



Scott-Moncrieff
business advisers and accountants

MARYHILL HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2017

**The Scottish Housing Regulator No HCB159
Financial Conduct Authority No 1904R(S)
Scottish Charity Number SC032468**

MARYHILL HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2017

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Board, Executives and Advisers

Roger Popplewell	Chairperson	
Lorain Mackinnon	Vice-Chairperson	Appointed 8 December 2016
Sandra Blair		
Eleanor Brown		
Les Currie		
Linda Duff		
Elizabeth Smith		
Brian Trearty		
Richard Turnock	Appointed 1 November 2016	
Isabella McTaggart	Appointed 8 December 2016	
Tim Holmes	Appointed 25 April 2017	
Paul Imrie	Appointed 25 April 2017	
Alistair Goold	Deceased 27 February 2017	
David Brophy	Resigned 21 September 2016	
Councillor Mohammed Razaq	Resigned 4 May 2017	

Registered Office

45 Garrioch Road
Maryhill
Glasgow
G20 8RG

Executive Officers

Bryony Willett	Chief Executive and Secretary (appointed 1 March 2017), Director of Housing Services (until 28 February 2017)
Eleanor Biggs	Director of Corporate Services
Donna Birrell	Director of Investment & Regeneration
Lynn Wassell	Chief Executive and Secretary (Resigned 28 February 2017)

Auditor

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Internal auditor

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

Bankers

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

Lloyds Bank plc
Social Housing
Commercial Division
25 Gresham Street
London
EC2V 7HN

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

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

Registration numbers

The Scottish Housing Regulator	HCB159
Financial Conduct Authority	1904R(S)
Registered Scottish Charity	SC032468

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017**

The Board presents their report and the audited financial statements for the year ended 31 March 2017.

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.

Principle Activity

The principal activity of the Association is the provision and management of social 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 Association Limited 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. The Association reviews its Governance Effectiveness Plan annually. Actions in the 2016/17 Governance Effectiveness Plan included reviewing governance activities to ensure they meet the requirements of the Scottish Housing Regulator and developing and setting improved performance standards, ensuring these balance quality and cost and provide direct benefit to our tenants and factored owners.

The Board has delegated powers to three sub-committees with responsibility for: Policy and Performance; Audit and Risk and Staffing.

The Board is accountable to the 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 the Association 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 are committed to providing customers with opportunities to influence the organisation's future. We also now have a Tenant Scrutiny Group to help challenge and improve performance of our services, 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. This plan was refreshed in spring 2017 with a new Corporate Business Plan approved by the Board in April 2017 which pulls together our strategic and service priorities, risks and financial capacity into a single document. The Corporate Business Plan also includes our annual Delivery Plan for 2017/18. Each team sets its own Service Improvement Plan which supports the achievement of the organisation-wide delivery plan.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017****Strategic Planning (continued)**

The Association's 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; and
- 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.

Achievements and Performance**Summary**

During 2016/17 we have worked hard to continue to drive up performance standards across the business and deliver key strategic projects and plans, such as the development of a robust Asset Management Strategy. The Association has a medium level of engagement with the Scottish Housing Regulator and we are required to submit our annual Corporate Business Plan and provide an update on our Development Programme as part of our Regulation Plan.

During 2016/17 we continued to focus 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 have invested in significant vocational training during 2016/17 to ensure our staff have the skills they need to deliver the best possible services. We conducted a detailed Best Companies employee survey in autumn 2016 for the second time and retained our One to Watch status, despite significant staffing changes over the year. We have continued to develop our actions in response to this survey through our Smarter Working, Smarter Lives organisational development programme to build on our success to date.

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 the previous survey in 2013. The level of overall owner satisfaction reduced from 55% to 45% and we have been working on a significant programme of improvements to the factoring service. The key aims of this project are to provide a more responsive customer-facing service, provide better and more timely information to customers, ensure we consult owners in line with our legal duties as factor and maximise the amount of money we can recover from owners.

The Association's focus on value for money is a key area in our 2017/18 plans. In our 2017/18 business plan we have moved away from above inflationary rent increases for the duration of the plan. We developed a Value for Money Statement in April 2017 and are developing a full Value for Money strategy for 2017/18 including clear savings proposals and more efficient operations.

The results for the year are shown in the Statement of Comprehensive Income. In the year to 31 March 2017 the Association made an operating surplus of £860,734 and an overall surplus of £660,907. Due to an actuarial loss of £605,000 in respect of the Strathclyde Pension Scheme, total comprehensive income was £55,907.

The Association had net assets of £27,948,560 as at 31 March 2017.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017**

Passion for our Homes: Property Investment and New Development

Maryhill Housing Association Limited 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.

We procured new responsive repairs, gas servicing, empty property repairs, lift and door entry and planned works contracts to start in April 2017. These contracts are progressing well with positive feedback from customers and significant financial savings in some contracts.

In 2016/17 we launched a new Investment Team to deliver our programme of major works. In 2016/17 we aimed to deliver a broad ranging investment programme with projects such as upgrades to our CCTV, improvements to foyers, back-court and bin area improvements and roof renewals. Unfortunately it took longer to procure and deliver these projects than originally estimated and there was significant underspend in our 2016/17 Investment Programme. We have learnt lessons from this experience and in 2017/18 we have brought forward programmes of kitchen, bathroom and heating replacements to continue to improve our customers' homes. We will continue with our plans to deliver environmental and back-court improvements but these are likely to take longer to deliver because of the requirement for extensive consultation with owners. We are carrying out works to ensure we meet the Energy Efficiency Standard for Social Housing (ESSH) by 2020. Our projects for 2017/18 include assessing the feasibility for alternative forms of heating in our electrically heated properties.

We continue to provide factoring services for over 700 homes and during 2017/18 will be looking to continue to grow our factoring business.

The quality of the environment and community safety continues to be a high priority for our customers and in January 2017 we launched a new responsive caretaking service which is making a big difference in our community. The impact of this team was recognised at the Keep Scotland Beautiful Awards in 2017 where we were winners in the category of Improving Local Environmental Quality. From June 2017 we are piloting delivering part of our landscaping service in-house through our own directly employed staff. This has proven to be very successful with positive feedback from customers. During 2017/18 we will be assessing whether to roll this out to all of our stock in future years, and assessing the business case for taking further services in-house because of the potential to deliver an improved service at a reduced cost.

In Spring 2017 we launched a new partnership approach to the delivery of new housing with Queens Cross Housing Association Limited through the North West Partners Development Hub which is responsible for developing a joint development programme of 600 units over five years. The main benefits of this approach are: sharing skills and expertise; increased strategic and political impact in the North of Glasgow; attracting skilled development staff looking for a challenge and economies of scale and efficiencies. Our own new build programme at Maryhill is currently 125 units over five years. We are aiming to create a development pipeline for future years and are commissioning a Housing Needs and Demands study for the North of Glasgow to ensure we are building homes to meet the current and future needs of our community.

In 2016/17, £6.2million was spent on maintenance capital investment and completion of the development programme. Development costs 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.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017****Passion for People and Community: Housing Services and Community Regeneration**

We've made significant improvements in our performance during 2016/17 in key areas such as rent collection, turnover of empty properties and management of anti-social behaviour. Our performance is now above the Scottish benchmark in all of these areas as well as others including the time it takes us to complete reactive repairs.

We continued to benefit from funding from the Scottish Legal Aid Board to support our welfare benefits and financial inclusion services, providing our customers with advice and support on financial matters and welfare reform. We launched our Anti-Poverty charter in 2016 with partner organisations North Glasgow Housing Association Limited and Queens Cross Housing Association Limited and have formed new partnerships with Scotcash and Pollock Credit Union to ensure our customers have access to affordable credit.

The Glasgow Housing Register was launched in Spring 2017 and we are piloting this together with other landlords in the North West of the city. This will assist in our objective to reduce re-let times and void loss and provide a more streamlined service for customers trying to access housing.

In 2016 we launched a new model for Retirement Housing which means we de-registered with the Care Inspectorate. This new model has been well received by our tenants.

In Autumn 2016 we completed our concierge review. Our new look Neighbourhood Team provides a range of new services to customers, including minor repairs and improvements in our multi-storey stock. Significant financial savings will be generated once these changes are fully implemented.

Consultation and involvement with tenants is vital to the Association and during 2016/17 we used feedback from tenants to make positive changes to our reactive repairs service; our allocations policy and our grounds maintenance service. We continue to work with Registered Tenants Organisations, Maryhill and Summerston Community Council, Ruchill Community Council and other stakeholders to seek feedback on our services.

We are currently working to develop our tenant scrutiny group to ensure they have the skills and support to challenge us to deliver services more effectively. We are working with the Tenant Information Service to deliver a programme of training to our Tenant Scrutiny Group (renamed as the Service Improvement Panel) and they have chosen to look at consultation around our investment programme as their first project in 2017.

Our Customer Engagement and Regeneration Team works closely with community groups to enhance and improve the local community. In 2017/18 we are celebrating our 40th Anniversary through a range of community events organised by the team including canal boat trips, fun days and even choir concerts. The success of our community groups was recognised at the Evening Times Street Ahead Awards where we had successes in the categories of Best Community Garden, Best Community Initiative and Overall Award.

The Association continues to form strong partnerships to maximise the impact of services in the community. Our current partners include: local community councils, Glasgow Life, Jobs and Business Glasgow, LifeLink, Action for Children, North United Communities, neighbouring housing associations Queens Cross Housing Association Limited, North Glasgow Housing Association Limited and Cadder Housing Association Limited, Police Scotland, the Fire Service and Community Safety Glasgow. Projects delivered through these partnerships include job clubs; IT classes; parenting support; fire safety briefings and counselling support.

We have introduced a community benefit clause into all of our new contracts and as a result we will create or sustain thirteen apprenticeship places and generate contributions to community initiatives from our contractors.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017****Performance Management**

Service delivery is underpinned by employee performance and remains a high priority. The Association is committed to staff training and development and in 2016/17 we invested in a programme of professional qualifications for our frontline housing teams. We introduced a new system of Service Improvement Plans for each team which are clearly linked to appraisal objectives and corporate Delivery Plan priorities.

A rolling programme of internal audit supports the Association's objective of continuous improvement and compliance. In 2016/17 internal audits were completed in respect of reactive repairs; gas servicing and repairs; cyclical repairs; budget setting and control and financial regulations. Actions following these audits are being tracked through our Audit Committee. An audit of Income Collection has been completed in April 2017 and the audit programme for the rest of the financial year is being implemented.

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 2017, 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.

An internal audit of our approach to risk management will be completed in 2017/18.

Board Members 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 Association for the purposes of charity law. Members of the Board are appointed by the members at the Association's Annual General Meeting.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017**

Statement of the Board's Responsibilities

Housing Association legislation 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 income and expenditure 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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Board 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.

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; and
- 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 procedure are in place, including the on-going documentation of key systems and rules relating to the delegation of authority, which allows the monitoring of controls and restricts 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 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 receives 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; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

**Report of the Board (incorporating the Strategic Report)
For the year ended 31 March 2017**

Statement on Internal Financial Control (continued)

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. 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 £1,595 (2016:£1,296).

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Board at the time the report is approved:

- so far as the Board members are aware, there is no relevant information of which the Association's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

Auditor

Scott-Moncrieff was appointed as auditor to the Association during the year, following a competitive tender process. A resolution to re-appoint Scott-Moncrieff, Chartered Accountants as auditor will be proposed at the Annual General Meeting.

The Report of the Board (incorporating the Strategic Report) has been approved by the Board:

By order of the Board



Bryony Willet
Secretary

Date: 29 August 2017

**Report of the Auditor to the Members of Maryhill Housing Association Limited on the Financial Statements
For the year ended 31 March 2017**

We have audited the financial statements of Maryhill Housing Association Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association 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 and the auditor

As explained more fully in the Statement of the Board's Responsibilities on page 7, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2017 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 prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Scott-Moncrieff

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Date: 29 August 2017

**Report of the Auditor to the Members of Maryhill Housing Association Limited on Corporate Governance Matters
For the year ended 31 March 2017**

In addition to our audit of the financial statements, we have reviewed your statements on pages 7 and 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 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 7 and 8 has provided the disclosures required by the relevant Regulatory Standards 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 a result of our audit work on the Financial Statements.

Through our 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

Scott-Moncrieff

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow G2 6NL

Date: 29 August 2017

**Statement of Comprehensive Income
For the year ended 31 March 2017**

	Notes	£	2017 £	£	Restated 2016 £
Revenue	4		11,984,666		11,778,863
Operating expenditure	4		(11,123,932)		(12,751,584)
Operating surplus/(deficit)	4		860,734		(972,721)
Gain on sale of housing stock	10	200,032		171,783	
Release of negative goodwill	11	405,406		438,366	
Interest receivable and other income	12a	7,611		9,094	
Interest payable and similar charges	12b	(728,876)		(521,958)	
Other finance charges	13	(84,000)		(95,000)	
			(199,827)		2,285
Surplus/(deficit) for the year before tax			660,907		(970,436)
Tax	14		-		-
Surplus/(deficit) for the year after tax			660,907		(970,436)
Other comprehensive income					
Actuarial (loss)/gain recognised in the pension liability	34		(605,000)		413,000
Total comprehensive income			55,907		(557,436)

The notes form part of these financial statements.

**Statement of Financial Position
As at 31 March 2017**

			2017		Restated 2016
Tangible fixed assets	Notes	£	£	£	£
Housing properties	15		58,927,927		58,787,221
Other fixed assets	17		1,211,527		1,085,340
			<u>60,139,454</u>		<u>59,872,561</u>
Negative goodwill	11		(11,041,987)		(11,447,393)
Investments					
Investment in subsidiary	33		1		1
Current assets					
Stock			-	4,830	
Debtors	18	638,046		585,986	
Development cost of housing property			-	60,400	
Investments	19	1,689,635		1,682,275	
Cash at bank and in hand	20	4,867,901		4,911,770	
			<u>7,195,582</u>	<u>7,245,261</u>	
Creditors: amounts falling due within one year	21	(3,043,498)		(3,534,546)	
Net current assets			<u>4,152,084</u>		<u>3,710,715</u>
Total assets less current liabilities			<u>53,249,552</u>		<u>52,135,884</u>
Creditors: amounts falling due after more than one year	22		(24,066,992)		(23,649,138)
Strathclyde Pension Scheme liability	34		(1,234,000)		(594,000)
Net assets			<u><u>27,948,560</u></u>		<u><u>27,892,746</u></u>
Capital and reserve					
Share capital	25		140		233
Revenue reserve	26		27,948,420		27,892,513
			<u><u>27,948,560</u></u>		<u><u>27,892,746</u></u>

The financial statements were authorised for issue by the Board on 29 August 2017 and are signed on their behalf by:

Roger Popplewell		Chairperson
Lorain Mackinnon		Vice-Chairperson
Bryony Willet		Secretary

The notes form part of these financial statements.

**Statement of Changes in Capital and Reserves
For the year ended 31 March 2017**

	Share Capital £	Restated Revenue Reserve £	Restated Total £
Balance as at 1 April 2015 as restated	228	28,449,949	28,450,177
Issue of shares	6	-	6
Cancellation of shares	(1)	-	(1)
Total comprehensive income	-	(557,436)	(557,436)
Balance as at 31 March 2016 as restated	<u>233</u>	<u>27,892,513</u>	<u>27,892,746</u>
Balance as at 1 April 2016 as restated	233	27,892,513	27,892,746
Issue of shares	4	-	4
Cancellation of shares	(97)	-	(97)
Total comprehensive income	-	55,907	55,907
Balance as at 31 March 2017	<u>140</u>	<u>27,948,420</u>	<u>27,948,560</u>

The notes form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2017

	Note	2017		Restated 2016	
		£	£	£	£
Net cash generated from operating activities	27		2,325,034		2,446,115
Cash flow from investing activities					
Acquisition and construction of properties		(2,546,744)		(3,047,005)	
Purchase of other fixed assets		(221,215)		(8,700)	
Social housing grant received		975,821		1,719,649	
Proceeds on disposal of properties		471,497		436,137	
Interest received		251		628	
			(1,320,390)		(899,291)
Cash flow from financing activities					
Loan advances received		-		500,000	
Interest paid on loans and bank charges		(809,517)		(775,132)	
Share capital Issued		4		6	
Payment of past service contributions		(239,000)		(232,000)	
			(1,048,513)		(507,126)
Net change in cash and cash equivalent			(43,869)		1,039,698
Opening cash and cash equivalents			4,911,770		3,872,072
Closing cash and cash equivalents			4,867,901		4,911,770

The notes form part of these financial statements.

**Notes to the Financial Statements
For the year ended 31 March 2017****1. General information**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (note 3).

These financial statements represent the results of the Association only and are presented in £GBP.

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in Scotland. The Association is a registered social landlord (HCB159) and a registered charity (SC032468). The registered address is 45 Garrioch Road, Maryhill, Glasgow, G20 8RG.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies**a) Basis of accounting**

The financial statements are prepared under the historical cost convention, subject to the revaluation of certain fixed assets, and in accordance with applicable accounting standards and statements of recommended practice. Please note, on transition to FRS 102 the Association chose to measure housing properties at deemed cost based on an Existing Use Valuation. The effect of events relating to the year ended 31 March 2017, which occurred before the date of approval of the financial statements by the Board has been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2017 and of the results for the year ended on that date.

b) Going concern

The financial statements have been prepared on a going concern basis by the Board based on financial projections and funding available and the Association has a healthy cash and net asset position. Thus the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, Glasgow City Council and other agencies. Also included are management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an on-going basis. First tranche shared ownership sales are also included in turnover.

d) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

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

**Notes to the Financial Statements
For the year ended 31 March 2017**

2. Principal accounting policies (continued)

e) Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income on an accruals basis.

f) Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

g) Tangible fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 15. 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.

Component	Useful Economic Life
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

h) Tangible fixed assets – Other fixed assets

Other fixed 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:-

Offices premises	2%
Furniture and fittings	20%
Computer software	50%
Office equipment	20%
Motor vehicles	25%

The carrying value of other fixed assets is reviewed for impairment at the end of each reporting period.

i) 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.

**Notes to the Financial Statements
For the year ended 31 March 2017**

2. Principal accounting policies (continued)

j) Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

k) Debtors

Short term debtors are measured at transaction price, less any impairment.

l) Rental arrears

Rental arrears represent amounts due by tenants for the rental of social housing properties at the year-end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 18.

m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

n) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

o) Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**Notes to the Financial Statements
For the year ended 31 March 2017**

2. Principal accounting policies (continued)

p) Government capital grants

Government capital grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

q) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

r) Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

s) Pension costs (note 34)

Scottish Housing Association Pension Scheme (SHAPS)

The Association participates in the Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) 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.

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.

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

Defined Contribution Pension Scheme (Auto Enrolment) (SHAPS)

The Association is also a member of the SHAPS Defined Contribution Pension Scheme and this scheme is used for auto-enrolment. The cost of the employer's contributions is charged to the Statement of Comprehensive Income on an accruals basis.

**Notes to the Financial Statements
For the year ended 31 March 2017**

2. Principal accounting policies (continued)

s) Pension costs (note 34)

Strathclyde Pension Fund

The Strathclyde Pension Fund is accounted for as a defined benefit scheme. In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

t) Development administration costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

3. Judgements in applying policies and key sources of estimation uncertainty

Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Board is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of housing properties	Housing properties are held at deemed cost which is based on an existing use valuation at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and are based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPS pension scheme and Strathclyde pension scheme	These have relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Notes to the Financial Statements
For the year ended 31 March 2017

4. Particulars of turnover, operating expenditure and operating surplus or (deficit)

	2017			2016		
	Turnover £	Operating Expenditure £	Operating Surplus or (Deficit) £	Turnover £	Operating Expenditure £	Operating (Deficit) £
Social lettings (note 5)	11,681,430	10,411,293	1,270,137	11,388,552	11,910,151	(521,599)
Other activities (note 6)	303,236	712,639	(409,403)	390,311	841,433	(451,122)
Total	11,984,666	11,123,932	860,734	11,778,863	12,751,584	(972,721)

5. Particulars of turnover, operating expenditure and operating surplus or (deficit) from social letting activities

	General Needs Housing £	Shared Ownership £	2017 Total £	2016 Total £
Revenue from lettings				
Rent receivable net of service charges	11,240,145	27,946	11,268,091	11,001,746
Service charges	212,570	776	213,346	201,120
Gross income from rent and service charges	11,452,715	28,722	11,481,437	11,202,866
Less: Rent losses from voids	(85,631)	-	(85,631)	(109,696)
Net rents receivable	11,367,084	28,722	11,395,806	11,093,170
Release of deferred Government capital grants	268,774	-	268,774	220,767
Revenue grants from Scottish Ministers	16,850	-	16,850	74,615
Total turnover from social letting activities	11,652,708	28,722	11,681,430	11,388,552
Expenditure on social letting activities				
Management and maintenance administration costs	4,486,159	11,293	4,497,452	4,260,375
Service costs	168,148	-	168,148	166,441
Planned and cyclical maintenance, including major repairs	1,625,120	-	1,625,120	2,473,127
Reactive maintenance costs	1,997,156	-	1,997,156	1,866,255
Bad debt – rents and service charges	(11,156)	-	(11,156)	192,273
Depreciation of social let properties	2,134,573	-	2,134,573	2,951,680
Operating expenditure of social letting activities	10,400,000	11,293	10,411,293	11,910,151
Operating surplus on social letting activities 2017	1,252,708	17,429	1,270,137	
Operating (deficit) on social letting activities 2016	(516,295)	(5,304)		(521,599)

The depreciation charges of social let properties in the year were £2,067,988 (2016: £2,724,246). The net book value of disposed components was £66,585 (2016: £237,434).

Notes to the Financial Statements
For the year ended 31 March 2017

6. Particulars of turnover, operating expenditure and operating surplus or (deficit) from other activities

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Turnover £	Operating Expenditure - Bad Debts £	Operating Expenditure - Other £	Operating Surplus or (Deficit) 2017 £	Operating Surplus or (Deficit) 2016 £
Wider role activities	62,342	110,601	-	172,943	-	557,050	(384,107)	(373,092)
Factoring	-	-	87,143	87,143	(2,409)	138,822	(49,270)	(81,049)
Development and construction of property activities	-	-	-	-	-	15,079	(15,079)	(27,678)
Maryhill Online	-	-	-	-	-	2,514	(2,514)	(3,175)
Commercial properties	-	-	11,264	11,264	-	-	11,264	11,315
Radio mast income	-	-	24,161	24,161	-	-	24,161	24,098
Sundry activities	-	-	7,725	7,725	-	1,583	6,142	(1,541)
Total from other activities 2017	62,342	110,601	130,293	303,236	(2,409)	715,048	(409,403)	
Total from other activities 2016	208,897	-	181,414	390,311	36,024	805,409		(451,122)

Notes to the Financial Statements
For the year ended 31 March 2017

7. Employees

	2017	2016
	£	£
Staff costs during year:		
Wages and salaries	3,089,216	2,919,228
Social security costs	283,333	243,164
Pension costs	294,623	311,262
Strathclyde Pension Fund service cost (Note 34)	13,000	44,000
SHAPS re-measurements (Note 34)	14,495	21,427
Temporary, agency and seconded staff	131,353	115,167
	<u>3,826,020</u>	<u>3,654,248</u>

The SHAPS past service deficit liability is subject to remeasurement each financial year.

During the past year, past service deficit contributions of £247,265 (2016: £240,063) were paid. Of this payment £239,000 (2016: £232,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £8,265 (2016: £8,063) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the SHAPs discount has been charged to finance costs (note 13) in the Statement of Comprehensive Income. This finance cost was £62,000 (2016: £64,000) in the year.

	2017	2016
	No.	No.
The average monthly number of full time equivalent employees during the year was	<u>90</u>	<u>89</u>
The average total number of employees employed during the year was	<u>96</u>	<u>93</u>

8. Directors' emoluments

The directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board during the year. The Association considers key management personnel to be the members of the Board and the senior management team (as listed on page 1) of the Association only.

	2017	2016
	£	£
Aggregate emoluments payable to the key management team (which includes all the officers earning > £60k) (excluding pension contributions) amounted to:	<u>269,670</u>	<u>245,587</u>

Total pension contributions to the key management team (which includes all officers earning > £60k) were £27,688 (2016: £22,256). This does not include an element of the SHAPs past service deficit repayment. No enhanced or special terms apply to membership and the key management team have no other pension arrangements to which the Association contributes.

Notes to the Financial Statements
For the year ended 31 March 2017

8. Directors' emoluments (continued)

	2017 £	2016 £
Total emoluments payable to the current Chief Executive (excluding pension contributions) amounted to:	6,834	-
Total emoluments payable to the former Chief Executive (excluding pension contributions) amounted to:	76,654	81,200
Pension contributions payable to the current Chief Executive (excluding past service deficit repayments)	581	-
Pension contributions payable to the former Chief Executive (excluding past service deficit repayments)	6,490	6,902

Both the current and former Chief Executives are members of the SHAPs pension scheme as detailed in note 34.

	2017 Number	2016 Number
The numbers of officers including the highest paid officer who received emoluments (excluding pension contributions) in the following ranges were:		
£60,001 - £70,000	3	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1

9. Surplus for year

	2017 £	2016 £
The surplus is stated after charging:-		
Depreciation – Housing properties	2,067,988	2,724,246
Depreciation – loss on disposal of components	66,585	237,434
Depreciation – Other fixed assets	95,028	81,557
External auditor's remuneration – Audit services including VAT	13,800	14,340
External auditor's remuneration – corporation tax compliance including VAT	600	-
Previous auditor's remuneration – other services including VAT	-	12,683
Operating lease rentals	19,552	19,490
Gain on sale of fixed assets	200,032	171,783

10. Gain on sale of housing stock

	2017 £	2016 £
Sales proceeds	471,497	436,137
Net book value of disposals	(271,465)	(264,354)
Gain on sale of housing stock	200,032	171,783

Notes to the Financial Statements
For the year ended 31 March 2017

11. Negative goodwill

	2017	Restated
	£	2016
		£
Gross Goodwill		
At 1 April 2016	(12,880,202)	(13,030,088)
Eliminated on disposal of housing units	119,909	149,886
	<u>(12,760,293)</u>	<u>(12,880,202)</u>
At 31 March 2017	(12,760,293)	(12,880,202)
Amortisation		
At 1 April 2016	1,432,809	1,144,329
Amortisation charge for year	299,538	302,521
Eliminated on disposal of housing units	(14,041)	(14,041)
	<u>1,718,306</u>	<u>1,432,809</u>
At 31 March 2017	1,718,306	1,432,809
Net book value at 31 March 2017	<u><u>(11,041,987)</u></u>	<u><u>(11,447,393)</u></u>

12a. Interest receivable and similar income

	2017	2016
	£	£
Bank interest	7,611	9,094
	<u>7,611</u>	<u>9,094</u>

12b. Interest payable and similar charges

	2017	2016
	£	£
On bank loans	671,534	463,098
Bank charges - non utilisation fees	57,342	58,860
	<u>728,876</u>	<u>521,958</u>

Offset within interest payable on bank loans is a £80,641 credit in respect of the release of the cash incentive received when the loans were originally financed with RBS. This is being written over the 20 year fixed term period.

13. Other finance charges

	2017	2016
	£	£
Strathclyde Pension Fund – finance charge (note 34)	22,000	31,000
SHAPS – unwinding of discount (note 34)	62,000	64,000
	<u>84,000</u>	<u>95,000</u>

14. Tax on surplus/(deficit)

The Association is a Scottish Charity and no liability to Corporation Tax arises on its charitable activities in the year.

Notes to the Financial Statements
For the year ended 31 March 2017

15. Tangible fixed assets – Housing properties

	Housing properties held for letting £	Housing properties in course of construction £	Completed shared ownership properties £	Total £
Cost				
As at 1 April 2016	63,489,035	1,182,171	300,461	64,971,667
Additions	2,546,744	-	-	2,546,744
Disposals	(370,714)	-	-	(370,714)
Transfer	1,162,422	(1,162,422)	-	-
As at 31 March 2017	66,827,487	19,749	300,461	67,147,697
Depreciation				
As at 1 April 2016	6,150,539	-	33,907	6,184,446
Charge for year	2,067,988	-	-	2,067,988
Disposals	(31,751)	-	(913)	(32,664)
As at 31 March 2017	8,186,776	-	32,994	8,219,770
Net Book Value				
As at 31 March 2017	58,640,711	19,749	267,467	58,927,927
As at 31 March 2016	57,338,496	1,182,171	266,554	58,787,221

Additions to housing properties include capitalised development administration costs of £89,155 (2016: £144,349). The amount spent on maintenance of housing properties held for letting can be seen in note 5.

Included in the cost of disposals is £77,370 and included in depreciation eliminated on disposal is £10,785 in relation to disposed components.

Total expenditure on existing properties in the year amounted to £6,169,020. The amount capitalised is £2,546,744, with the balance charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacements of £1,552,156 and property additions of £994,588. All housing properties are freehold.

The Association's Lenders have standard securities over housing property with a carrying value of £28,005,850 (2016: £28,267,000).

The housing properties were revalued as at 1 April 2014 (by Jones Lang LaSalle Limited) and this value was used as the deemed cost from that date in accordance with FRS 102.

16. Housing stock

	2017 No.	2016 No.
The number of units of accommodation in management at the year-end was:-		
General needs – New Build	568	568
General needs – Rehabilitation	2,473	2,478
Shared ownership	16	16
	3,057	3,062

Notes to the Financial Statements
For the year ended 31 March 2017

17. Tangible fixed assets - Other fixed assets

	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Total £
Cost				
As at 1 April 2016	1,509,181	511,141	-	2,020,322
Additions	34,647	137,846	48,722	221,215
Disposals	-	(47,823)	-	(47,823)
As at 31 March 2017	<u>1,543,828</u>	<u>601,164</u>	<u>48,722</u>	<u>2,193,714</u>
Depreciation				
As at 1 April 2016	473,158	461,824	-	934,982
Charge for year	29,738	62,245	3,045	95,028
Disposals	-	(47,823)	-	(47,823)
As at 31 March 2017	<u>502,896</u>	<u>476,246</u>	<u>3,045</u>	<u>982,187</u>
Net Book Value				
As at 31 March 2017	<u>1,040,932</u>	<u>124,918</u>	<u>45,677</u>	<u>1,211,527</u>
As at 31 March 2016	<u>1,036,023</u>	<u>49,317</u>	<u>-</u>	<u>1,085,340</u>

18. Debtors

	2017 £	2016 £
Arrears of rent & service charges	559,752	764,248
Less: Provision for doubtful debts	(352,120)	(475,616)
	<u>207,632</u>	<u>288,632</u>
Factoring arrears	156,813	113,362
Prepayments	92,202	68,898
Accrued income	22,047	22,276
Other debtors	159,352	92,818
	<u>638,046</u>	<u>585,986</u>

19. Current asset investments

	2017 £	2016 £
Short term deposits	<u>1,689,635</u>	<u>1,682,275</u>

20. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>4,867,901</u>	<u>4,911,770</u>

**Notes to the Financial Statements
For the year ended 31 March 2017**

21. Creditors: amounts falling due within one year

	2017 £	Restated 2016 £
Trade creditors	1,286,132	881,876
Rent in advance	421,367	420,052
Other taxation and social security	72,623	-
Amounts due to group undertakings	1	1
Retention creditors	427,417	504,754
Liability for past service deficit contributions	237,000	238,960
Accruals and deferred income	193,868	1,131,820
HAG creditor	136,316	136,316
Deferred Government capital grant (note 23)	268,774	220,767
	<u>3,043,498</u>	<u>3,534,546</u>

22. Creditors: amounts falling due after more than one year

	2017 £	Restated 2016 £
Liability for past service deficit contributions	965,000	1,125,545
Bank loans	11,850,000	11,930,641
Deferred Government capital grant (note 23)	11,251,992	10,592,952
	<u>24,066,992</u>	<u>23,649,138</u>
Bank loans		
Amounts due within one year	-	-
Amounts due in one year or more but less than two years	350,000	350,000
Amounts due in two year or more but less than five years	1,050,000	1,050,000
Amounts due in more than five years	10,450,000	10,530,641
	<u>11,850,000</u>	<u>11,930,641</u>
Liability for past service contributions		
Amounts due within one year	237,000	238,960
Amounts due in one year or more but less than two years	237,000	236,588
Amounts due in two year or more but less than five years	711,000	753,208
Amounts due in more than five years	17,000	135,749
	<u>1,202,000</u>	<u>1,364,505</u>

Bank loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 2.19% and 6.73% in instalments. The loans are due to be repaid in full by 8 June 2041. No capital repayment is due in 2017/18. Included in the loan balance is £350,000 (2016: £430,641) of a cash incentive which is being amortised and charged to interest over the 20 year fixed loan period.

Notes to the Financial Statements
For the year ended 31 March 2017

23. Deferred Government capital grants

	2017 £	Restated 2016 £
Gross deferred Government capital grants		
At 1 April 2016	11,160,452	9,440,803
Addition in year	975,821	1,719,649
At 31 March 2017	<u>12,136,273</u>	<u>11,160,452</u>
Amortisation		
At 1 April 2016	(346,733)	(125,966)
Amortised in year	(268,774)	(220,767)
At 31 March 2017	<u>(615,507)</u>	<u>(346,733)</u>
Net book value at 31 March 2017	<u><u>11,520,766</u></u>	<u><u>10,813,719</u></u>

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

	2017 £	Restated 2016 £
Amounts due within one year	268,774	220,767
1-2 years	268,774	220,767
2-5 years	806,322	662,301
> 5 years	10,176,896	9,709,884
	<u>11,251,992</u>	<u>10,592,952</u>
Total	<u><u>11,520,766</u></u>	<u><u>10,813,719</u></u>

24. Financial instruments

	2017 £	2016 £
Financial assets		
Cash and cash equivalents	4,867,901	4,911,770
Investments	1,689,635	1,682,275
Financial assets measured at amortised costs	545,844	517,088
	<u>7,103,380</u>	<u>7,111,133</u>
Financial liabilities		
Financial liabilities measured at amortised costs	<u><u>15,095,734</u></u>	<u><u>15,949,913</u></u>

Financial assets measured at amortised cost comprise rental arrears, factoring arrears, other debtors and accrued income.

Notes to the Financial Statements
For the year ended 31 March 2017

24. Financial instruments (continued)

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts due to group undertakings, retention creditors, accruals, the HAG creditor and the liability for past service deficit contributions.

No financial assets or liabilities are held at fair value.

25. Share capital

	2017 £	2016 £
Shares of £1 each issued and fully paid		
At 1 April 2016	233	228
Cancelled during the year	(97)	(1)
Issued during the year	4	6
	<u>140</u>	<u>233</u>
At 31 March 2017	<u>140</u>	<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.

26. Reserve

The revenue reserve includes all current and prior year retained surpluses or deficits.

27. Net cash generated from operating activities

Reconciliation of operating surplus/(deficit) to net cash generated from operating activities	2017 £	Restated 2016 £
Operating surplus/(deficit)	860,734	(972,721)
Depreciation including loss on disposal of components	2,229,601	2,981,435
Change in properties developed for resale	60,400	57,091
Amortisation of deferred Government capital grants	(268,774)	(220,767)
Change in stock	4,830	(1,450)
Change in debtors	(52,060)	132,675
Change in creditors	(537,095)	404,426
Share capital written off	(97)	(1)
SHAPS – remeasurements	14,495	21,427
Strathclyde Pension Fund service cost	13,000	44,000
	<u>2,325,034</u>	<u>2,446,115</u>
Net cash generated from operating activities	<u>2,325,034</u>	<u>2,446,115</u>

Notes to the Financial Statements
For the year ended 31 March 2017

28. Related party transactions

Some members of the Board are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £31,215 (2016: £42,681).

At the year-end total rent arrears owed by the tenant Board members were £194 (2016: £348). Prepaid rent at the year-end was £958 (2016: £nil).

29. Legislative provisions

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

30. Capital commitments

	2017 £	2016 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	655,288	2,281,243

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

Housing Association Grant	-	-
Private Finance	-	784,243
Association's reserves	655,288	1,497,000
	<u>655,288</u>	<u>2,281,243</u>

31. Commitments under operating leases

	2017 £	2016 £
At the year-end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	16,962	19,892
Later than one year and not later than five years	26,392	50,393
Later than five years	-	7,983
	<u>16,962</u>	<u>78,268</u>

32. Governing body member emoluments

Board members received £3,013 in the year by way of reimbursement of expenses (2016: £2,192). No remuneration was paid to Board members in respect of their duties in the Association.

33. Investments

Investment in subsidiary		
As at 31 March 2017 & 31 March 2016	<u>1</u>	<u>1</u>

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 2016 or 31 March 2017.

Notes to the Financial Statements
For the year ended 31 March 2017

33. Investments (continued)

The aggregate amount of capital and reserves and the results of Maryhill Communities Limited for the year ended 31 March 2017 were as follows:

	2017 £	2016 £
Capital & reserve	1	1
Profit for the year	-	-

34. Pension schemes

Scottish Housing Association Pension Scheme (SHAPS)

Maryhill Housing Association Limited (the "Association") participates in the Scottish Housing Association Pension Scheme (SHAPS) (the scheme).

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m equivalent to a post service funding level of 76%. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities. Maryhill Housing Association Limited is paying additional contributions to 28 February 2022.

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 buyout 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.

**Notes to the Financial Statements
For the year ended 31 March 2017**

34. Pension schemes (continued)

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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for the Association was £8,483,991 (2016: £6,910,448).

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Value of Provision

Reconciliation of Opening and Closing Provisions	2017	2016
	£	£
Provision at start of period	1,364,505	1,511,078
Unwinding of the discount factor (interest expense)	62,000	64,000
Deficit contribution paid	(239,000)	(232,000)
Re-measurements – impact of changes in assumptions	14,495	21,427
	<u>1,202,000</u>	<u>1,364,505</u>
	2017	2016
	£	£
Split: < 1 year	237,000	238,960
1-2 years	244,000	236,588
2-5 years	721,000	753,208
> 5 years	-	135,749
	<u>1,202,000</u>	<u>1,364,505</u>
	2017	2016
	£	£
Interest expense	62,000	64,000
Re-measurements – impact of changes in assumptions	14,495	21,427
	<u>76,495</u>	<u>85,427</u>

**Notes to the Financial Statements
For the year ended 31 March 2017**

34. Pension schemes (continued)

Assumptions	2017	2016
Rate of discount	1.06%	2.29%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Strathclyde Pension scheme

Maryhill Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended. At 31 March 2017, there were 15 (2016: 16) active members of the scheme employed by the Association.

The main financial assumptions used by the Actuary, Hymans Robertson, in their 2017 valuations are as follows;

Assumptions as at	31 March 2017	31 March 2016
Pension increase rate	2.4%	2.2%
Salary increase rate	4.4%	4.2%
Discount rate	2.7%	3.6%

Mortality

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.5% per annum for males and 1.25% per annum for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	23.6 years
Future pensioners	24.8 years	26.2 years

Reconciliation of defined benefit obligation

Year ended:	31 March 2017 £(000)	31 March 2016 £(000)
Opening defined benefit obligation	2,575	2,745
Current service cost	103	146
Interest cost	95	93
Contributions by members	29	29
Actuarial losses/(gains)	1,003	(426)
Estimated benefits paid	(13)	(12)
Closing defined benefit obligation	3,792	2,575

Notes to the Financial Statements
For the year ended 31 March 2017

34. Pension schemes (continued)

Reconciliation of fair value of employer assets

Year ended:	31 March 2017 £(000)	31 March 2016 £(000)
Opening fair value of employer assets	1,981	1,813
Expected return on assets	73	62
Contributions by members	29	29
Contributions by the employer	90	102
Actuarial gains/(losses)	398	(13)
Estimated benefits paid	(13)	(12)
	<hr/>	<hr/>
Closing fair value of employer assets	2,558	1,981
	<hr/>	<hr/>
Net pension liability	(1,234)	(594)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amounts included in Statement of Comprehensive Income

	2017 £(000)	2016 £(000)
Expected return on pension scheme assets	73	62
Interest on pension scheme liabilities	(95)	(93)
	<hr/>	<hr/>
Net return – finance charge	(22)	(31)
	<hr/> <hr/>	<hr/> <hr/>
	2017 £(000)	2016 £(000)
Current service cost	(103)	(146)
Contributions by the employer	90	102
	<hr/>	<hr/>
Charge to staff costs	(13)	(44)
	<hr/> <hr/>	<hr/> <hr/>

The expected employer's contributions for the year to 31 March 2018 will be approximately £90,000.

	2017 £(000)	2016 £(000)
Actual return less expected return on scheme assets	398	(13)
Changes in assumptions underlying the present value of scheme liabilities	(1,003)	426
	<hr/>	<hr/>
Actuarial (loss)/gain recognised in other comprehensive income	(605)	413
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements
For the year ended 31 March 2017

35. Prior year adjustments

As part of the implementation of FRS102, the Association elected to apply a one-time exemption available on first time application of FRS102 to adopt as 'deemed cost' the valuation of the Association's Housing Properties at 1 April 2014. This valuation was at fair value, being Existing Use Value – Social Housing.

A revaluation reserve was created in respect of the difference between deemed cost and the historical cost less accumulated depreciation less deferred Government capital grants.

However, the RSL SORP required those RSLs adopting deemed cost to account for deferred Government capital grants under the performance method therefore these grants have now been credited to the revenue reserve.

The difference between the deemed cost and the historical cost less accumulated depreciation was an impairment which has now been debited to the revenue reserve.

Negative goodwill was being amortised over the useful life of the structure of 50 years when it should have been amortised over the useful lives of all components (excluding land). The prior year adjustment corrects this under amortisation of negative goodwill.

Included in other creditors at 1 April 2015 was grant repayable of £312,886. This is not repayable and has now been included in deferred Government capital grants.

The effects of these prior year adjustments are as follows:	£
Revenue reserve at 1 April 2015 as previously stated	9,016,953
<u>Effects of:</u>	
Transfer of revaluation reserve to revenue reserve	19,265,923
Adjustment to negative goodwill amortisation	167,073
Adjustment to other creditors	-
Restated revenue reserve at 1 April 2015	<u>28,449,949</u>
Revaluation reserve at 1 April 2015 as previously stated	19,265,923
<u>Effect of:</u>	
Transfer of revaluation reserve to revenue reserve	(19,265,923)
Restated revaluation reserve at 1 April 2015	<u>-</u>
Revenue reserve at 31 March 2016 as previously stated	9,435,397
<u>Effects of</u>	
Transfer of revaluation reserve to revenue reserve	18,247,926
Adjustment to negative goodwill amortisation	209,190
Adjustment to other creditors	-
Restated revenue reserve at 31 March 2016	<u>27,892,513</u>

Notes to the Financial Statements
For the year ended 31 March 2017

35. Prior year adjustments

	£
Revaluation reserve at 31 March 2016 as previously stated	18,247,926
<u>Effect of:</u>	
Transfer of revaluation reserve to revenue reserve	(18,247,926)
Restated revaluation reserve at 31 March 2016	<u>-</u>
Deficit for the year ended 31 March 2015 as previously stated	(1,012,553)
<u>Effect of:</u>	
Adjustment to negative goodwill amortisation	42,117
Restated deficit for the year ended 31 March 2015	<u>(970,436)</u>