



**Scott-Moncrieff**  
business advisers and accountants

**MILNBANK HOUSING ASSOCIATION LIMITED**

**Group Report and Financial Statements**

**For the year ended 31 March 2017**

## MILNBANK HOUSING ASSOCIATION LIMITED

### Group Report and Financial Statements For the year ended 31 March 2017

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#### **Registration information**

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014. Registered number 1818 R(S)
Scottish Charity Number	SC039891
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 161

**Management Committee, Executive Officers and Advisers**

**Management Committee**

Mr A Scott	(Chairperson)
Ms J Donachy	(Vice-Chairperson)
Mrs C McGuire	(Secretary)
Mrs R Tinney	(Treasurer)
Mrs A Irving	
Cllr E McDougall	
Mrs M Hutchison	
Mr N Halls	
Mrs T McGinlay	
Mr A Young	
Mrs L Williams	
Ms M Baxter	
Mr J O'Donnell	
Ms C Tartaglia	(Appointed 29 September 2016)
Ms D Smythe-Sturrock	(Resigned 13 September 2016)
Mr P Lavery	(Co-opted, appointed 9 May 2017)
Mr J Taylor	(Resigned 29 September 2016)
Mrs J Cruikshank	(Appointed 29 September 2016)
	(Resigned 14 October 2016)

**Registered Office**

53 Ballindalloch Drive  
Glasgow  
G31 3DQ

**Auditor**

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

**Executive Officers**

Mr A Benson	Director
Mrs L Sichi	Depute Director
Mrs J Leggat	Maintenance Manager
Mr J Scott	Housing Manager
Mr D McPhail	Finance Manager
Mrs J MacMillan	Property Manager

**Bankers**

Bank of Scotland 1195 Duke Street Glasgow G31 5NJ	Clydesdale Bank Corporate & SF 30 St Vincent Place Glasgow G1 2HL	Royal Bank of Scotland Commercial & Corporate 139 St Vincent Street Glasgow G2 5JF	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
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**Solicitors**

Low Beaton Richmond Sterling House 20 Renfield Street Glasgow G2 5AP	TC Young 7 West George Street Glasgow G2 1BA	Pinsent Masons 141 Bothwell Street Glasgow G2 7EQ
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**Report of the Management Committee (incorporating the Strategic Report)  
For the year ended 31 March 2017**

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

**Objectives**

The group consists of Milnbank Housing Association Limited, Milnbank Property Services Limited and Milnbank Community Enterprises Limited. The principal activity of the Association is the provision of social rented accommodation. The Association also undertakes wider role activities and owns and manages the Carbon Footprint Nursery. The principal activity of Milnbank Property Services Limited is the provision of factoring services including the provision of repair and maintenance services. The principal activity of Milnbank Community Enterprises Limited is community development.

The group's primary objective is to provide low cost high quality housing to its tenants and actively engage in the improvement of the community.

**Performance of Business****Association**

The financial statements for the prior year have been re-stated to recognise the Association's Agency work with Glasgow City Council and this is fully explained within note 30 of these financial statements. There is no impact on the surplus reported for 2015/16. Accordingly, a like for like comparison in turnover shows a decrease in Turnover of £124k from £6.279m to £6.155m. This is mainly due to lower grant being received for wider role activities. Such income can vary each year. This accounted for £192k of the reduction in turnover. The Carbon Footprint Nursery Big Lottery Funding also ended in 2016 and this amounted to net lower income of £54k. This is offset by additional rental income of £144k as a result of a small increase of 2.0% applied for 2016/17 and improved voids loss of £38k compared to 2016.

The restated operating expenditure decreased from £5.784m in 2016 to £5.326m this year, a decrease of £458k. This decrease was the result of £158k decrease in Social Lettings expenditure and £300k in Other Activities expenditure. This is reflected in an improved Operating Surplus for the year of £829K which was an increase of £334k on the prior year.

There were 12 property disposals in the year leading to a gain on disposal of £52,634 opposed to a loss of £64,148 in 2016, a swing of £117k. After finance costs of £561,657 (2016: £535,444), bank interest of £11,979 (2016: £5,108) and Gift Aid from the two subsidiaries of £15,427 (2016: £29,599) a surplus is shown in the Statement of Comprehensive Income of £347,151, compared with a deficit of £70,248 for 2016. There was an actuarial loss of £119,000 in the year compared to a gain of £98,000 in 2016, a swing of £217,000. This shows improved total comprehensive income for the year of £228,151 compared to £27,752 for 2016.

The Association continues to carry out significant amounts of work to both modernise and maintain its properties with £922,879 (2016: £1,964,409) spent on component replacements and £519,299 (2016: £158,120) on the purchase of 11 new properties this year. The accelerated component replacement was part funded by the balance a £3m loan taken out with the Clydesdale bank. This is now complete. This programme saw window replacement phases brought forward and further continued improvements to both the structure and backcourt areas of the Association.

The last financial year has seen the Association continue to focus on issues related to the management and maintenance of its housing stock. The impact of Welfare Reform and the associated benefit cuts continue to be assessed as these have the potential to impact severely on tenants and the Association's operations. This year will see the Association continue to concentrate on maximising income and controlling costs with the level of voids expected to continue to stabilise both in numbers and cost.

**Report of the Management Committee (incorporating the Strategic Report)  
For the year ended 31 March 2017*****Milnbank Property Services Limited***

Turnover increased from £234,147 to £240,925 in 2017 with an operating profit of £3,323 (2016: £20,125) generated. A gift aid payment was made to the Association for £3,323 (2016: £20,125). The profit after providing for taxation amounted to £nil (2016: £nil).

***Milnbank Community Enterprises Limited***

Turnover increased from £57,956 in 2016 to £64,301 in 2017. An operating profit of £12,104 (2016: £9,474) was generated. A gift aid payment of £12,104 (2016: £9,474) was made to the Association. The profit after providing for taxation amounted to £ (2016: £nil).

**Report of the Management Committee (incorporating the Strategic Report)  
For the year ended 31 March 2017****Financial and non-financial key performance indicators**

The Association continues to perform well with key indicators by showing strong returns against all elements of the Annual Return on the Charter to the Scottish Housing Regulator. The Association still has amongst the lowest average rents across the sector and enjoys strong satisfaction levels from customer surveys with 97.23% (2016 96.27%) of those surveyed for the ARC being satisfied with the overall service provided by the Association (Indicator 1). The Association enjoys similar positive outcomes against other ARC indicators.

The Association is also fully compliant with all funding and lending covenants.

**Future Plans**

The Association maintains its partnership agreement with Glasgow City Council to potentially develop cleared sites in Haghill and to purchase and convert the former Haghill Primary School in accordance with a Feasibility Study previously carried out by the Association. However, progress on this and other future developments has not been possible due to funding constraints and uncertainty. There is an improving position evident for potential new development and the Association will consider very carefully any opportunities that may arise, but will never jeopardise its core activities and responsibilities to existing and future tenants. Any new development to be considered will be subject to full due diligence and financial business planning. The Association will continue to concentrate on delivering Value For Money in the upkeep and improvement of its housing stock and the surrounding area. No significant further acquisitions are planned or anticipated for 2017/18.

**Risk and Uncertainties**

The Association recognises the risks and uncertainties that it faces and maintains a comprehensive Risk Register to cover all aspects of its operations. The register is reviewed regularly and a rating system applied to categorise each risk. Key risks are then highlighted and recognised with high scoring areas monitored and reported on to the Management Committee. The major risks remain around Welfare Reform and the ultimate impact of Universal Credit once fully implemented. Brexit is also a new consideration as the implications unfold, particularly around the availability of new long term borrowings if required for future plans.

**Going Concern**

The Group and Association has returned to surplus in 2016/17 and has planned for and expects to retain a surplus position in 2017/18, 2018/19 and beyond. The Management Committee is of the opinion that the Group and Association will continue to trade for the foreseeable future due to the strong net assets shown, a solid free security base and a positive cash position.

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

**The Management Committee and Executive Officers**

The Management Committee and executive officers of the Association are listed on page 1.

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

**Governance**

The Association is governed by the Management Committee consisting of the members listed on page 1. The full Management Committee meets monthly with a holiday recess in July. The Committee meetings are structured so that strategic and operational issues are considered separately with the General Committee reviewing strategic issues and the Services Committee reviewing more operational issues. The Audit Sub Committee meets four times per year to review the management accounts and financial matters of the Association and reports on its full remit with recommendations and approvals to the full Management Committee. Regular training and awareness sessions are held to support the various Committees both internally and externally.

In line with SHR requirements regular Committee appraisals are carried out and training logs maintained for each Committee member. Members are elected annually at the Association's AGM in September as the rotation requires and in line with SHR expectations on the length of service that members can retain.

The day to day operations of the Association are passed to the management team under the appropriate delegated authority and limits.

**Related Party Transactions**

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage. Details of transactions with Committee members in the year is included in note 26 of the financial statements.

**Statement of Management Committee's Responsibilities**

Housing Association legislation requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the Management Committee are 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

The Management Committee 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.

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

**Statement on Internal Financial Controls**

The Management Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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 Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (a) formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate;
- (d) all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members;
- (e) the Deputy Director performs internal audit reviews and reports back to the Committee on the findings;
- (f) the Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor and the Deputy Director.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which required disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditor**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditor will be put to the members at the annual general meeting.

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

**Disclosure of information to the auditor**

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

- so far as the Committee 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 Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

**By order of the Committee**

A handwritten signature in black ink that reads "C McGuire". The signature is written in a cursive style with a large, stylized 'C' and 'M'.

C McGuire  
**Secretary**

Dated: 12 September 2017



**Report of the Auditor to the Members of Milnbank Housing Association Limited on the Financial Statements**

We have audited the consolidated financial statements of Milnbank Housing Association Limited for the year ended 31 March 2017 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Changes in Capital and Reserves, the Group and Association Statement of Financial Position, the Group and Association 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 Management Committee and the auditor**

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 4, the Management Committee 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](http://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 Group's and of the Association's affairs as at 31 March 2017 and of the Group's and Association's income and expenditure for the year then ended; and
- 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, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, 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 requires 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

Dated: 12 September 2017

**Report of the Auditor to the Management Committee of Milnbank Housing Association Limited on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your statements on page 5 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 Controls on page 5 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 Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Controls 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

Dated: 12 September 2017

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

	Note	2017 £	Restated 2016 £
Turnover	4	6,460,090	6,570,894
Operating expenditure	4	(5,615,895)	(6,046,658)
<b>Operating surplus</b>	4	844,195	524,236
Gain/(loss) on disposal of property, plant and equipment		52,634	(64,148)
Interest receivable and other income	10	11,979	5,108
Interest payable and similar charges	11	(561,657)	(535,444)
<b>Surplus/(deficit) for the year</b>		347,151	(70,248)
<b>Other comprehensive income</b>			
Actuarial (loss)/gain recognised in the retirement benefit scheme	23	(119,000)	98,000
<b>Total comprehensive income for the year</b>		228,151	27,752

The results for the year relate wholly to continuing activities.

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

	Note	2017 £	Restated 2016 £
<b>Turnover</b>	4	6,154,864	6,278,791
Operating expenditure	4	(5,326,096)	(5,784,154)
<b>Operating surplus</b>	4	828,768	494,637
Gain/(loss) on disposal of property, plant and equipment		52,634	(64,148)
Interest receivable and other income	10	11,979	5,108
Interest payable and similar charges	11	(561,657)	(535,444)
Gift aid from subsidiaries	26	15,427	29,599
<b>Surplus/(deficit) for the year</b>		347,151	(70,248)
<b>Other comprehensive income</b>			
Actuarial (loss)/gain recognised in the retirement benefit scheme	23	(119,000)	98,000
<b>Total comprehensive income for the year</b>		228,151	27,752

The results for the year relate wholly to continuing activities.

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

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2016	683	16,588,270	16,588,953
Total comprehensive income	-	228,151	228,151
Share capital issued	41	-	41
Share capital cancelled	(28)	-	(28)
	<u>696</u>	<u>16,816,421</u>	<u>16,817,117</u>
Balance at 31 March 2017	<u>696</u>	<u>16,816,421</u>	<u>16,817,117</u>

**Group Statement of Changes in Capital and Reserves  
For the year ended 31 March 2016**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2015	637	16,560,518	16,561,155
Total comprehensive income	-	27,752	27,752
Share capital issued	46	-	46
Share capital cancelled	-	-	-
	<u>683</u>	<u>16,588,270</u>	<u>16,588,953</u>
Balance at 31 March 2016	<u>683</u>	<u>16,588,270</u>	<u>16,588,953</u>

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

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2016	683	16,588,137	16,588,820
Total comprehensive income	-	228,151	228,151
Share capital issued	41	-	41
Share capital cancelled	(28)	-	(28)
	<u>696</u>	<u>16,816,288</u>	<u>16,816,984</u>
Balance at 31 March 2017	<u>696</u>	<u>16,816,288</u>	<u>16,816,984</u>

**Association Statement of Changes in Capital and Reserves  
For the year ended 31 March 2016**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2015	637	16,560,385	16,561,022
Total comprehensive income	-	27,752	27,752
Share capital issued	46	-	46
Share capital cancelled	-	-	-
	<u>683</u>	<u>16,588,137</u>	<u>16,588,820</u>
Balance at 31 March 2016	<u>683</u>	<u>16,588,137</u>	<u>16,588,820</u>

Group Statement of Financial Position  
As at 31 March 2017

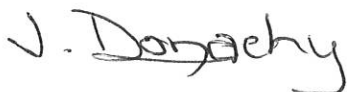
	Note	2017 £	2016 £
<b>Tangible fixed assets</b>			
Housing properties	13	31,973,143	31,211,310
Other fixed assets	13	802,659	876,613
	13	<u>32,775,802</u>	<u>32,087,923</u>
<b>Current assets</b>			
Stock	16	1,339	1,243
Debtors	17	628,971	690,790
Cash at bank and in hand	18	3,000,492	3,811,958
		<u>3,630,802</u>	<u>4,503,991</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(3,398,115)</u>	<u>(3,406,906)</u>
<b>Net current assets</b>		<u>232,687</u>	<u>1,097,085</u>
<b>Total assets less current liabilities</b>		33,008,489	33,185,008
<b>Creditors: amounts falling due after more than one year</b>	20	(15,947,372)	(16,475,055)
Retirement benefit – Strathclyde pension scheme deficit	23	(244,000)	(121,000)
<b>Net assets</b>		<u>16,817,117</u>	<u>16,588,953</u>
<b>Capital and reserves</b>			
Share capital	24a	696	683
Revenue reserve	24b	16,816,421	16,588,270
		<u>16,817,117</u>	<u>16,588,953</u>

The financial statements were authorised for issue by the Management Committee on 12 September 2017 and are signed on their behalf by:



A Scott

Chairperson



J Donachy

Vice-Chairperson



C McGuire

Secretary

The notes form part of these financial statements.

Association Statement of Financial Position  
As at 31 March 2017

	Note	2017 £	2016 £
<b>Tangible fixed assets</b>			
Housing properties	13	31,973,143	31,211,310
Other fixed assets	13	802,659	876,613
	13	<u>32,775,802</u>	<u>32,087,923</u>
<b>Investments</b>			
Investments in subsidiaries	15	2	2
<b>Current assets</b>			
Debtors	17	596,984	719,887
Cash at bank and in hand	18	2,921,005	3,674,752
		<u>3,517,989</u>	<u>4,394,639</u>
<b>Creditors:</b> amounts falling due within one year	19	<u>(3,285,437)</u>	<u>(3,297,689)</u>
<b>Net current assets</b>		<u>232,552</u>	<u>1,096,950</u>
<b>Total assets less current liabilities</b>		33,008,356	33,184,875
<b>Creditors:</b> amounts falling due after more than one year	20	(15,947,372)	(16,475,055)
Retirement benefit – Strathclyde pension scheme deficit	23	(244,000)	(121,000)
<b>Net assets</b>		<u>16,816,984</u>	<u>16,588,820</u>
<b>Capital and reserves</b>			
Share capital	24a	696	683
Revenue reserve	24b	16,816,288	16,588,137
		<u>16,816,984</u>	<u>16,588,820</u>

The financial statements were authorised for issue by the Management Committee on 12 September 2017 and are signed on their behalf by:



A Scott

Chairperson



J Donachy

Vice-Chairperson



C McGuire

Secretary

The notes form part of these financial statements.

**Group Statement of Cash Flows**  
**For the year ended 31 March 2017**

	Notes	2017	2016
		£	£
<b>Net cash generated from operating activities</b>	28	1,140,880	828,841
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(1,442,178)	(2,122,529)
Purchase of other tangible fixed assets		-	-
Proceeds from sale of tangible fixed assets		385,469	259,733
Grants received		533,942	316,031
Interest received		11,979	5,108
		<u>(510,788)</u>	<u>(1,541,657)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(519,487)	(488,444)
New secured loans		-	3,000,000
Repayment of borrowings		(922,112)	(857,655)
Issue of share capital		41	46
		<u>(1,441,558)</u>	<u>1,653,947</u>
<b>Net changes in cash and cash equivalents</b>		<u>(811,466)</u>	<u>941,131</u>
Cash and cash equivalents at 1 April		<u>3,811,958</u>	<u>2,870,827</u>
<b>Cash and cash equivalents at 31 March</b>		<u><u>3,000,492</u></u>	<u><u>3,811,958</u></u>



**Association Statement of Cash Flows**  
**For the year ended 31 March 2017**

	Notes	2017		2016	
		£	£	£	£
<b>Net cash generated from operating activities</b>	28		1,198,599		994,716
<b>Cash flow from investing activities</b>					
Purchase of tangible fixed assets		(1,442,178)		(2,122,529)	
Purchase of other tangible fixed assets		-		-	
Proceeds from sale of tangible fixed assets		385,469		259,733	
Grants received		533,942		316,031	
Interest received		11,979		5,108	
			(510,788)		(1,541,657)
<b>Cash flow from financing activities</b>					
Interest paid		(519,487)		(488,444)	
New secured loans		-		3,000,000	
Repayment of borrowings		(922,112)		(857,655)	
Issue of share capital		41		46	
			(1,441,558)		1,653,947
<b>Net changes in cash and cash equivalents</b>			(753,747)		1,107,006
Cash and cash equivalents at 1 April			3,674,752		2,567,746
<b>Cash and cash equivalents at 31 March</b>			<u>2,921,005</u>		<u>3,674,752</u>

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

The Association is registered under The Co-operative & Community Benefit Societies Act 2014. The consolidated financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014.

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

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is 161. The registered address is 53 Ballindalloch Drive, Glasgow, G31 3DQ.

**2. Accounting policies****Introduction and accounting basis**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. Please note on transition to FRS 102 the Association elected to account for housing properties at deemed cost based on an existing use value. 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 Management Committee have 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. The accounting policies of the Group are set out below.

**Going Concern**

The Management Committee anticipates that a surplus will be generated in the year to 31 March 2017 and the year to 31 March 2018. The Group and Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover*****Milnbank Housing Association Limited***

Turnover represents rental and service charge income, nursery fees, fees for the provision of supported housing, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

***Milnbank Property Services Limited and Milnbank Community Enterprises Limited***

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

**2. Accounting policies (continued)**

**Turnover (continued)**

Turnover is recognised when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction, and;
- the costs incurred in respect of the transaction can be measured reliably.

**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.

**Interest receivable**

Interest receivable is recognised in the Statement of Comprehensive Income when the Group is entitled to it.

**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.

**Fixed assets - Housing properties**

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant schemes or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year are included in the accounts for the year at gross value, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

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

**2. Accounting policies (continued)**

**Depreciation**

**1. Housing properties**

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified:

Land - not depreciated
Structure – over 100 years
Kitchen – over 15 years
Bathrooms – over 30 years
Boiler – over 20 years
Central Heating / Fixtures – over 20 years
Windows – over 30 years
Rewiring / Electrics – over 20 years
Common Doors – over 30 years

**2. Other fixed assets**

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Furniture, fittings, & equipment	-	20% reducing balance & 33% straight line
Office and storage units	-	2% to 5% straight line
Nursery	-	2% straight line

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

**Shared equity**

On completion of construction, shared equity units are held in stock along with the grant received. On completion of the first tranche sale, the Group's obligation ceases and the cost and grant are derecognised through the Statement of Comprehensive Income.

**Stocks**

Stock and work in progress is valued at the lower of cost and estimated net realisable value.

**Financial instruments**

The Group 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 out-right 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.

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

**2. Accounting policies (continued)**

**Financial Instruments (continued)**

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group 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.

**Debtors**

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

**Rental Arrears**

Rental arrears represent amounts due by tenants for 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 17.

**Cash & 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.

**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.

**Government capital grants**

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Group 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 Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

**Government revenue grants**

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

**Non-government 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.

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

**2. Accounting policies (continued)**

**Loans**

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Security for these loans is only possible once approval has been given by the Scottish Government.

**Pensions (note 23)**

**Scottish Housing Association Pension Scheme (SHAPS)**

The Group participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees 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 Group 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.

**Strathclyde Pension Fund**

The Group also has employees who are members of the Strathclyde Pension Fund. 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 in the actuarial assumptions, is recognised in Other Comprehensive Income.

**Auto-enrolment**

The Group is also a member of the SHAPS defined contribution 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.

**Financial Commitments**

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the Group. Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

**3. Judgements in applying policies and key sources of 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 Management Committee are 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>
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 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.	This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

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

## 4. Particulars of Turnover, Operating Expenditure and Operating Surplus/(Deficit)

Group	2017				Restated 2016	
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus/ (deficit) £
Social Lettings (Note 5)	5,657,370	(4,868,780)	788,590	5,535,685	(5,026,329)	509,356
Other activities (Note 6)	497,494	(457,316)	40,178	743,106	(757,825)	(14,719)
Milnbank Property Services Limited	240,925	(237,602)	3,323	234,147	(214,022)	20,125
Milnbank Community Enterprises Limited	64,301	(52,197)	12,104	57,956	(48,482)	9,474
	<u>6,460,090</u>	<u>(5,615,895)</u>	<u>844,195</u>	<u>6,570,894</u>	<u>(6,046,658)</u>	<u>524,236</u>
Association	2017				Restated 2016	
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus/ (deficit) £
Social Lettings (Note 5)	5,657,370	(4,868,780)	788,590	5,535,685	(5,026,329)	509,356
Other activities (Note 6)	497,494	(457,316)	40,178	743,106	(757,825)	(14,719)
	<u>6,154,864</u>	<u>(5,326,096)</u>	<u>828,768</u>	<u>6,278,791</u>	<u>(5,784,154)</u>	<u>494,637</u>



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

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

Group and Association	General Needs Housing £	Supported Housing* £	Shared Ownership £	2017 Total £	2016 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	5,073,991	163,996	9,040	5,247,027	5,136,890
Service charges	-	-	-	-	3,710
<b>Gross income from rents and service charges</b>	<u>5,073,991</u>	<u>163,996</u>	<u>9,040</u>	<u>5,247,027</u>	<u>5,140,600</u>
Less voids	(80,513)	-	-	(80,513)	(118,411)
<b>Net income from rents and service charges</b>	<u>4,993,478</u>	<u>163,996</u>	<u>9,040</u>	<u>5,166,514</u>	<u>5,022,189</u>
Other revenue grants	-	344,445	-	344,445	344,788
Amortisations of deferred government capital grants	56,621	-	12,113	68,734	133,371
Stage 3 adaptations grant	77,677	-	-	77,677	35,337
<b>Total turnover from social letting activities</b>	<u>5,127,776</u>	<u>508,441</u>	<u>21,153</u>	<u>5,657,370</u>	<u>5,535,685</u>
<b>Expenditure</b>					
Management and maintenance administration costs	(2,525,465)	(486,065)	(5,173)	(3,016,703)	(3,068,895)
Service charges	-	-	-	-	-
Planned cyclical maintenance including major repairs	(611,550)	-	-	(611,550)	(577,098)
Reactive maintenance costs	(736,379)	-	-	(736,379)	(828,719)
Bad debts – rents and service charges	(5,118)	-	-	(5,118)	(1,913)
Depreciation of social housing**	(483,050)	-	(15,980)	(499,030)	(549,704)
<b>Operating costs for social letting activities</b>	<u>(4,361,562)</u>	<u>(486,065)</u>	<u>(21,153)</u>	<u>(4,868,780)</u>	<u>(5,026,329)</u>
<b>Operating surplus on letting activities, 2017</b>	<u>766,214</u>	<u>22,376</u>	<u>-</u>	<u>788,590</u>	
<b>Operating surplus / on letting activities, 2016</b>	<u>508,969</u>	<u>387</u>	<u>-</u>		<u>509,356</u>

\* Relates to Walpole and Circus Drive.

\*\* Depreciation includes £457,175 (2016: £433,210) of actual depreciation, and the net book value of disposed components of £41,855 (2016: £116,494) which has been included in depreciation in accordance with the SORP.

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

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

Group and Association	Grants from Scottish Ministers		Other revenue grants	Supporting people income	Other income	2017		2017		Total Turnover Restated 2016	Operating expenditure Restated 2016	Surplus/ (Deficit) 2016
	£	£				£	£	2017	£			
Wider role activities #	64,300	13,881	-	-	24,000	102,181	(102,332)	(151)	294,366	(372,352)	(77,986)	
Carbon Footprint Nursery	-	-	-	-	357,765	357,765	(308,358)	49,407	411,534	(363,758)	47,776	
Supporting people	-	-	37,548	-	-	37,548	(46,626)	(9,078)	37,206	(21,715)	15,491	
Total from other activities - 2017	64,300	13,881	37,548	381,765	497,494	(457,316)	40,178					
Total from other activities - 2016	294,366	89,620	37,206	321,914	743,106	(757,825)	(14,719)					

# Undertaken to support the community, other than the provision, construction, improvement and management of housing.

Note 1: The Association acts as an agent for Glasgow City Council and private owners in respect of administering property improvements, mainly insulation works, to properties owned by private owners. As the Association is acting as an agent the income and expenditure is not recognised in the Association's financial statements, but is summarised below:-

	2017	2016
	£	£
Development income	621,383	561,200
Development expenditure	621,383	561,200
	-	-

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

7. Directors' Emoluments – Group and Association

The directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. The Association considers key management personnel to be the Management Committee and the Senior Management Team (the Executive Officers as per page 1) of the Association. The Management Committee received remuneration of £nil (2016: £nil) for their services in the year. The director's remuneration is as follows:

	2017 £	2016 £
Total emoluments of the Director (excluding pension Contributions)	<u>83,586</u>	<u>84,094</u>

The Director is a member of the Association's pension scheme, as described in note 23. The Director's pension contribution in the year to 31 March 2017 was £8,865 (2016: £8,792) with estimated past service deficit payments of £21,828 (2016: £20,715).

Total emoluments paid to those earning more than £60,000 excluding pension contributions	<u>148,859</u>	<u>150,246</u>
Pension contributions paid to those earning more than £60,000	<u>15,811</u>	<u>15,738</u>
Past service deficit payments in respect of those earning more than £60,000	<u>38,873</u>	<u>37,054</u>

Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-

	No	No
£60,001 - £65,000	-	-
£65,001 - £70,000	1	1
£70,001 - £75,000	-	-
£75,001 - £80,000	-	-
£80,001 - £85,000	<u>1</u>	<u>1</u>
	<b>£</b>	<b>£</b>
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	<u>1,553</u>	<u>2,251</u>
Total emoluments paid to key management personnel including pension contributions (including past service deficit payments)	<u>424,815</u>	<u>417,484</u>

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

## 8. Employee Information

**Group**

	2017 No.	2016 No.
The full time equivalent number of employees employed during the year was:		
Administration & Finance	18	17
Housing services management	10	10
Property services (including maintenance)	41	36
Housing with Support	12	11
Wardens & Cleaners	11	12
Nursery	15	15
	<u>107</u>	<u>101</u>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Staff costs (including Directors' Emoluments):		
Wages and salaries	2,553,548	2,358,258
Social security costs	208,775	164,603
Pension costs	116,525	108,313
Defined benefit pension charge – Strathclyde Pension Fund (Note 23)	-	3,000
	<u>2,878,848</u>	<u>2,634,174</u>
SHAPS re-measurements charge/(credit) (Note 23)	<u>8,268</u>	<u>(7,000)</u>

**Association**

	2017 No.	2016 No.
The full time equivalent number of employees employed during the year was:		
Administration & Finance	18	17
Housing services management	10	10
Property services (including maintenance)	41	36
Housing with Support	12	11
Wardens & Cleaners	9	10
Nursery	15	15
	<u>105</u>	<u>99</u>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Staff costs (including Directors' Emoluments):		
Wages and salaries	2,321,665	2,145,449
Social security costs	192,246	151,384
Pension costs	107,781	99,808
Defined benefit pension charge – Strathclyde Pension Fund (Note 23)	-	3,000
	<u>2,621,692</u>	<u>2,399,641</u>
SHAPS re-measurements charge/(credit) (Note 23)	<u>8,268</u>	<u>(7,000)</u>

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

9. Operating Surplus

Group

	2017 £	2016 £
Operating surplus is stated after charging:		
Depreciation on tangible fixed assets	531,129	508,101
Depreciation due to loss on disposal of components	41,855	116,494
Auditor's remuneration (incl VAT)		
- In their capacity as auditor	22,330	21,120
- In respect of other services	3,290	5,640
	<u>568,604</u>	<u>751,355</u>

Association

	2017 £	2016 £
Operating surplus is stated after charging:		
Depreciation on tangible fixed assets	531,129	508,101
Depreciation due to loss on disposal of components	41,855	116,494
Auditor's remuneration (incl VAT)		
- In their capacity as auditor	11,940	11,705
- In respect of other services	2,400	4,800
	<u>597,324</u>	<u>745,100</u>

10. Interest Receivable and Other Income – Group and Association

	2017 £	2016 £
Interest receivable on deposits	11,979	5,108
	<u>11,979</u>	<u>5,108</u>

11. Interest payable and similar charges – Group and Association

	2017 £	2016 £
On private loans	519,487	488,444
Strathclyde Pension Fund finance charge (note 23)	4,000	7,000
SHAPS past service deficit fund finance charge (note 23)	38,170	40,000
	<u>561,657</u>	<u>535,444</u>

12. Taxation

Group

The Association is not subject to corporation tax on its charitable activities. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2016: £nil). The two subsidiaries gift aided their profits to the Association which meant no corporation tax was due in 2017 and 2016.

Association

As a charity, Milnbank Housing Association Limited's charitable activities are not subject to taxation. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2016: £nil).

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

## 13. Tangible Fixed Assets

## Group and Association

	Housing Properties Held for Letting £	Housing Properties under Development £	Shared Ownership Properties £	Investment Properties £	Office and Storage Units £	Furniture Fittings & Equipment £	Nursery £	Total £
<b>Cost</b>								
At start of year	31,577,030	17,296	799,025	52,500	809,536	356,510	386,884	33,998,781
Additions during year	1,442,178	-	-	-	-	-	-	1,442,178
Disposals – units	(186,668)	-	-	-	-	-	-	(186,668)
Disposals – components	(46,031)	-	-	-	-	-	-	(46,031)
At end of year	32,786,509	17,296	799,025	52,500	809,536	356,510	386,884	35,208,260
<b>Depreciation</b>								
At start of year	926,053	-	255,988	-	415,457	297,884	15,476	1,910,858
Charge for year	441,195	-	15,980	-	13,186	53,030	7,738	531,129
On disposals – units	(5,353)	-	-	-	-	-	-	(5,353)
On disposals – components	(4,176)	-	-	-	-	-	-	(4,176)
At end of year	1,357,719	-	271,968	-	428,643	350,914	23,214	2,432,458
<b>Net Book Value</b>								
At end of year	31,428,790	17,296	527,057	52,500	380,893	5,596	363,670	32,775,802
At start of year	30,650,977	17,296	543,037	52,500	394,079	58,626	371,408	32,087,923

Note 1: Properties with a cost of £186,668 (2016: £214,406) and depreciation of £5,353 (2016: £25,907) have been disposed of in the year with net proceeds totalling £385,469 (2016: £259,736). SHG of £151,520 (2016: £135,385) is due to be repaid to the Scottish Government in respect of these disposals. This has been written back against the gain on sale.

Note 2: Components with a total cost of £922,879 (2016: £1,964,409) were capitalised in the year. This included £76,379 (2016: £nil) of capitalised staff costs relating to the 'Planned Groundwork's Team'. The purchase of additional housing units with a total cost of £519,299 (2016: £158,120) were capitalised in the year. Additions to Housing Properties during the year includes £nil (2016: £nil) capitalised interest and £nil (2016: £nil) capitalised administration costs. The amount spent on maintenance of housing properties held for letting and shared ownership properties can be seen in Note 5.

Note 3: Investment properties are valued at market value based upon valuation reports prepared for the Group by JLL, chartered surveyors.

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

14. Housing Stock – Group and Association

The number of units of accommodation in management was as follows:-

	Units in management			
	2017		2016	
	Improved	Unimproved	Improved	Unimproved
General needs	1,683	-	1,679	5
Supported – Walpole (self-contained units)	7	-	7	-
Shared ownership	10	-	10	-
	<u>1,700</u>	<u>-</u>	<u>1,696</u>	<u>5</u>

The supported units at Circus Drive are leased from Loretto Housing Association Limited.

15. Investments in subsidiaries

Association	2017 £	2016 £
Investment in subsidiary undertakings	<u>2</u>	<u>2</u>

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Community Enterprises Limited. This represents a 100% shareholding in Milnbank Community Enterprises Limited, a company registered in Scotland, whose principal activity is community development. The profit on ordinary activities after taxation and a gift aid payment to the Association for the year ended 31 March 2017 was £nil (2016: £nil). The capital and reserves of Milnbank Community Enterprises Limited as at 31 March 2017 was £64 (2016: £64).

Milnbank Housing Association Limited owns 1 ordinary £1 share in Milnbank Property Services Limited. This represents a 100% shareholding in Milnbank Property Services Limited, a company registered in Scotland, whose principal activity is the provision of factoring services including the provision of repair and maintenance services. The profit on ordinary activities after taxation and a gift aid payment to the Association for the year ended 31 March 2017 was £nil (2016: £nil). The capital and reserves of Milnbank Property Services Limited as at 31 March 2017 was £71 (2016: £71).

16. Stock

Group	2017 £	2016 £
Bar Stock	<u>1,339</u>	<u>1,243</u>

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

## 17. Debtors

Group	2017 £	2016 £
Amounts falling due within one year:		
Rental arrears	399,420	396,233
Less: provision for bad debts	(121,278)	(121,278)
	<hr/>	<hr/>
Trade debtors	278,142	274,955
Other debtors	9,575	7,649
Accrued income	200,249	301,431
	141,005	106,755
	<hr/>	<hr/>
	628,971	690,790
	<hr/> <hr/>	<hr/> <hr/>

## Association

	2017 £	2016 £
Amounts falling due within one year:		
Rental arrears	399,420	396,233
Less: provision for bad debts	(121,278)	(121,278)
	<hr/>	<hr/>
Amounts owed by subsidiaries	278,142	274,955
Other debtors	140,660	163,442
	178,182	281,490
	<hr/>	<hr/>
	596,984	719,887
	<hr/> <hr/>	<hr/> <hr/>

## 18. Cash and cash equivalents

Group	2017 £	2016 £
Balances held in current accounts	1,147,291	1,070,985
Balances held in deposit accounts	1,853,201	2,740,973
	<hr/>	<hr/>
	3,000,492	3,811,958
	<hr/> <hr/>	<hr/> <hr/>

## Association

	2017 £	2016 £
Balances held in current accounts	1,067,804	933,779
Balances held in deposit accounts	1,853,201	2,740,973
	<hr/>	<hr/>
	2,921,005	3,674,752
	<hr/> <hr/>	<hr/> <hr/>



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

19. Creditors: amounts falling due within one year

Group	2017 £	2016 £
Bank loans	920,280	937,132
Trade creditors	185,920	300,442
Other creditors	1,820,411	1,690,890
Accruals	21,940	20,740
Rent prepaid	180,887	180,887
Other taxes and social security	54,519	47,894
Deferred Government capital grant (Note 21)	57,281	82,497
SHAPS past service pension deficit liability	156,877	146,424
	<u>3,398,115</u>	<u>3,406,906</u>
Secured creditors	<u>920,280</u>	<u>937,132</u>

At the year end pension contributions of £4,495 (2016 £37,127) were outstanding and included within other creditors.

Association	2017 £	2016 £
Bank loans	920,280	937,132
Trade creditors	170,300	289,904
Other creditors	1,726,749	1,594,393
Accruals	19,000	19,000
Rent prepaid	180,887	180,887
Other taxes and social security	54,063	47,452
Deferred Government capital grant (Note 21)	57,281	82,497
SHAPS past service pension deficit liability	156,877	146,424
	<u>3,285,437</u>	<u>3,297,689</u>
Secured creditors	<u>920,280</u>	<u>937,132</u>

At the year-end pension contributions of £4,495 (2016 £37,127) were outstanding and included within other creditors.

20. Creditors: amounts falling due out with one year – Group and Association

	2017 £	2016 £
Bank loans	12,732,089	13,637,349
Deferred Government capital grant (Note 21)	2,556,506	2,066,082
SHAPS past service pension deficit liability	658,777	771,624
	<u>15,947,372</u>	<u>16,475,055</u>
Secured creditors	<u>12,732,089</u>	<u>13,637,349</u>

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

20. Creditors: amounts falling due out with one year (continued)

Loans are secured by specific charges on the Association's properties. The loan outstanding to Nationwide Building Society is repayable at a rate of interest of 3.59% in instalments and is due to be repaid by 1 June 2042. The loan outstanding to Royal Bank of Scotland is repayable at a rate of interest of 7.9% in instalments and is due to be repaid by 31 March 2018. The loans outstanding to Clydesdale Bank are repayable at rates of interest of between 1.685% and 2.11% in instalments and are due to be repaid by 31 March 2042.

The loans are due in instalments as follows:-

	2017 £	2016 £
Due between one and two years	930,000	934,000
Due between two and five years	1,780,785	2,246,203
Due in five years or more	10,021,304	10,457,146
	<u>12,732,089</u>	<u>13,637,349</u>

21. Deferred Government capital grants – Group and Association

	2017 £	2016 £
<u>Housing grants</u>		
At 1 April	2,148,579	1,965,919
Grants received in year	533,942	316,031
Released to income in year	(68,734)	(133,371)
At 31 March	<u>2,613,787</u>	<u>2,148,579</u>

The ageing on deferred capital grants is as follows:

Due in less than one year	57,281	82,497
Due in one to two years	57,281	82,497
Due between two and five years	229,124	329,988
Due in five years or more	2,270,101	1,653,597
	<u>2,613,787</u>	<u>2,148,579</u>

22. Financial Instruments  
Group

	2017 £	2016 £
<b>Financial Assets</b>		
Cash at bank and in hand	3,000,492	3,811,958
Financial assets measured at amortised cost	628,971	690,790
	<u>3,629,463</u>	<u>4,502,748</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>16,496,294</u>	<u>17,504,601</u>

Financial assets measured at amortised cost comprise rental arrears, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and the SHAPS past service pension deficit liability.

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

22. Financial Instruments (continued)	2017 £	2016 £
<b>Association</b>		
<b>Financial Assets</b>		
Cash at bank and in hand	2,921,005	3,674,752
Financial assets measured at amortised cost	596,984	719,887
	<u>3,517,989</u>	<u>4,394,639</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	16,384,072	17,395,826
	<u>16,384,072</u>	<u>17,395,826</u>

Financial assets measured at amortised cost comprise rental arrears, amounts owed by subsidiaries and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and the SHAPS past service pension deficit liability.

23. Pensions – Group and Association

**Scottish Housing Association Pension Scheme (SHAPS)**

Milnbank Housing Association Limited (the "Association") participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. There are six benefit structures available, namely:

- (a) Final salary with a 1/60<sup>th</sup> accrual rate;
- (b) Career average revalued earnings with a 1/60<sup>th</sup> accrual rate;
- (c) Career average revalued earnings with a 1/70<sup>th</sup> accrual rate;
- (d) Career average revalued earnings with a 1/80<sup>th</sup> accrual rate;
- (e) Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted-in; and
- (f) Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Milnbank Housing Association has elected to operate the final salary with a 1/60th accrual rate for existing members but closed this option for new members at 31 March 2015. As at the Statement of Financial Position date there were 13 (2016: 13) active members of the Defined Benefit Scheme employed by Milnbank Housing Association Limited. The annual pensionable payroll in respect of these members was £566,726 (2016: £583,124).

From 1 April 2015 new members are offered the option of joining the Defined Contribution Scheme. This Defined Contribution Scheme is used for Auto Enrolment. In the year 47 employees were auto enrolled and stayed in the Defined Contribution Scheme.

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

The actuarial valuation assesses whether the Defined Benefit Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

**23. Pensions – Group and Association (continued)**

During the year, Milnbank Housing Association Limited paid contributions in respect of the Final 1/60th Scheme at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%. There was an additional annual employer past service deficit contribution of £148,832 (net of administration costs) made in the year ended 31 March 2017 (2016: £143,639). Employer contributions to the Defined Contribution Scheme are set at 4% and employees contributed 5% of their salaries.

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 Defined Benefit 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 Defined Benefit 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.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

From 1 April 2017 Milnbank Housing Association Limited will be required to pay £158,510 (net of administration costs) (discounted = £156,877) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liability recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 3 March 2016 by the Pensions Trust.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Past service deficit repayment liability</b>		
Provision at start of period	918,048	1,028,687
Unwinding of the discount factor (interest expense)	38,170	40,000
Deficit contribution paid	(148,832)	(143,639)
Re-measurements – impact of any changes in assumptions	8,268	(7,000)
	<hr/>	<hr/>
Provision at end of period	815,654	918,048
	<hr/>	<hr/>
Liability split as:		
< 1 year	156,877	146,424
1-2 years	162,854	153,365
2-5 years	495,923	466,511
> 5 years	-	151,748
	<hr/>	<hr/>
	815,654	918,048
	<hr/>	<hr/>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Statement of Comprehensive Income Impact</b>		
Interest expense	38,170	40,000
Re-measurements – impact of any change in assumptions	8,268	(7,000)
	<hr/>	<hr/>
	<b>2017</b>	<b>2016</b>
<b>Assumptions</b>		
Rate of discount	1.06%	2.29%

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

**23. Pensions – Group and Association (continued)**

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 band yield curve to discount the same recovery plan contributions.

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 Defined Benefit 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.

The leaving employer's share of the buy-out debt is the proportion of the Defined Benefit 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 currently participating 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 Defined Benefit Scheme based on the financial position of the Scheme as at 30 September 2016 is £6,979,792 (2016: £5,450,099).

**Strathclyde Pension Fund**

There are three employees as well as a fourth employee who retired on 31 March 2015 who are members of 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.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Inflation / Pension Increase Rate	2.4%	2.2%
Salary increases	4.4%	4.2%
Discount rate	2.7%	3.6%

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with 80% of the CMI 2012 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.8% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

The following details relate to Milnbank Housing Association Limited and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class

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

23. Pensions – Group and Association (continued)

Scheme assets

The assets in the scheme and the expected rate of return were:-

	Value at 31 March 2017 £'000	Value at 31 March 2016 £'000
Fair value of plan assets	734	575
Present value of scheme liabilities	(978)	(696)
	<hr/>	<hr/>
Net pension liability	(244)	(121)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of defined benefit obligation

	31 Mar 2017 £'000	31 Mar 2016 £'000
<b>Opening Defined Benefit Obligation</b>	696	751
Current Service Cost	20	19
Interest cost	25	25
Plan participants contributions	5	4
Changes in financial assumptions	234	(102)
Changes in demographic assumptions	-	-
Other experience	-	-
Estimated Benefits Paid	(2)	(1)
	<hr/>	<hr/>
<b>Closing Defined Benefit Obligation</b>	978	696
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of fair value of employer assets

	31 Mar 2017 £(000)	31 Mar 2016 £(000)
<b>Opening Fair Value of Employer Assets</b>	575	542
Expected Return on Assets	-	-
Plan participants contributions	5	4
Contributions by the Employer	20	16
Contributions in respect of Unfunded Benefits	-	-
Interest income on plan assets	21	18
Assets Acquired in a Business Combination	-	-
Return on assets excluding amounts included in net interest	115	(4)
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(2)	(1)
	<hr/>	<hr/>
<b>Closing Fair Value of Employer Assets</b>	734	575
	<hr/>	<hr/>
<b>Net pension liability</b>	(244)	(121)
	<hr/> <hr/>	<hr/> <hr/>

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

23. Pensions – Group and Association (continued)

Analysis of amount recognised in Other Comprehensive Income

	2017 £	2016 £
Return on assets excluding amounts included in net interest	115,000	(4,000)
Changes in financial assumptions	(234,000)	102,000
Changes in demographic assumptions	-	-
Other experience	-	-
<b>Total remeasurement recognised in Other Comprehensive Income</b>	<b>(119,000)</b>	<b>98,000</b>

Sensitivity analysis

	Approximate % increase to Employer Liability	Approximate monetary amount (£000's)
0.5% decrease in real discount rate	13%	129
0.5% increase in the Salary Increase Rate	7%	65
0.5% increase in the Pension Increase Rate	6%	59

24a. Share capital – Group and Association

	2017 £	2016 £
At 1 April	683	637
Shares of £1 each fully paid and issued during the year	41	46
Shares forfeited in year	(28)	-
At 31 March	<b>696</b>	<b>683</b>

A share entitles the owner the right to vote at meetings. There are no rights to receive dividends attached to the shares or to the distribution of assets should the Association be wound up.

24b. Reserves

Revenue reserves represent the cumulative retained surplus and deficits.

25. Revenue Commitments – Group and Association

At the year end the Group and Association were committed to making the following payments under operating leases with the total commitments split as follows:

	Office Equipment, Premises & Motor Vehicles	
	2017 £	2016 £
Within one year	220,343	248,741
Between one and five years	350,079	497,621
More than five years	489	9,357
	<b>570,911</b>	<b>755,719</b>

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

**26. Related Party Transactions**

**Milnbank Community Enterprises Limited**

In the year ended 31 March 2017, the salary costs incurred by Milnbank Housing Association Limited in respect of the administration and finance services provided to Milnbank Community Enterprises Limited were recharged. The total recharged cost was £7,953 (2016: £8,976).

The Association also paid costs of £7,068 (2016: £2,190) on behalf of Milnbank Community Enterprises Limited which were recharged.

A gift aid payment of £12,104 (2016: £9,474) is to be made by Milnbank Community Enterprises Limited to Milnbank Housing Association Limited in respect of the year ended 31 March 2017.

During the year, Milnbank Community Enterprises Limited paid amounts of £9,474 (2016: £15,178) in respect of the 2016 gift aid payment and £16,929 (2016: £15,287) in respect of the remainder of the balance that was outstanding at 31 March 2016.

The balance owed to Milnbank Housing Association Limited by Milnbank Community Enterprises Limited at 31 March 2017 was £24,435 (2016: £23,713). This is included within amounts owed by subsidiaries in debtors.

**Milnbank Property Services Limited**

For the year ended 31 March 2017, salary costs, based on the estimated time spent by Association staff on activities of Milnbank Property Services Limited was recharged. The total salary costs recharged was £215,088 (2016: £194,860).

During the year, expenditure of £132,765 (2016: £76,649) was incurred by Milnbank Housing Association Limited on behalf of Milnbank Property Services Limited in respect of works performed to factored properties. These costs were recharged to Milnbank Property Services Limited during the year.

During the year, expenditure of £17,835 (2016: £47,180) was incurred by Milnbank Property Services Limited on behalf of Milnbank Housing Association Limited in respect of work performed to properties which are shared by factored owners and Housing Association tenants. These costs were recharged by Milnbank Property Services Limited during the year to the Association.

A gift aid payment of £3,323 (2016: £20,125) is to be made by Milnbank Property Services Limited to Milnbank Housing Association Limited in respect of the year 31 March 2017.

£356,845 (2016: £410,872) was paid over by Milnbank Property Services Limited to the Association in the year in respect of the monies owed. This included the payment of the 2016 gift aid.

The balance owed to Milnbank Housing Association Limited by Milnbank Property Services Limited at 31 March 2017 was £116,225 (2016: £139,729). This is included within amounts owed by subsidiaries in debtors.

**Milnbank Property Services Limited and Milnbank Community Enterprises Limited**

During the year, £65 of costs were paid on behalf of Milnbank Community Enterprises Limited by Milnbank Property Services Limited. This was recharged. The balance due to Milnbank Community Enterprises Limited from Milnbank Property Services Limited at the year-end was £10 (2016: £75).



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

**26. Related Party Transactions (continued)**

**Management Committee members**

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £18,009 (2016: £17,328). The total rent prepaid relating to tenant Board members included within creditors at the year end is £1,060 (2016: £995).

Some members of the Management Committee receive factored services from Milnbank Property Services Limited. At the year-end included in debtors was £2,713 (2016: £5,193).

**27. Legislative Provisions**

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

**28. Net Cash Flow from Operating Activities**

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	347,151	(70,248)
Interest payable	561,657	535,444
Interest received	(11,979)	(5,108)
Proceeds from sale of fixed assets	(385,469)	(259,733)
Repayment of grant on disposal of tangible fixed assets	151,520	135,382
Carrying amount of tangible fixed asset disposals	181,315	188,499
Depreciation on tangible fixed assets (including loss on disposed components)	572,984	624,595
SPF – non-cash movement	-	3,000
SHAPS deficit movement	8,268	(7,000)
Increase in stock	(96)	(45)
Decrease in debtors	61,819	12,084
(Decrease) in creditors	(128,696)	(51,019)
Release of deferred grant	(68,734)	(133,371)
SHAPS past service deficit payment	(148,832)	(143,639)
Shares forfeited	(28)	-
	<u>1,140,880</u>	<u>828,841</u>
<b>Association</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	347,151	(70,248)
Interest payable	561,657	535,444
Interest received	(11,979)	(5,108)
Proceeds from sale of fixed assets	(385,469)	(259,733)
Repayment of grant on disposal of tangible fixed assets	151,520	135,382
Carrying amount of tangible fixed asset disposals	181,315	188,499
Depreciation on tangible fixed assets (including loss on disposed components)	572,984	624,595
SPF – non-cash movement	-	3,000
SHAPS deficit movement	8,268	(7,000)
Decrease in debtors	122,903	206,794
(Decrease) in creditors	(132,157)	(79,899)
Release of deferred grant	(68,734)	(133,371)
SHAPS past service deficit payment	(148,832)	(143,639)
Shares forfeited	(28)	-
	<u>1,198,599</u>	<u>994,716</u>

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

29. Capital Commitments

Group and Association	2017 £	2016 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been approved by the Management Committee but has not been contracted for	-	-

30. Prior year adjustment

Group and Association

A prior year adjustment is required to correctly account for the agency work that the Association performs on behalf of Glasgow City Council. As this is an agency agreement the turnover and expenditure should not have been recognised in the 2015/16 Statement of Comprehensive Income.

	£ Group	£ Association
<b>Revenue reserves at 31 March 2016</b>	16,588,270	16,588,137
Effects of:		
Reduce turnover	(561,200)	(561,200)
Increase expenditure	561,200	561,200
	<u>16,588,270</u>	<u>16,588,137</u>

This prior year adjustment did not impact the previously stated total comprehensive income for 2015/16 of £27,752.

This agency relationship is disclosed in note 6.