

Maryhill Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HCB159

FCA Reference No. 1904R(S)

Scottish Charity No. SC032468

MARYHILL HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE BOARD EXECUTIVES AND ADVISERS	1
REPORT OF THE BOARD	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	8
REPORT OF THE AUDITORS	9
STATEMENT OF COMPREHENSIVE INCOME	11
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF CASHFLOWS	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE FINANCIAL STATEMENTS	15

MARYHILL HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

BOARD

Lorain Mackinnon	Chairperson
Roger Popplewell	Vice-Chairperson
Sandra Blair	
Cathering Stylianou	Resigned 26/05/15
Eleanor Brown	
Isabella McTaggart	Resigned 26/05/15
Brian Trearty	
Les Currie	
David Brophy	
Councillor Mohammed Razaq	
Bruce Dunsmore	Resigned 28/09/15
Elizabeth Smith	
Linda Duff	Joined 11/01/16
Lynn Graham	Joined 11/01/16. Resigned 21/06/16

EXECUTIVE OFFICERS

L Wassell	Chief Executive
E Biggs	Director of Corporate Services
D Birrell	Director of Investment & Regeneration
B Willett	Director of Housing Services, appointed 17/8/2015

REGISTERED OFFICE

45 Garrioch Road
Maryhill
Glasgow
G20 8RG

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit & Business Support Services
55 Lady Place
Livingston
EH54 6TB

BANKERS

Lloyds TSB Scotland PLC
Corporate & Commercial Division
PO Box 177
120 West George Street
Edinburgh
EH2 4LH

Royal Bank of Scotland
3rd Floor
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

Harper McLeod LLP
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

The Board 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.1904R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032468.

Principal Activities

The principal activities of the Association are the provision and management of low cost affordable housing for rent and the maintenance, development and regeneration of its community base of Maryhill and Ruchill.

Review of Business and Future Developments Corporate Governance

Maryhill Housing is governed by a voluntary Board which is elected by its members. Its responsibility is to agree the long term strategy, business plan and overall direction of the Association. The Board is supported by the Chief Executive, Directors and specialist staff. Maryhill Housing successfully completed its Governance Effectiveness Plan by March 2016 in accordance with our Regulation Plan. This included a review of the Board's structure, roles and delegations, to enable an increasing focus upon driving strategy, and making the best use of Board members' skills and capacity. The Board also recruited 2 new tenant Board members during the year as co-optees.

The Board has now delegated powers to a new Policy and Performance Committee as well as existing committees who oversee matters in relation to Audit and Risk and Human Resources.

The Board is accountable to the shareholding members of the Association. The Board serves in a voluntary capacity and we recognise that this puts more onus on us to set and achieve high standards of professionalism. Strong governance is essential to the organisation and we continue to build and strengthen governance arrangements. Board appraisals are carried out annually and we have a programme of training to assist with Board members' development.

The members of the Association approved new Rules in September 2015 and these allow us to operate outside Maryhill and Ruchill if this benefits our customers. Members also approved changes to the composition of the Board, which is made up of local tenants, one Glasgow City council Elected Member and other members with an interest in Maryhill Housing and a range of skills to support effective governance. The changes ensure tenants are always in the majority whilst giving more flexibility to recruit others to strengthen the overall skills of the Board as needed. We work with our Registered Tenants Organisations (RTO) and have an RTO Forum in place providing customers with opportunities to influence the organisation's future. We also now have a tenant scrutiny group to help challenge and improve service performance, and present their findings to Board members.

Strategic Planning

During 2015/16 the Board developed a new Corporate Plan up to 2020; reviewing its priorities, risks and opportunities. Maryhill Housing also developed a new refreshed brand. This work was carried out with full involvement of all our employees, customers and other stakeholders. Our future investment plans and financial capacity were also reviewed; supported by work undertaken to review our rents and affordability and our assets. Board also approved an overall Delivery Plan for 2016/17. Operational objectives and performance targets have been set.

The Association's new vision is 'Inspiring passion in people, for our homes and for our community' and our values reflect our approach to our customers - 'to be friendly, honest and respectful'. Our long term aims are to:

- Create a real sense of community and help people thrive
- Provide the best homes and create places where people love to live, work and play
- Build a reputation for excellence and being ahead of the game

The Directors and their teams are responsible for achieving the strategic objectives and meeting operational objectives.

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

Achievements and Performance

Summary

During 2015/16 we worked closely with the Scottish Housing Regulator to meet the requirements of our Regulation Plan. At the end of 2015 the Regulator notified Maryhill Housing that we had moved from a high to medium level of engagement; reflecting a range of improvements that had been made including meeting the Scottish Housing Quality Standard.

We have worked hard on developing the right organisational culture; creating further opportunities for leadership and employee development. We have an increasingly skilled staff team able to deliver continuous improvement, better performance and customer focused services. We conducted a detailed Best Companies employee survey in autumn 2015 for the first time, completed by 89% of our employees and were accredited by Best Companies as a not for profit company which is 'One to Watch'. We launched our new employee engagement programme this year - Smarter Working, Smarter Lives to build on our success to date.

We have been building on our achievements year on year and with our new vision, values and strategic objectives we will continue this by making sure our people and communities shape and influence our services.

Our 3 yearly tenant and owner survey was completed in 2015 by over a third of our customers. We improved our customer satisfaction for 7 of the 8 performance indicators since 2013. The level of overall owner satisfaction reduced from 55% to 45% and we intend to focus on an improvement plan to tackle this. Overall we want to develop better information on our customers, understand what services they want to pay for and the quality of services they want to receive.

The Association's financial position remains strong and we review and update medium and long term projections annually to ensure that financial plans meet future investment and business needs. Earlier this year we adopted our new procurement strategy as planned and have framework agreements in place with a view to achieving efficiencies and value for money. Value for money is a key theme in our forward plans.

One of the most important changes under the new SORP is the one-off exemption which allows the Association to restate housing property cost based on a valuation of the stock as at 1 April 2014 and treat this valuation as deemed cost. Housing properties are therefore shown at valuation less depreciation. The associated social housing grants have been taken to revaluation reserves and depreciation is now calculated on housing properties without deducting grants first. This change has resulted in strengthening the Statement of Financial Position (formerly the Balance Sheet) but it does not affect the cash flow and is therefore an accounting change only.

The results for the year are shown in the Statement of Comprehensive Income. In the year to 31 March 2016 the Association made an operating deficit of £972,721 and an overall deficit of £599,553.

The Association had revenue reserves of £9,435,397 and a revaluation reserve of £18,247,926 at 31 March 2016. The revaluation reserve resulted from the decision to restate housing properties at deemed cost.

Passion for our Homes: Property Investment and New Development

Maryhill Housing wants to ensure that all its homes are maintained to an excellent standard and we do this through a programme of cyclical and planned maintenance work and renewal as well as through our reactive repair service.

A contract is in place to provide reactive, gas, cyclical and void repairs services across the Association's stock and we monitor and seek feedback on performance to ensure a high level of service is provided to our customers. This contract is being re-procured and new contracts will start in April 2017 aimed to provide more value for money and higher customer satisfaction.

Our maintenance and investment teams deliver the planned programmes of work. Having completed a comprehensive stock condition survey of nearly 90% of our homes, we are now developing a new asset management database which will provide robust maintenance programmes and costs. We have also completed Insight Analysis to determine the future ongoing viability of our stock and we have a model in place to enable us explore longer term options to ensure the right investment is made and any low demand is addressed for example through stock remodelling. An assessment of works to comply with the requirements of the Energy Efficiency Standard for Social Housing (EESH) by 2020 is also being undertaken. This work will inform our longer term financial plans as well as providing the information we need to review our asset management strategy.

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

Summary (Contd.)

We continue to provide factoring services for over 700 homes and our customers have told us we need to make improvement in our services, which we are currently working upon. We will be working more and more with owners, securing their co-operation to ensure that our investment programme is delivered and our assets are protected as landlord.

The quality of the environment and community safety continues to be a high priority for our customers and we have been piloting a new popular estate caretaking service during the last year as well as working with the City Council to improve lighting.

The Association continues to provide quality new build housing for its tenants and communities working in partnership with the Scottish Government, Glasgow City Council, its lenders and other partner agencies. During 2015/16 the Maryhill Locks development was our main focus.

In 2015/16, £6.9 million was spent on capital investment and completion of the development programme. Maryhill Housing is committed to building more homes and is working with the City Council and other partners in the Maryhill Transformational Regeneration Area (TRA) to identify opportunities for housing and carry out feasibility work.

Development costs and repairs and replacements to components of properties are capitalised and included in fixed assets in accordance with component accounting requirements. These costs are amortised over the useful economic life of the asset or component and charged as depreciation.

Passion for People and Community: Housing Services and Community Regeneration

We've made improvements in our performance during the year both in rent collection and arrears recovery and reducing the time that properties remain empty. Our new Director joined Housing Services in August 2015 as planned. A range of changes and improvements were made in the service during the year including changes to organisational structure, process and operation.

Minimising and reducing rent arrears is a significant priority for the Association. Total rent arrears at the year-end were 6.7% of gross rent and service charges receivable.

The Association has secured funding from the Scottish Legal Aid Board and the Big Lottery to enhance our welfare benefits and financial inclusion services, providing our customers with advice and support on financial matters and welfare reform. With partner Associations, we are launching an anti-poverty charter in 2016 and will take a pro-active and high profile role in tackling poverty and deprivation. We are also working closely with local credit unions and other advice agencies.

The Association maintains an active waiting list of prospective tenants. Together with Glasgow City Council and other Registered Social Landlords in North West Glasgow we are working to launch a common housing register this year. This will assist in our objective to reduce re-let times and void loss, ensuring that we not only maximise our income but also our effectiveness in housing people and providing an improved application process for customers.

As a way of improving our service to prospective applicants we now offer a Housing Options service. Housing Options is a new approach which offers personal advice to anyone who may need housing advice or assistance and the service looks at all housing options available to customers. This means we have moved away from housing application forms simply being completed and handed in.

The Association continues to focus on void management in order to improve performance and reduce rent loss. In the year to 31 March 2016, void loss represented 0.98% of gross rents and service charges receivable. We have improved and relet a number of long term voids and continue to review our low demand strategy.

Concierge services were reviewed in the year and we will be putting the new structure and service in place by the autumn of 2016. These services are highly valued by the local residents and we aim to develop and build on this success by improving concierge facilities and upgrading CCTV.

Consultation and involvement with tenants is vital to the Association. From 2013-15 tenant satisfaction with opportunities to participate in decision making increased from 68% to 86%. We continue to work with Registered Tenants Organisations, the RTO Forum and Community Councils and other stakeholders to seek feedback on service delivery and consult on a range of initiatives and plans.

Our Tenant Scrutiny Group works with and challenges us to deliver services more effectively. Reviews have been completed during the year for repairs and allocations.

Our Customer Engagement Team works closely with community groups to enhance and improve the local community. External funding allows these groups to regenerate community spaces. We launched our £80,000 Community Fund in April 2016 and have set aside a budget for local community improvements.

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

Passion for People and Community: Housing Services and Community Regeneration (Contd.)

Maryhill actively promotes its role within the wider community working with partner RSLs and other agencies. The Association has identified a need for ongoing locally based, tailored projects and we continue to build on our successes in the area with partner organisations including local community councils, Glasgow Life, Jobs and Business Glasgow, LifeLink, Action for Children and North United Communities. These projects have delivered a range of services to provide opportunities and improvements to our local community.

With funding secured, the Association and its partners have delivered the Brightening Young Futures project. Working with Maryhill Citizens Advice Bureau, the Association is able to provide a money advice project for the local community.

The development contract at Maryhill Locks included a community benefit clause which required the contractor to deliver a wider social benefit and a range of employment and training opportunities for local people including 19 apprenticeships, learning opportunities and careers and school information events. We have now put a new community benefit policy in place for all contracts and services.

Other learning and training opportunities are provided in partnership with Glasgow Life in the Association's bespoke training facility, Maryhill Online.

Performance Management

Service delivery is underpinned by employee performance and remains a high priority. The Association is committed to staff training and development. Employee appraisals provide an opportunity to review performance and achievements and identify personal development requirements which feed into the organisation's annual training plan.

A rolling programme of internal audit supports the Association's objective of continuous improvement and compliance. A payroll and overtime audit was completed in the year, with some of the recommendations and findings used to inform the concierge service review. The internal audit service was re-tendered and we have developed an annual audit plan for the forthcoming year which includes assurance reviews of reactive maintenance, budget setting and control framework and financial regulations; and appraisal reviews of contract management and the risk management framework. The audit results which highlight our strengths and identify some areas for improvement will be used to inform and update our processes.

Treasury Management

The Association manages its borrowings and investments to ensure that it is in a position to meet its financial obligations as they fall due. At 31 March 2016, the Association had borrowings of £11.5million and an overall facility of £19.5million.

Under the terms of the loan agreement with Royal Bank of Scotland the Association is required to meet a number of financial and operational covenants based on annual business plan projections and approval. These loan covenants were achieved.

Risk Management

The Association maintains a strategic risk register and a strategic risk map to assess the business risks faced by the organisation and implements risk management controls to mitigate the risk where possible. This involves identifying the types of risks, prioritising them in terms of likelihood and impact and identifying and implementing controls.

The risk management policy and strategic risk management strategy are reviewed annually to take account of changes and new risks which have arisen within the overall business framework.

A separate operational risk register has been developed and this is monitored and controlled by the operational team made up of members from each of the business functions.

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

Board and Executive Officers

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

Each member of the Board 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 Board.

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

Statement of Board's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board 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 Board 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 Board 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. 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.

The Board 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 Board is 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 Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

The Board 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 Board'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 Board 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 Board;
- the Board 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 Board 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.


Donations

During the year the Association made charitable donations amounting to £1,296 (2015 £2,350).

Auditors

In line with good practice the Association will put its external audit out to tender. As a result the Association will invite tenders for external audit services to start for the financial year 2016/17. Following the outcome of this tender process the Association will select the auditors for the year ended 31 March 2017. The appointment of auditors will be proposed at the Annual General Meeting.

By order of the Board



LYNN WASSELL

Secretary

23 August 2016

MARYHILL HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE BOARD OF MARYHILL HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS



In addition to our audit of the Financial Statements, we have reviewed your statement on Page 7 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 7 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 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 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
23 August 2016

We have audited the financial statements of Maryhill 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 standards of the United Kingdom Generally Accepted Accounting Principles.

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 Board and Auditors

As explained more fully in the Statement of Board's Responsibilities, the Association's Board is 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 Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board'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 results 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MARYHILL HOUSING ASSOCIATION LIMITED**

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 Board'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.
- 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
23 August 2016

MARYHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2016 £	2015 £
REVENUE	2.	11,778,863	12,480,204
Operating Costs	2.	<u>(12,751,584)</u>	<u>(13,951,577)</u>
OPERATING DEFICIT	9.	(972,721)	(1,471,373)
Gain On Sale Of Housing Stock	7.	171,783	170,380
Release of Negative Goodwill	23.	396,248	288,929
Interest Receivable and Other Income		9,094	14,809
Interest Payable and Similar Charges	8.	(500,203)	(690,461)
Other Finance Charges	11.	<u>(116,755)</u>	<u>(58,229)</u>
		(39,833)	(274,572)
DEFICIT FOR YEAR		<u>(1,012,553)</u>	<u>(1,745,945)</u>
Other Comprehensive Income	29b.	413,000	(596,000)
TOTAL COMPREHENSIVE INCOME		<u>(599,553)</u>	<u>(2,341,945)</u>

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 15 to 35 form part of these financial statements.

MARYHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016


	Notes	2016 £	2015 £
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12.(a)	58,787,221	58,904,449
Other Non Current Assets	12.(b)	1,085,341	1,158,197
		<u>59,872,562</u>	<u>60,062,646</u>
Negative Goodwill	23.	(11,656,583)	(12,052,831)
INVESTMENTS			
Investment in subsidiaries	26.	1	1
		<u>1</u>	<u>1</u>
CURRENT ASSETS			
Stock		4,830	3,380
Receivables	15.	585,986	718,661
Development Cost of Housing Property	27.	60,400	117,491
Investments	28.	1,682,275	1,673,809
Cash at bank and in hand		4,911,770	3,872,072
		<u>7,245,261</u>	<u>6,385,413</u>
CREDITORS: Amounts falling due within one year	16.	<u>(3,832,454)</u>	<u>(3,224,980)</u>
NET CURRENT ASSETS		<u>3,412,806</u>	<u>3,160,433</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>51,628,786</u>	<u>51,170,249</u>
CREDITORS: Amounts falling due after more than one year	17.	<u>(12,850,397)</u>	<u>(12,953,193)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Other Provision	29b.	<u>(594,000)</u>	<u>(932,000)</u>
		<u>(594,000)</u>	<u>(932,000)</u>
DEFERRED INCOME			
Social Housing Grants	19.	<u>(10,500,834)</u>	<u>(9,001,952)</u>
		<u>(10,500,834)</u>	<u>(9,001,952)</u>
NET ASSETS		<u>27,683,556</u>	<u>28,283,104</u>
EQUITY			
Share Capital	20.	233	228
Revaluation Reserve		18,247,926	19,265,923
Revenue Reserves		9,435,397	9,016,953
		<u>27,683,556</u>	<u>28,283,104</u>

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

The Financial Statements were approved by the Board and authorised for issue and signed on their behalf on 23 August 2016.



Chairperson



Vice-Chairperson



Secretary

The notes on pages 15 to 35 form part of these financial statements.

MARYHILL HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	18.	2,214,114	3,754,699
Investing Activities			
Acquisition and Construction of Properties	(3,047,005)	(6,316,010)	
Purchase of Other Fixed Assets	(8,700)	(50,731)	
Social Housing Grant Received	1,719,649	57,228	
Social Housing Grant Repaid	-	(7,211)	
Proceeds on Disposal of Properties	436,137	162,854	
Net Cash Outflow from Investing Activities		(899,919)	(6,153,870)
Financing Activities			
Loan Advances Received	500,000	1,000,000	
Interest Received on Cash and Cash Equivalents	9,094	15,726	
Interest Paid on Loans	(775,131)	(839,210)	
Share Capital Issued	6	1	
Net Cash (Outflow) / Inflow from Financing		(266,031)	176,517
Increase / (decrease) in Cash		1,048,164	(2,222,654)
Opening Cash & Cash Equivalents		5,545,881	8,014,850
Closing Cash & Cash Equivalents		6,594,045	5,545,881
Cash and Cash equivalents as at 31 March 2016.			
Cash		6,594,045	5,545,881
		6,594,045	5,545,881

The notes on pages 15 to 35 form part of these financial statements.

MARYHILL HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revaluation Reserve	Revenue Reserve	Total
	£			£
Balance as at 1st April 2014	236	20,283,920	10,340,901	30,625,057
Issue of Shares	1			1
Cancellation of Shares	(9)			(9)
Surplus for Year			(1,745,945)	(1,745,945)
Transfer from Revaluation Reserve		(1,017,997)	1,017,997	-
Transfer from Revenue Reserve			-	-
Other Comprehensive Income			(596,000)	(596,000)
Balance as at 31st March 2015	228	19,265,923	9,016,953	28,283,104
Balance as at 1st April 2015	228	19,265,923	9,016,953	28,283,104
Issue of Shares	6			6
Cancellation of Shares	(1)			(1)
Surplus for Year			(1,012,553)	(1,012,553)
Transfer from Revaluation Reserve		(1,017,997)	1,017,997	-
Transfer from Revenue Reserve			-	-
Other Comprehensive Income			413,000	413,000
Balance as at 31st March 2016	233	18,247,926	9,435,397	27,683,556

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

The notes on pages 15 to 35 form part of these financial statements.

MARYHILL 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 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 the asset to which it relates.

Retirement Benefits

Scottish Housing Association Pension Scheme

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 the high quality corporate bond.

Strathclyde Pension Scheme

The Association also participates in the Strathclyde Pension Fund 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 organisations taken as a whole.

The full impact of the scheme is recognised throughout the Financial Statements as required by FRS 102.

Valuation Of Housing Properties

Housing Properties are stated at deemed 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.

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Valuation Of Housing Properties (Continued.)

<i>Component</i>	<i>Useful Economic Life</i>
Structure	50 years
Roofing	50 years
Exterior walls	40 years
Windows	30 years
Balconies	50 years
Doors	20 years
Controlled entry	20 years
Kitchens	15 years
Bathrooms	20 years
Central heating - pipes & radiators	30 years
Central heating - boilers	15 years
Central heating - electric storage	20 years
Electrics	30 years
Communal lighting	30 years
Lifts	25 years

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:-

Office Premises	2%
Furniture and Fittings	20%
Computer Software	50%
Office Equipment	20%

The carrying value of non-current assets is 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 they relate.

When components are replaced remaining 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.

MARYHILL HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sale of Housing Properties (Continued.)

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Service Charge Sinking Fund

The Association deposits part of its service charge income into a sinking fund bank account in order to meet its future obligations.

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.

MARYHILL 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 Board to exercise judgement in applying Maryhill'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.

Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

Pension Liability

The Association has calculated the Net Present Value of the agreed deficit payments and through this has estimated the discount rate that is applicable to be 2.64% (2015 - 3.58%) with this being based on a high quality corporate bond for a period similar to the 2015 valuation.

Housing Property Depreciation

Upon applying deemed cost, the valuation of properties held for letting (£41,162,000) was lower than historical cost (£69,803,000). The resulting reduction in the base cost to be depreciated from 1 April 2014 onwards is incorporated within the Association's component accounting model and released over 40 years, being reflective of the average remaining useful life across stock held at this date.

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

iii) The Association has taken the opportunity to revalue its Housing Stock at 1st of April 2014, and to apply the exemption under FRS 102 which permits first-time adopters to elect to measure Housing Properties at their fair value at the date of transition and use that fair value as its deemed cost at that date. Further details are provided in note 12(a).

b) The Categorisation of Housing Properties

In the judgement of the Board 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) 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 has adopted this as the best available estimate of the past service liability.

d) Financial Instrument Break Clause

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 Instrument to be classified as a Complex Financial Instrument, and therefore they meet the definition of a Basic Financial Instrument.

e) 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.

MARYHILL 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 (Deficit) £	Turnover £	Operating Costs £	Operating (Deficit) £	
Affordable letting activities	3.	11,388,552	11,910,151	(521,599)	10,848,096	11,973,493	(1,125,397)
Other Activities	4.	390,311	841,433	(451,122)	1,632,108	1,978,084	(345,976)
Total		11,778,863	12,751,584	(972,721)	12,480,204	13,951,577	(1,471,373)

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General		2016 Total £	2015 Total £
	Needs Housing £	Shared Ownership £		
Revenue from Lettings				
Rent Receivable Net of Service Charges	10,973,436	28,310	11,001,746	10,501,334
Service Charges	197,748	3,372	201,120	227,333
Gross income from rent and service charges	11,171,184	31,682	11,202,866	10,728,667
Less: Rent losses from voids	109,696	-	109,696	62,604
Net Rents Receivable	11,061,488	31,682	11,093,170	10,666,063
Grants released from deferred income	220,767	-	220,767	125,966
Revenue grants from Scottish Ministers	74,615	-	74,615	56,067
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	11,356,870	31,682	11,388,552	10,848,096
Expenditure on affordable letting activities				
Management and maintenance administration costs	4,248,289	12,086	4,260,375	4,599,575
Service Costs	166,441	-	166,441	258,903
Planned and cyclical maintenance, including major repairs	2,473,127	-	2,473,127	1,453,290
Reactive maintenance costs	1,866,255	-	1,866,255	1,527,553
Bad Debts - rents and service charges	192,273	-	192,273	4,411
Depreciation of affordable let properties	2,926,780	24,900	2,951,680	2,942,891
Impairment of affordable letting activities	-	-	-	1,186,870
Operating costs of affordable letting activities	11,873,165	36,986	11,910,151	11,973,493
Operating (deficit) on affordable letting activities	(516,295)	(5,304)	(521,599)	(1,125,397)
2015	(1,118,351)	(7,046)		

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.

MARYHILL 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	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015			
Wider Role Activities	208,897	-	-	208,897	-	581,989	(373,092)	(288,802)			
Factoring	-	-	86,001	86,001	36,024	131,026	(81,049)	(50,053)			
Development and construction of property activities	-	-	60,000	60,000	-	87,678	(27,678)	(39,719)			
Maryhill Online	-	-	-	-	-	3,175	(3,175)	(4,521)			
Commercial Properties	-	-	11,315	11,315	-	-	11,315	7,274			
Radio Mast Income	-	-	24,098	24,098	-	-	24,098	23,093			
Sundry Activities	-	-	-	-	-	1,541	(1,541)	6,752			
Total From Other Activities	208,897	-	181,414	390,311	36,024	805,409	(451,122)	(345,976)			
2015	-	253,152	1,378,956	1,632,108	(11,953)	1,990,037	(345,976)				

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

MARYHILL 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 Board, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Compensation payable to Officers for loss of Office

Pension contributions made on behalf of Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Compensation paid to key management personnel

2016	2015
£	£
237,109	135,244
-	29,000
22,256	16,722
99,842	25,840
306,200	294,160

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	1	2
£70,001 to £80,000	1	-
£90,001 to £100,000	1	-

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2016	2015
No.	No.
89	93
93	97
£	£
2,919,228	3,289,093
243,164	232,712
311,262	375,347
115,167	156,640
3,588,821	4,053,792

During the previous year, the Association undertook a restructuring exercise, incurring redundancy costs of £351,959 which are included within Wages and Salaries for 2015 above.

MARYHILL 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	436,137	201,444
Cost of Sales	264,354	31,064
Gain On Sale Of Housing Stock	<u>171,783</u>	<u>170,380</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans	<u>500,203</u>	<u>690,461</u>

Interest incurred in the development period of housing properties which has been written off to the statement of comprehensive income amounted to £Nil (2015 £Nil).

9. DEFICIT FOR YEAR

	2016	2015
	£	£
Deficit is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,805,803	4,176,541
Auditors' Remuneration - Audit Services	14,340	13,680
Auditors' Remuneration - Other Services	12,683	2,652
Operating Lease Rentals - Other	19,490	19,000
Gain on sale of fixed assets	<u>171,783</u>	<u>170,380</u>

10. TAX ON 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	<u>116,755</u>	<u>58,229</u>

MARYHILL 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 £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2015	62,134,381	19,750	315,356	62,469,487
Additions	1,884,584	1,162,421	-	3,047,005
Disposals	(529,930)	-	(14,895)	(544,825)
As at 31st March 2016	63,489,035	1,182,171	300,461	64,971,667
DEPRECIATION				
As at 1st April 2015	3,555,128	-	9,910	3,565,038
Charge for Year	2,699,346	-	24,900	2,724,246
Disposals	(103,935)	-	(904)	(104,839)
As at 31st March 2016	6,150,539	-	33,907	6,184,446
NET BOOK VALUE				
As at 31st March 2016	57,338,496	1,182,171	266,555	58,787,221
As at 31st March 2015	58,579,253	19,750	305,446	58,904,449

Additions to housing properties includes capitalised development administration costs of £144,349 (2015 - £146,223) and capitalised major repair costs to existing properties of £1,579,975 (2015 £2,616,010)

All land and housing properties are freehold

Total expenditure on existing properties in the year amounted to £3,176,432. The amount capitalised is £1,884,584, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacements of £1,579,975 and improvement of £304,609.

The Association's Lenders have standard securities over Housing Property with a carrying value of £25,048,742 (2015 - £25,421,980).

Upon transition to FRS102 the Association elected to apply the exemption which permits first-time adopters to measure property, plant and equipment - in this case Housing Properties - at fair value at the date of transition and use that fair value as its deemed cost at that date. The fair value was assessed by Jones Lang LaSalle IP as at 1 April 2014 applying Existing Use Value - Social Housing (EUV-SH). The valuation at 1 April 2014 was £41,162,000. This compared with a historic cost of £69,803,000 and a net book value under previous GAAP of £20,878,000 (net of Housing Association Grant).

MARYHILL 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	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2015	1,509,181	502,441	2,011,622
Additions	-	8,700	8,700
As at 31st March 2016	<u>1,509,181</u>	<u>511,141</u>	<u>2,020,322</u>
AGGREGATE DEPRECIATION			
As at 1st April 2015	434,013	419,412	853,425
Charge for year	39,145	42,411	81,557
As at 31st March 2016	<u>473,158</u>	<u>461,823</u>	<u>934,982</u>
NET BOOK VALUE			
As at 31st March 2016	<u>1,036,023</u>	<u>49,318</u>	<u>1,085,341</u>
As at 31st March 2015	<u>1,075,168</u>	<u>83,029</u>	<u>1,158,197</u>

13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>2,281,243</u>	<u>2,185,763</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	19,892	4,406
Later than one year and not later than five years	50,393	10,610
Later than five years	<u>7,983</u>	<u>-</u>

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

MARYHILL 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	764,248	716,527
Less: Provision for Doubtful Debts	(475,616)	(402,572)
	288,632	313,955
Other Receivables	297,353	404,706
	<u>585,986</u>	<u>718,661</u>

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	205,789	31,455
Trade Payables	881,876	805,086
Rent in Advance	420,052	366,986
Amounts Due to Group Undertakings	1	1
Other Payables	1,585,133	1,361,647
Liability for Past Service Contributions	238,960	232,000
Accruals and Deferred Income	500,643	427,805
	<u>3,832,454</u>	<u>3,224,980</u>

At the balance sheet date there were pension contributions outstanding of £44,229 (2015 - £41,492)

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	1,125,545	1,279,078
Housing Loans	11,724,852	11,674,115
	<u>12,850,397</u>	<u>12,953,193</u>
<i>Housing Loans</i>		
Amounts due within one year	205,789	31,455
Amounts due in one year or more but less than two years	402,808	205,789
Amounts due in two years or more but less than five years	1,312,194	1,249,411
Amounts due in more than five years	10,009,850	10,218,915
	<u>11,930,642</u>	<u>11,705,570</u>
Less: Amount shown in Current Liabilities	205,789	31,455
	<u>11,724,852</u>	<u>11,674,115</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	238,960	232,000
Amounts due in one year or more but less than two years	236,588	238,960
Amounts due in two years or more but less than five years	753,208	731,270
Amounts due in more than five years	135,749	308,848
	<u>1,364,505</u>	<u>1,511,078</u>

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

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
RBS	Standard Security over 829 properties	6.58%	2041	Fixed
RBS	Standard Security over 394 properties	6.48%	2041	Fixed
RBS	Standard Security over 85 properties	6.48%	2041	Fixed
RBS	Standard Security over 129 properties	6.58%	2041	Fixed
RBS	Standard Security over 44 properties	LIBOR +1.85%	2041	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 Pension 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 2.64% (2015 - 3.58%)

MARYHILL 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 deficit to balance as at 31st March 2016</i>	2016 £	2015 £
Operating Deficit	(972,721)	(1,471,373)
Depreciation	3,033,236	4,176,541
Change in properties developed for resale	57,091	744,274
Amortisation of Capital Grants	(220,767)	(125,966)
Change in stock	(1,450)	(3,383)
Change in debtors	132,675	(190,198)
Change in creditors	374,051	630,042
Unwinding of discounted Liability	(232,000)	(58,229)
Share Capital Written Off	(1)	(9)
Service cost on Defined Benefit Scheme (Strathclyde)	44,000	53,000
Balance as at 31st March 2016	<u>2,214,114</u>	<u>3,754,699</u>

19. DEFERRED INCOME

<i>Social Housing Grants</i>	2016 £	2015 £
Balance as at 1st April 2015	9,001,952	9,070,690
Additions in year	1,719,649	57,228
Amortisation in Year	(220,767)	(125,966)
Balance as at 31st March 2016	<u>10,500,834</u>	<u>9,001,952</u>

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

	2016 £	2015 £
Amounts due within one year	220,767	125,966
Amounts due in one year or more	10,280,066	8,875,986
	<u>10,500,834</u>	<u>9,001,952</u>

MARYHILL 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	228
Issued in year	6
Cancelled in year	(1)
At 31st March 2016	<u>233</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 of the Association. Each member has a right to vote at members' meetings.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	568	568
General Needs - Rehabilitation	2,478	2,480
Shared Ownership	16	16
	<u>3,062</u>	<u>3,064</u>

MARYHILL 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 Board 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 Board	42,681
Factoring Charges received from owners on the Board	Nil

At the year end total rent arrears owed by the tenant members of the Board (and their close family) were £348.

At the year end total factoring arrears owed by the factored owners of the Board were £Nil.

23. NEGATIVE GOODWILL

	2016 £	2015 £
Balance as at 1st April 2015	(12,052,831)	(12,341,760)
Release during the year	396,248	288,929
As at 31st March 2016	<u>(11,656,583)</u>	<u>(12,052,831)</u>

24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 45 Garrioch Road, Maryhill, Glasgow.

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

25. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £2,192 in the year by way of reimbursement of expenses (2015 - £1,228). No remuneration is paid to Board members in respect of their duties in the Association.

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

Investments in Subsidiaries

As at 31st March 2016 & 31st March 2015

1	1
<u>1</u>	<u>1</u>

In the opinion of the Board the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Maryhill Communities Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The company was incorporated on 26 April 2011 and did not trade during the year ended 31 March 2015 or 31 March 2016.

The aggregate amount of capital and reserves and the results of Maryhill Communities Limited for the year ended 31st March 2016 were as follows:

	2016	2015
	£	£
Capital & Reserves	1	1
	<u>1</u>	<u>1</u>
Profit/(loss) for the year	-	-
	<u>-</u>	<u>-</u>

The Association participates in a shared equity arrangement at 31 March 2016. At this date the Association has expended £2,230,995 on shared equity properties.

27. DEVELOPMENT COST OF HOUSING PROPERTY

	2016	2015
	£	£
Shared Equity Properties		
Completed Properties Unsold	117,288	230,699
	<u>117,288</u>	<u>230,699</u>
Less: Grants Received from Scottish Ministers	(56,888)	(113,208)
	<u>60,400</u>	<u>117,491</u>

28. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Short Term Deposits	1,682,275	1,673,809
	<u>1,682,275</u>	<u>1,673,809</u>

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RETIREMENT BENEFIT OBLIGATIONS

General

Maryhill 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 provisional 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 £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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 employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £1,364,505 (2015 - £1,511,078). 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 2.64% (2015 - 3.58%).

The Association made payments totalling £399,323 (2015 - £412,317) to the pension scheme during the year.

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RETIREMENT BENEFIT OBLIGATIONS

b) Strathclyde Pension Scheme

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 Association became an admitted body in this scheme by virtue of the Second Stage Transfer that took place on 27 June 2011.

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 16 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £137,560. Gross pensionable salaries for the year were £756,341.

The following figures are prepared by the Actuaries, Hymans Robertson, LLP. The actuarial assumptions are based on the last formal valuation carried out in 2014 at which time there were 25 active members. The membership and other data will therefore be updated at the next formal valuation date, being 2017.

Principal Actuarial Assumptions

Assumptions as at 31st March	2016	2015	2014
	%p.a.	%p.a.	%p.a.
Pension increase rate	2.2	2.5	2.9
Salary increase rate	4.2	4.4	5.2
Expected return on assets	2.6	3.3	6.0
Discount rate	3.6	3.3	4.3

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

	2016	2015
	£	£
Employee members	2,575,000	2,745,000
	<u>2,575,000</u>	<u>2,745,000</u>
Net Pension Liability		
	2016	2015
	£	£
Fair value of employer's assets	1,981,000	1,813,000
Present value of scheme liabilities	(2,575,000)	(2,745,000)
Net liability	<u>(594,000)</u>	<u>(932,000)</u>

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2016 £	2015 £
Charged to operating costs:		
Service cost	146,000	197,000
	<u>146,000</u>	<u>197,000</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	62,000	72,000
Interest on pension scheme liabilities	(93,000)	(81,000)
Gain	<u>(31,000)</u>	<u>(9,000)</u>
Net Charge to the Statement of Comprehensive Income	115,000	188,000
Actual Return on Plan Assets	<u>62,000</u>	<u>176,000</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.	2014 % p.a.
Equities	3.6	3.3	6.6
Bonds	3.6	3.3	3.7
Property	3.6	3.3	4.8
Cash	3.6	3.3	3.7

Other Assumptions

Mortality Rates

Life expectancy is based on the Fund's VitaCurves. 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

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2016	2015
	(Number)	(Number)
Actives	25	24
Fair Value of employer assets	2016	2015
	£	£
Opening fair value of employer assets	1,813,000	1,277,000
Expected Return on Assets	62,000	81,000
Contributions by Members	29,000	44,000
Contributions by the Employer	102,000	144,000
Actuarial Gains / (Losses)	(13,000)	310,000
Estimated Benefits Paid	(12,000)	(43,000)
Closing fair value of employer assets	1,981,000	1,813,000
Fair value of scheme assets by category	2016	2015
	£	£
Equities	1,426,320	1,360,000
Bonds	316,960	236,000
Property	237,720	199,000
Cash	-	18,000
	1,981,000	1,813,000
Reconciliation of defined benefit obligations	2016	2015
	£	£
Opening defined benefit obligation	2,745,000	1,569,000
Current Service Cost	146,000	197,000
Interest Cost	93,000	72,000
Contributions by members	29,000	44,000
Actuarial (Losses) / Gains	(426,000)	906,000
Estimated Benefits Paid	(12,000)	(43,000)
	2,575,000	2,745,000

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Analysis of projected amount to be charged to the Statement of Comprehensive Income for the year ended 31 March 2017

	£	% of pay
Projected current service cost	118,000	24.5
Interest on obligation	95,000	19.7
Expected return on plan assets	(73,000)	(15.1)
	<u>140,000</u>	<u>29.1</u>

Contributions made by the Association for the year ended 31 March 2017 are estimated to be approximately £102,000.

Amounts for the current and previous accounting periods:

	2016	2015
	£	£
Fair value of employer assets	1,981,000	1,813,000
Present value of defined benefit obligations (Deficit)	(2,575,000)	(2,745,000)
Experience Gains on assets	-	310,000
Experience (Losses) on liabilities	-	(530,000)

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

	2016	2015
	£	£
Actuarial gain/(loss) recognised in year	413,000	(596,000)
Cumulative actuarial losses	(450,000)	(863,000)

MARYHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. 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) & (iv)	32,584,055	27,478,591	60,062,646	27,873,888	28,980,157	56,854,045
Investment		1	-	1	1	-	1
Negative Goodwill		(12,052,831)	-	(12,052,831)	(12,341,760)	-	(12,341,760)
Current Assets		6,385,413	-	6,385,413	9,405,995	-	9,405,995
Current Liabilities	(ii)	(3,047,059)	(177,921)	(3,224,980)	(2,119,817)	(226,000)	(2,345,817)
Provisions		(932,000)	-	(932,000)	(292,000)	-	(292,000)
Non Current Liabilities	(ii)	(11,351,248)	(1,601,945)	(12,953,193)	(10,382,703)	(1,202,014)	(11,584,717)
Deferred Income	(i) & (iv)	-	(9,001,952)	(9,001,952)	-	(9,070,690)	(9,070,690)
Capital & Reserves		11,586,331	16,696,773	28,283,104	12,143,604	18,481,453	30,625,057
		(11,586,331)	(16,696,773)	(28,283,104)	(12,143,604)	(18,481,453)	(30,625,057)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated £	Effect of Transition £	As Restated £	
Revenue	(i)	12,354,238	125,966	12,480,204
Operating Costs	(i), (ii) & (iv)	(12,093,206)	(1,858,371)	(13,951,577)
Other Income		147,566	22,814	170,380
Release of Negative Goodwill		288,929	-	288,929
Interest Receivable		14,809	-	14,809
Interest Payable		(682,601)	(7,860)	(690,461)
Other Finance Income / Costs		9,000	(67,229)	(58,229)
Other Comprehensive Income		(596,000)	-	(596,000)
Deficit		(557,265)	(1,784,680)	(2,341,945)

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.

(iv) The Association elected to apply the exemption available on transition to measure Housing Properties at fair value at the date of transition and use that fair value as its deemed cost at 1 April 2014. The valuation at this date under EUV-SH was £41,162,000. Housing Association Grant received prior to 1 April 2014 (£49,406,266) was accounted for under the performance model in accordance with the requirements of FRS102.

Depreciation at the transition date was written back to reserves, in accordance with FRS102, and depreciation charges thereafter are calculated based on the deemed cost (noted above).

