a not for profit organisation.

Business Review

The Committee of Management are satisfied with the Association's performance during the year in all of the above activities, and are pleased to report that, over the last twelve months, the Association's Development Programme has achieved the completion of 14 units of rented accommodation in Dumfries and Dalbeattie. The Association's Development Programme will continue during the next twelve months and it is hoped to achieve the completion of a further 37 units of rented accommodation at Annan, Thornhill and Beeswing.

Surplus for the Year

The results for the year are shown in the Income & Expenditure Account on Page 10.

Changes in Fixed Assets

Details of movements in fixed assets are shown in Note 11.

Executive Officer

Wendy McCracken continued in the Interim post until the appointment of Lorraine Usher, as Chief Executive in March 2015.

Committee of Management

The Committee of Management during the year to 31 March 2015 were as follows:

John R McNaught	Convener	Michael J Jones	
Brian S Pattinson	Vice-Convener	John A Ross CBE	
Derek Rodgers	Secretary	Robert S J Wishart	Elected 09/09/2014
Maureen Farrell		John P Tarry	Resigned 11/08/14
Ronald J Jardine		Helen Forsyth	Stood Down 09/09/14
James C Hogg		Julia Mulloy	Stood Down 09/09/14
Lynda Cameron		Charles Lunn	Stood Down 09/09/14

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

Loreburn Housing Association Limited
Report of Committee of Management
For The Year Ended 31 March 2015

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days.

Maintenance Policies

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income & Expenditure Account.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income & Expenditure Account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives. The Association has gained Investors in People accreditation and has successfully completed the Work Life Balance Assessment.

Best Companies Award

In 2013 Loreburn maintained its Investors in People Gold standard following assessment and was the first in Scotland to hold the joint accolade of the Health & Wellbeing Award.

Future Developments

The Association intends to continue with its policy of building and improving the quality of housing within its area of operation.

Statement as to Disclosure of Information to Auditors

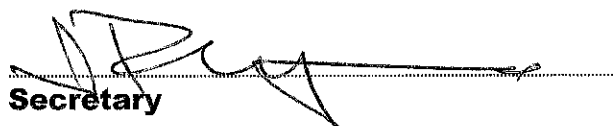
So far as the Committee are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Association's Auditors are unaware, and each Committee Member has taken all the steps that he or she ought to have taken as a Committee Member in order to make himself or herself aware of any relevant audit information and to establish that the Association's Auditors are aware of that information.

Loreburn Housing Association Limited
Report of Committee of Management
For The Year Ended 31 March 2015

Auditors

A resolution to re-appoint the Auditors, Wylie & Bisset LLP, will be proposed at the Annual General Meeting.

By order of the Committee of Management


Secretary

Date: 28 July 2015

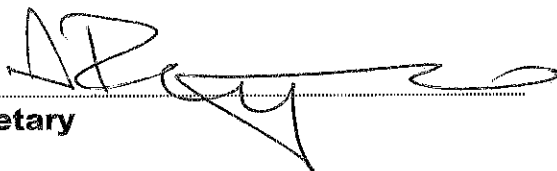
**Loreburn Housing Association Limited
Statement of Committee Responsibilities
For The Year Ended 31 March 2015**

Housing Association legislation requires 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 ending on that date. In preparing those Financial Statements the Committee is required to:

- ▶ Select suitable accounting policies and then apply them consistently;
- ▶ Make judgements and estimates that are reasonable and prudent;
- ▶ State whether applicable accounting standards have been followed subject to any material departures disclosed 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 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 Cooperative And Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements – April 2012. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

By order of the Committee of Management



Secretary

Date: 28 July 2015

Loreburn Housing Association Limited
Committee Statement on the Association's
System of Internal Financial Control
For The Year Ended 31 March 2015

The Committee acknowledge their 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 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:

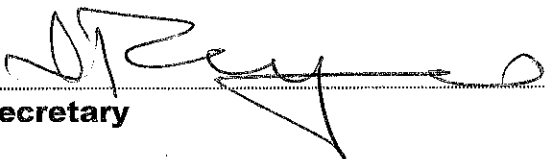
- ▶ Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- ▶ Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- ▶ Forecasts and budgets are prepared which allow the Committee and staff to monitor the key business risks, financial objectives, and progress towards achieving the financial plans set for the year and the medium term;
- ▶ Regular 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 relevant sub-committees comprising Committee members and others;
- ▶ The Committee received reports from management, from directors, staff 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 weaknesses identified through internal or external audit reports.

**Loreburn Housing Association Limited
Committee Statement on the Association's
System of Internal Financial Control
For The Year Ended 31 March 2015**

The Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2015. No weaknesses were found in internal financial controls which results in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

The Committee of Management is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure the financial statements comply with the Co-operative & Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. It is 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.

By order of the Committee


.....
Secretary

Date: 28 July 2015

Loreburn Housing Association Limited
Report of the Independent Auditors on the Committee Statement
on the Association's System of Internal Financial Control
For The Year Ended 31 March 2015

CORPORATE GOVERNANCE

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 5 & 6 concerns the Association's compliance with the information required by the Regulatory Standards (for systemically important RSLs) in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

BASIS OF OPINION

We carried out our review having regard to the requirements 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 reason given for non-compliance.

OPINION

In our opinion the Statement on Internal Financial Control on pages 5-6 has provided the disclosures required by the relevant Regulatory Standards (for systemically important Associations) within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as the result of our audit work on the Financial Statements.

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

Wylie Bisset LLP

Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 28 July 2015

Loreburn Housing Association Limited
Report of the Independent Auditors to the
Members of Loreburn Housing Association Limited

We have audited the financial statements of Loreburn Housing Association Limited for the year ended 31 March 2015 which comprise the Income and Expenditure account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Communities 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 the Board of Management and Auditors

As explained more fully in the Committee's Responsibilities Statement set out on page 4, the Committee of Management 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Committee of Management's report to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of 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 31 March 2015 and of its income and expenditure 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 Communities Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012.

**Loreburn Housing Association Limited
Report of the Independent Auditors to the
Members of Loreburn Housing Association Limited**

Matters on which we are required to report by exception

We are required to report to you under The Co-operative and Community Benefit Societies Act 2014 if, in our opinion:

- ▶ The information given in the Report of the Committee of Management is inconsistent with the Financial Statements;
- ▶ Proper books of accounts 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 requirement of the legislation;
- ▶ the financial statements are not in agreement with the books of accounts; or
- ▶ 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

W. M. Bisset CPA

Wylie & Bisset LLP
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 28 July 2015

Loreburn Housing Association Limited
Income & Expenditure Account
For The Year Ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	1	11,688,573	11,303,677
Operating Costs	1	9,280,510	8,677,460
<hr/>			
Operating Surplus	1	2,408,063	2,626,217
Gain/(Loss) on Sale of Fixed Assets	4	9,683	(115,852)
Interest Receivable & Other Income	6	73,405	82,584
Gift Aid from Subsidiary Company		72,000	60,000
Interest Payable and Similar Charges	7	(1,086,260)	(1,150,384)
<hr/>			
Surplus for the Year	22	<u>1,476,891</u>	<u>1,502,565</u>

The results for the year relate wholly to continuing activities.



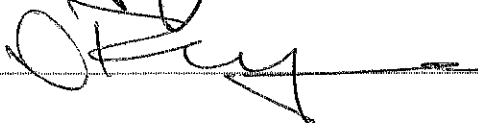
The Association has no recognised gains and losses other than those included in the surpluses above, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the surplus on ordinary activities for the year and retained surplus for each year stated above, and their historical cost equivalents.

Loreburn Housing Association Limited
Balance Sheet
As at 31 March 2015

		2015	2014
		£	£
Tangible Fixed Assets	Notes		
Housing Properties (Net of Depreciation)	11a	142,936,970	141,176,971
Less : HAG & Other Grants	11a	<u>104,120,338</u>	<u>102,726,269</u>
		38,816,632	38,450,702
Other	11b	<u>1,741,710</u>	<u>1,807,218</u>
		<u>40,558,342</u>	<u>40,257,920</u>
 Current Assets			
Shares in Subsidiary	12	3	3
Debtors	13	2,894,699	2,897,733
Cash at Bank & in Hand		<u>3,102,197</u>	<u>3,199,428</u>
		5,996,899	6,097,164
Creditors: Amounts Falling Due Within One Year	14	4,663,775	4,808,993
Net Current Assets		<u>1,333,124</u>	<u>1,288,171</u>
Total Assets less Current Liabilities		41,891,466	41,546,091
Creditors: Amounts Falling Due After More Than One Year	15	24,155,561	25,287,078
Net Assets		<u>17,735,905</u>	<u>16,259,013</u>
 Capital & Reserves			
Share Capital	16	186	539
Designated Reserves	17	27,612	27,612
Accumulated Surplus	22	<u>17,708,107</u>	<u>16,230,862</u>
		<u>17,735,905</u>	<u>16,259,013</u>

These Financial Statements were approved by the Committee on the 28 July 2015 and signed on their behalf by:


 _____ Convener

 _____ Committee Member

 _____ Secretary

Loreburn Housing Association Limited
Cashflow Statement
For The Year Ended 31 March 2015

	2015 £	2014 £
Net Cash Inflow from Operating Activities	<u>4,321,008</u>	<u>3,674,843</u>
Returns on Investments & Servicing of Finance		
Interest Received	72,987	98,763
Interest Paid	<u>(1,084,591)</u>	<u>(1,149,330)</u>
	<u>(1,011,604)</u>	<u>(1,050,567)</u>
Capital Expenditure & Financial Investment		
Payments to Acquire & Develop Housing Properties	(3,749,414)	(3,322,401)
Payments to Acquire Other Fixed Assets	(28,217)	(108,248)
Housing Grants Received	1,355,758	605,158
Grants Repaid	-	(67,247)
Receipts from Sales of Housing Properties	54,600	65,000
Receipts from Sales of Other Fixed Assets	-	276,523
Other Grants	38,311	101,716
Net Cash Outflow from Investing Activities	<u>(2,328,962)</u>	<u>(2,449,499)</u>
Net Cash Inflow Before Financing	<u>980,442</u>	<u>174,777</u>
Financing		
Share Capital Issued	1	2
Housing Loans Repaid	<u>(1,077,674)</u>	<u>(1,025,767)</u>
	<u>(1,077,673)</u>	<u>(1,025,765)</u>
Decrease in Cash	<u>(97,231)</u>	<u>(850,990)</u>
Reconciliation of Net Cashflow to Movement in Net Debt		
(Decrease) in Cash in the Year	(97,231)	(850,990)
Loans Repaid	1,077,674	1,025,767
Change in Net Debt	<u>980,443</u>	<u>174,777</u>
Net debt at 1 April 2014	(23,154,984)	(23,329,761)
Net debt at 31 March 2015	<u>(22,174,541)</u>	<u>(23,154,984)</u>

Loreburn Housing Association Limited
Notes To The Cashflow Statement
For The Year Ended 31 March 2015

1. Reconciliation of Surplus for the Year to Net Cashflow from Operating Surpluses

	2015 £	2014 £
Operating Surplus	2,408,063	2,626,217
Received from Subsidiary Company	72,000	60,000
Depreciation	2,181,028	1,712,007
Increase in Debtors	(13,145)	(505,790)
Decrease in Creditors	(326,938)	(217,591)
	4,321,008	3,674,843

2. Analysis of the Net Debt

	2014 £	Cashflows £	Non-Cash Changes £	2015 £
Cash in Hand & At Bank	3,199,428	(97,231)	-	3,102,197
Overdrafts	-	-	-	-
Debt Due Within 1 Year	(1,067,334)	1,067,334	(1,121,177)	(1,121,177)
Due After 1 Year	(25,287,078)	10,340	1,121,177	(24,155,561)
	(23,154,984)	980,443	-	(22,174,541)

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

Principal Accounting Policies

The Association is incorporated under the Cooperative and Community Benefit Societies Act 2014 and is registered by the Financial Conduct Authority. The Financial Statements have been prepared under the historical cost convention, and in compliance with the Registered Social Landlords Determination of Accounting Requirements – April 2012 and the Statement of Recommended Practice (SORP) 2010, Accounting by Registered Social Landlords and applicable Accounting Standards. A summary of the more important accounting policies is set out below.

Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of feuing services, together with revenue grants from the Scottish Executive, local authorities and other organisations.

Housing Properties

Housing Properties are stated at cost less social housing and other public grants and less accumulated depreciation.

Improvements are capitalised where these result in an enhancement of the economic benefits of the property.

Such enhancements can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties, which fail to meet the above criteria, are charged to the Income and Expenditure Account.

Depreciation – Housing Properties

The Association adopted Component Accounting during the financial year. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated.

The components identified and their estimated useful life of each is shown below:

Structure	100 Years	Communal Entry	20 Years
Roof	60 Years	Kitchens	15 Years
Electrics	40 Years	Bathrooms	15 Years
Windows & External Doors	25 Years	Heating ex Boilers	15 Years

The year to 31 March 2012 saw the first full year of the implementation of Component Accounting. Prior to this, only three components were recognised - land, building and grants.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

Other Fixed Assets

The Association's assets are written off evenly over the expected economic useful lives using the following rates and methods:

- | | | |
|-------------------------------|---|-----------------------------|
| ▶ Premises | - | 2% straight line per annum |
| ▶ Office Equipment | - | 20% straight line per annum |
| ▶ Fixtures & Fittings | - | 20% straight line per annum |
| ▶ Tenant Improvements | - | 10% straight line per annum |
| ▶ Motor Vehicles | - | 25% straight line per annum |
| ▶ Shared Ownership Properties | - | 2% straight line per annum |

Due to the incorporation of FRS15, shared ownership properties are now classed as Other Fixed Assets. Prior to this they were included within Housing property. Shared ownership properties are shown at historical cost, less land cost and grants received based on the tranche in ownership.

Statement of Recommended Practice 2010 states that the disposal of shared ownership properties first tranche sales be included in turnover at completion with the balance being classified as fixed assets. Due to Loreburn's last shared ownership scheme being off-site in 2000 and records only being required to be held for six years, this exercise has not been carried out.

Housing Association Grants

Housing Association Grants (HAG) are made by the Scottish Executive and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the Scottish Executive. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

Acquisition & Development Allowances are determined by the Scottish Executive and are advanced as grants. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in installments according to the progress of work on the scheme. These allowances are credited against Development Costs in the Association's Income & Expenditure Account when they are receivable.

Finance

The Financial Statements have been prepared on the basis that the capital expenditure will be grant aided, funded by loans, met out of reserves or from proceeds of sales.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

Mortgages

Mortgage loans and development overdrafts are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme, or on a portfolio basis. Advances are only sought for those developments which have been given approval for HAG by the Scottish Executive.

Housing Land & Buildings

Properties included in housing properties are stated at their historic component cost. The cost of such properties includes:

- i. cost of acquiring land and buildings
- ii. development expenditure including applicable overheads
- iii. interest charged on the loans raised to finance the scheme

These costs are either termed "qualifying costs" by the Scottish Executive for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities, or they are met out of the Association's reserves. All invoices and Architect's Certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development Administration Costs

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

Capitalisation of Interest

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

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, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the Financial Statements.

Stock

The Association at different times may hold a stock of maintenance parts. Stock when held is valued at the lower of cost or net realisable value.

Designated Reserves

The Association has designated part of its long term obligations to a Support Service Contingency Reserve.

Monies have been set aside in this Designated Reserves to provide for various activities and contingencies in relation to the Housing Support Service following the introduction of Supporting People Legislation.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the Income & Expenditure Account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

Value Added Tax

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

Pension Costs

From 1 April 2014 the Association ceased to participate in the centralised SFHA Defined Benefit Pension Scheme. The Association continues to pay a past service deficit to the scheme which is charged to the Income & Expenditure Account on an annual basis.

From 1 April 2014 the Association commenced the operation of a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Income and Expenditure in the year they are payable.

Impairment of Fixed Assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Income & Expenditure Account. 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 cashflows from these units. Impairment of assets would be recognised in the Income & Expenditure Account.

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties, which fail to meet the above criteria, are charged to the Income & Expenditure Account.

Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group Financial Statements. The Accounts therefore represent the results of the Association and not of the group.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

2. Particulars of Turnover, Operating Costs & Operating Surplus from Social Letting Activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	2015 Total £	2014 Total £
Rent Receivable Net of Service Charges	7,440,929	1,873,334	345,596	9,659,859	9,317,690
Service Charges	76,150	330,047	-	406,197	403,133
Gross Income from Rent & Service Charges	7,517,079	2,203,381	345,596	10,066,056	9,720,823
Less Voids	42,633	9,467	-	52,100	35,475
Net Income from Rents & Service Charges	7,474,446	2,193,914	345,596	10,013,956	9,685,348
Grants from Scottish Ministers	-	-	-	-	-
Other Revenue Grants	-	-	-	-	-
Total Turnover from Social Letting Activities	7,474,446	2,193,914	345,596	10,013,956	9,685,348
Management & Maintenance Administration Costs	2,326,122	511,621	203,144	3,040,887	2,365,674
Service Costs	76,150	330,047	-	406,197	403,133
Planned & Cyclical Maintenance including Major Repairs Costs	666,820	338,039	-	1,004,859	1,445,034
Reactive Maintenance Costs	889,163	187,110	-	1,076,273	992,689
Bad Debts – Rents & Service Charges	28,866	1,550	-	30,416	47,803
Depreciation of Social Housing	1,723,033	378,974	18,880	2,120,887	1,667,426
Operating Costs for Social Letting Activities	5,710,154	1,747,341	222,024	7,679,519	6,921,959
Operating Surplus for Social Lettings 2015	1,764,292	446,573	123,572	2,334,437	
Operating Surplus for Social Lettings 2014	2,070,263	537,907	155,219	-	2,763,389

Service charges were receivable on housing accommodation not eligible for Housing Benefit £21,834. (2014 - £21,888).

Loreburn Housing Association Limited
Notes To The Financial Statements
As At 31 March 2015

3. Particulars of Turnover, Operating Costs & Surpluses or Deficits From Other Activities

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs: Bad Debts £	Other Operating Costs £	Operating Surplus or Deficit 2015 £	Operating Surplus or Deficit 2014 £
Care & Repair	402,232	-	-	-	402,232	-	402,232	-	-
Development Activities	-	-	-	-	-	-	76,505	(76,505)	(168,541)
Support Activities	-	683,536	153,135	-	836,671	-	836,671	-	-
Other Management Services	-	-	-	43,732	43,732	-	43,732	-	-
Aids & Adaptations	218,497	-	-	-	218,497	-	218,497	-	-
Other Activities	-	-	-	173,485	173,485	-	23,354	150,131	31,369
Total from Other Activities 2015	620,729	683,536	153,135	217,217	1,674,617	-	1,600,991	73,626	
Total from Other Activities 2014	650,740	709,303	155,853	102,433	1,618,329	-	1,755,501		(137,172)

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

4. Gain/(Loss) on Sale of Fixed Assets

	2015	2014
£	£	£
Proceeds from the Sale of Fixed Assets	54,600	341,523
Less: Cost of Sales		
Historic Cost	46,940	571,141
Grant Received	(32,238)	(67,247)
Accumulated Depreciation	(3,763)	(117,512)
Grant Repayable	32,238	67,247
Legal & Valuation Costs	1,740	3,746
	<u>44,917</u>	<u>457,375</u>
	<u>9,683</u>	<u>(115,852)</u>

5. Operating Surplus

	2015	2014
	£	£
Operating Surplus is stated after charging:		
Depreciation	2,181,028	1,712,007
External Auditors' Remuneration (inc. VAT)	8,760	11,067
Internal Auditors' Remuneration (inc. VAT)	7,395	6,876

In addition, the External Auditors were paid £Nil (2014 - £Nil) in respect of accountancy, taxation and investigative services and the Internal Auditors were paid £Nil (2014 - £Nil) in respect of consultancy work.

6. Interest Receivable & Other Income

	2015	2014
	£	£
Bank Interest Received	16,587	25,802
Interest from Loans to Subsidiary	56,818	56,782
	<u>73,405</u>	<u>82,584</u>

7. Interest Payable & Similar Charges

	2015	2014
	£	£
Loan Interest	1,086,260	1,157,712
Interest Capitalised in Housing Properties	-	(7,328)
Bank Interest & Charges	-	-
Other Interest Payable	-	-
	<u>1,086,260</u>	<u>1,150,384</u>

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

8. Officers Emoluments

The Officers are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the directors or the Management Committee whose total emoluments exceed £60,000 per year excluding employer's pension contributions:

The only Officer with total emoluments in excess of £60,000 excluding pension contributions was the Interim Chief Executive as noted below.

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

	2015	2014
	£	£
Total Emoluments received by the Interim Chief Executive excluding employer's pension contributions	62,228	64,028

9. Employee Information

	2015	2014
The monthly average number of employees during the year was	101	87
The full time equivalent number of staff	92	90
Staff Costs (including Executive Emoluments)	£	£
Wages & Salaries	2,405,895	2,168,848
Social Security Costs	196,509	132,562
Pension Contributions	448,483	306,347
	3,050,887	2,607,757

10. Taxation

The Association's charitable status means that no corporation tax is payable on its activities.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

11. Tangible Fixed Assets

a. Housing Properties

	Housing Property Held for Letting £	Housing Property in Course of Construction £	Total £
Cost			
At 01/04/14	155,147,539	1,194,472	156,342,011
Additions	1,360,847	2,509,352	3,870,199
Transfers	1,903,577	(1,903,577)	-
Disposals	(403,480)	-	(403,480)
At 31/03/15	<u>158,008,483</u>	<u>1,800,247</u>	<u>159,808,730</u>
Depreciation			
At 01/04/14	15,165,040	-	15,165,040
Charge for Year	1,911,888	-	1,911,888
Disposals	(205,168)	-	(205,168)
At 31/03/15	<u>16,871,760</u>	<u>-</u>	<u>16,871,760</u>
Housing Properties (Net of Depreciation)	<u>141,136,723</u>	<u>1,800,247</u>	<u>142,936,970</u>
Housing Association & Capital Grants			
At 01/04/14	102,019,395	706,874	102,726,269
Received	-	1,394,069	1,394,069
Transfers	861,303	(861,303)	-
At 31/03/15	<u>102,880,698</u>	<u>1,239,640</u>	<u>104,120,338</u>
Net Book Value at 31/03/15	<u>38,256,025</u>	<u>560,607</u>	<u>38,816,632</u>
Net Book Value at 31/03/14	<u>37,963,104</u>	<u>487,598</u>	<u>38,450,702</u>

Development administration costs amounted to £210,461 (2014 - £278,553) for which HAG amounting to £nil (2014 - £Nil) was received during the year resulting in a deficit. From the deficit £133,956 (2014 - £110,001) was capitalised in accordance with the SORP. Interest capitalised during the year amounted to £Nil. (2014 - £7,328).

All properties are freehold.

Loreburn Housing Association Limited
Notes To The Financial Statements
As At 31 March 2015

b. Other Fixed Assets

	Office Premises £	Office Equipment £	Furnishings & Fittings £	Tenant Improvements £	Wider Action £	Let Property Furnishings £	Other Property Shared Ownership £	Total £
Cost								
At 01/04/14	719,649	665,001	166,292	50,798	6,544	195,989	4,800,623	6,604,896
Additions	-	28,217	-	-	-	-	(46,940)	28,217
Disposals	-	(304,804)	(138,576)	(50,798)	-	-	-	(541,118)
At 31/03/15	719,649	388,414	27,716	-	6,544	195,989	4,753,683	6,091,995
HAG & Other Grants								
At 01/04/14	-	-	-	-	6,544	188,403	3,462,306	3,657,253
Disposals	-	-	-	-	-	-	(32,237)	(32,237)
At 31/03/15	-	-	-	-	6,544	188,403	3,430,069	3,625,016
Depreciation								
At 01/04/14	52,364	529,188	161,098	50,798	-	4,551	342,427	1,140,426
Disposals	-	(304,804)	(138,576)	(50,798)	-	-	(3,763)	(497,941)
Charge for Year	14,393	43,192	1,039	-	-	1,517	22,643	82,784
At 31/03/15	66,757	267,576	23,561	-	-	6,068	361,307	725,269
Net Book Value								
At 31/03/15	652,892	120,838	4,155	-	-	1,518	962,307	1,744,710
At 31/03/14	667,286	135,812	5,194	-	-	3,036	995,890	1,807,218

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

12. Share in Subsidiary Companies

The Association holds 100% of the share capital issued by its subsidiaries. Dumfries & Galloway Homes Limited is a company registered in Scotland whose main activities are the provision of homes for rent and to carry out activities outside the scope of Loreburn Housing Association Limited. Loreburn Un Limited is a company registered in Scotland and has been struck off during the year.

13. Debtors

	2015	2014
	£	£
Rental Arrears	126,272	136,171
Bad Debt Provision	(54,304)	(54,304)
Net Rent Arrears	71,968	81,867
Other Debtors & Prepayments	492,749	397,248
HAG Receivable	2,571	-
Prepayments & Accrued Income	110,937	130,420
Loans to Group Undertaking	2,216,474	2,288,198
	<u>2,894,699</u>	<u>2,897,733</u>

14. Creditors: Amounts Falling Due Within One Year

	2015	2014
	£	£
Current Instalments of Loans	1,121,177	1,067,334
Trade Creditors	352,636	710,370
Other Taxes & Social Security	60,780	44,040
Accruals & Deferred Income	576,548	495,910
Services Equalisation	885,738	846,868
Other Creditors	1,445,231	1,303,553
Amounts Due to Group Undertakings	7,121	123,935
Rent in Advance	214,544	216,983
	<u>4,663,775</u>	<u>4,808,993</u>

15. Creditors: Amounts Falling Due After More Than One Year

	2015	2014
	£	£
Loans	<u>24,155,561</u>	<u>25,287,078</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest ranging from 1.0% to 6.9% and will mature over a period of 8 to 25 years, in instalments due as follows:

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

	2015	2014
	£	£
Between 1 – 2 Years	1,167,073	1,111,339
Between 2 – 5 Years	3,804,653	3,624,922
5 Years or More	19,183,835	20,550,817
	<u>24,155,561</u>	<u>25,287,078</u>

Further loan facilities have been arranged totalling £6.979m to finance future acquisitions and developments.

16. Share Capital

	2015	2014
	£	£
Shares of £1 Each Issued & Fully Paid		
As at 1 April 2014	539	558
Shares Issued	1	2
	540	560
Shares Forfeited	(354)	(21)
As at 31 March 2015	<u>186</u>	<u>539</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 interest, dividend or bonus. When a shareholder ceases to be a member, their share is cancelled and the amount paid thereon becomes the property of the Association.

17. Designated Reserves

	Support Service Contingency Reserve	Total
	£	£
As at 31/03/15	<u>27,612</u>	<u>27,612</u>

18. Housing Stock

	2015	2014
The number of units of accommodation in management at the year end was:		
General Needs Housing	2,104	2,108
Supported Housing Accommodation	159	155
Shared Ownership	162	163
Accommodation Managed on Behalf of Another Body	66	64
	<u>2,491</u>	<u>2,490</u>

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

19. Capital Commitments

	2015 £	2014 £
Expenditure Contracted Less Certified	<u>4,018,595</u>	<u>92,907</u>

Private Finance will be arranged in the form of a portfolio of development funding as and when required.

20. Contingent Liabilities

The Association has no known contingent liabilities at 31 March 2015 (2014 - £Nil).

21. Pensions

Disclosure to Meet the Requirements of FRS17

Loreburn Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer 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 FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

1. The Employer Debt Regulations were introduced in September 2005 following a change in legislation. This legislation was revised in the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008 (SI 2008/731) ('the Regulations') which came into force on 6 April 2008.
2. An employer debt will arise if one of the following events occurs at a time when the Scheme is not fully funded on a buy-out basis:
 - a. The commencement of winding up of the Scheme.
 - b. An employer becomes insolvent.
 - c. An Employer Cessation Event.
3. An Employer Cessation Event occurs when an employer ceases to participate in the Scheme, i.e. it no longer has any active members in the Scheme at a point in time when there is at least one other employer that continues to employ active members in the Scheme.
4. The 2008 Regulations tighten the definition of an Employer Cessation Event. However, it remains the case that an employer will not be deemed to have withdrawn from the Scheme (and hence will not be liable for a debt on withdrawal) provided that it continues to employ at least one person who is an active member of the Scheme.
5. The Scheme Actuary has calculated the employer debt that would have been payable if your organisation had withdrawn from the Scottish Housing Associations' Pension Scheme as at 30 September 2014.
6. The suggested Pension Obligations Disclosure Note includes conditional paragraphs. The appropriate choice of paragraph for each employer will depend on the accounting treatment adopted by the employer, in particular whether or not a provision is made for the employer debt.
7. Under FRS17 an employer should only provide in the balance sheet for the potential debt on withdrawal if it was demonstrably committed as at the balance sheet date to an event that would make the liability crystallise. For example, if an employer had made the decision prior to the balance sheet date to close the Scheme to future accrual at some date in the future, then this would crystallise an employer debt on the date that the Scheme was closed to future accrual (unless the Scheme was fully funded on a buy-out basis as at the date the Scheme closed to future accrual).

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

Disclosure in Respect of Employer Debt

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

22. Reconciliation of Movement in Accumulated Surplus

	2015 £	2014 £
Revenue Reserve Brought Forward	16,230,862	14,728,277
Shares Cancelled	354	21
Surplus for the Year	1,476,891	1,502,565
Transfer to Designated & Restricted Reserves	-	-
	<u>17,708,107</u>	<u>16,230,862</u>

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

23. Scottish Secure Tenancy Rents

	2015 £	2014 £
Average Scottish Secure Tenancy Rent for Housing Accommodation	4,021	3,893
Percentage Increase from Previous Year	3.3%	3.6%

24. Related Party Transactions

Some members of the Management Committee are tenants or sharing owners of the Association. Their transactions with the Association are all done on standard terms, as applicable to all tenants and they cannot use their position to their advantage.

Dumfries & Galloway Homes

Dumfries & Galloway Homes Limited, a subsidiary of the Association, made a Gift Aid payment of £50,000 (2014 - £60,000) to Loreburn Housing Association Limited. This payment was made in accordance with the Association's policies and procedures and is recorded in the appropriate register.

During the year the Association was in receipt of Management Charges from Dumfries & Galloway Homes Limited in the sum of £43,732 (2014 - £91,912).

The value of works and services provided by Dumfries & Galloway Homes during the year was £269,974 (2014 - £123,935).

At the end of the financial year the Association was owed £23,062 (2014 - £26,067) by Dumfries & Galloway Homes Limited and owed £7,122 (2014 - £123,935) to Dumfries & Galloway Homes Limited.

In addition to the above Dumfries & Galloway Homes Limited also owed the Association £2,216,474 (2014 - £2,288,197) the balance of loans outstanding at that date. The loans were made at arms length and at commercial rates. The Association received £56,818 (2014 - £56,782) in interest on the loans during the year.

Loreburn Un Limited

During the year the Association was in receipt of Management Charges from Loreburn Un Limited in the sum of £Nil (2014 - £19,860).

The value of works and services provided by Loreburn Un Limited during the year was £Nil (2014 - £372,610).

Loreburn Un Limited made a Gift Aid payment of £22,000 (2014 - £Nil) to Loreburn Housing Association Limited

Loreburn Housing Association Limited
Notes To The Financial Statements
For The Year Ended 31 March 2015

At the end of the financial year the Association was owed £nil (2014 - £Nil) by Loreburn Un Limited and owed £Nil (2014 - £Nil) to Loreburn Un Limited.

A decision was taken in the year to strike off Loreburn Un Limited and that process has been completed.

25. Group Structure

Loreburn is a housing association, registered in Scotland, and forms part of a group. The other member is Dumfries & Galloway Homes Limited, a company registered in Scotland, whose main activities are the provision of homes for rent and to carry out activities outside the scope of Loreburn Housing Association Limited.

Loreburn Housing Association Limited is considered to be the ultimate parent undertaking of the group. Separate group accounts are not prepared, as the Financial Services Authority has exempted the group from this requirement.

