

NORTH VIEW HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Registered Housing Association No. HAL269AL

Financial Conduct Authority No. 2427R(S)

Charity No. SC032963

Property Factors (Scotland) Act 2011 Registered Number : PF000246

RSM UK AUDIT LLP
Chartered Accountants

Glasgow

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Officers and Professional Advisers

Committee of Management

Josephine Deacon	-	Chairperson
Iris Robertson	-	Vice Chair
Wilma McCubbin	-	Secretary
Mary McEwan	-	Treasurer
Diana Hamilton	-	Member
William Hamilton	-	Member
Audrey Laird	-	Member
Margaret Griffiths	-	Member

Principal Bankers

Bank of Scotland plc
82 Main Street
Rutherglen
Glasgow
G73 2HZ

The Royal Bank of Scotland plc
139 St Vincent Street
Glasgow
G2 5JF

Director

Euan Anderson

Registered Office

29a Stravanan Road
Castlemilk
Glasgow
G45 9LY

Auditors

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Solicitors

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The Committee of Management present their report and audited financial statements for the year ended 31 March 2016.

Principal activity

North View Housing Association manages and maintains residential accommodation, whilst providing a high quality of service that is responsive to the needs of its tenants and residents. The Association provides housing for let at affordable rents.

North View Housing Association is registered with the Financial Conduct Authority as a Friendly Society, The Office of the Scottish Charities Regulator (OSCR) as a charity, The Scottish Regulator as a Registered Social Landlord and the Scottish Government as a Property Factor.

The table below shows the property we own:

Managed Property Numbers	2016	2015
Tenanted Property	672	674
Shared Ownership Properties	2	2
Total	674	676

Financial Review

The financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for registered social landlords 2014 for the first time. Comparative figures have been updated accordingly. See note 23 to the financial statements for further detail.

In 2015/16 there was an overall surplus of £227,452 (2015: deficit of £70,360) at the year end.

North View is in a strong financial position with £647,683 deposited as cash funds with overdraft facilities available to us of £250,000 to account for the expected effects of Welfare Reform. We continue to have a substantial major repair investment programme with further replacement kitchens, bathrooms and windows due in a substantial proportion of properties over the next few years. Cash surpluses will be made, subject to our planned major repair programme over the next few years.

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

Business Review

In September 2015 we provided our second annual report to tenants on how we performed against specific items within the Scottish Social Housing Charter and the progress we are making to comply with all aspects of the Scottish Social Housing Charter.

In November 2015 a Research Company carried out a telephone survey of 270 North View tenants for us. This was a short survey focussing on satisfaction in four areas – overall service, keeping tenants informed, opportunities to participate, and our repairs service. The results of this survey showed an increased satisfaction level in all areas over the 2014 Residents' Survey results.

January 2016 saw the start of a full stock Energy survey to ensure that we are EESSH (Energy Efficiency of Scottish Social Housing) compliant by December 2020. The survey will identify those properties which will require work to be carried out to bring them up to the standard.

Operational Review

Welfare Rights Service

99% of residents who had used our Welfare Rights Service were satisfied with the service (Survey 2014)

There has been a constant flow of tenants making use of this important service and during this year 151 households used the service, with some using the service on more than one occasion during the year. The WRO efforts on behalf of tenants saw 199 instances of increased income depending on the nature of the benefit which the WRO was dealing with on behalf of the tenant.

Staffing

96% of residents are satisfied with the customer care provided when they contact or visit the office and 97% were satisfied with the helpfulness of staff when they reported a repair (Survey 2014)

Through our Investor in People “Silver Standard” accreditation, we continue to develop and strengthen our ethos and processes towards training and development of our staff. We are committed to this ethos. We hold the view that a well trained staff will be able to do their job better, and therefore deliver a better service to tenants.

Wider Role

87% of tenants were supportive of our summer coach trips and 92% were in favour of us spending money on children's play schemes and activities for young people (Survey 2014)

Over and above our Annual Summer Coach Trip and visit to M & D Theme Park the Association has been providing support to carry out a programme of activities for young people of all ages within the area. Drop in clubs and football and outdoor games for 11 to 17 years, Play club and a programme of summer trips for primary aged kids, a visit to London and a project to redevelop a roundabout in the area are just some of the things that we have been involved in during the year.

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

Housing Management

North View has a good performance record on the time taken to re-let our properties, however we are never complacent and staff work diligently to ensure that we maximise our rental income, reduce costs and house people in need.

Rent loss due to void properties was £9,820 (2015 - £10,268). Our internal target of "Void loss of not more than 0.5% of rental income" was met as the void loss was 0.36%. The average time taken to re-let a property was 17.7 days (2015 – 16 days). Our target of 15 days was not met. A contributing factor is that during the year 8 properties were handed back due to the death of the tenant which delayed considerably the relet time as the Association allow 14 days for the family to clear out the property. This had a significant impact on our ability to turn around the properties quickly.

Current tenant arrears at the year-end represent 3.10% of the total rental income for the year (2015 – 2.57%). Our target of 3.5% was met. DHP awards helped to mitigate the effect of the under-occupancy charge.

Property Maintenance

87.4% of residents are satisfied with the Repairs service provided by us. (Telephone Survey 2015)

The Repair service and Modernising tenant's homes came top in terms of what service was most important to residents in the 2014 Residents' Survey.

The Association continues to meet all of the targets set for completion of works orders within timescale.

- *Total no of Emergency works orders completed in 2015/16 – 505*
- *Average length of time (in hours) to complete emergency repairs was 2 hours 22 minutes against a target of 3 hours*
- *100% of Emergency repairs were made good within 24 hours against a Target of 95%.*
- *Total no of Non Emergency works orders completed in 2015/16 – 3,182*
- *Average length of time (in working days) to complete Non Emergency repairs was 3.05 working days against a target of 4 working days*
- *90.19% of our repairs were completed "right first time" against a target of 80%*

It was again a particularly busy year for our "In House" trades-team in replacing kitchen units and worktops in 44 tenants' homes, and replacing windows in 45 properties. An independent telephone survey of tenants who had windows and kitchens replaced by our "in house" team showed a very high satisfaction level with all aspects of the replacements of these components.

External contract replacements of 50 gas boilers and 42 bathrooms also took place.

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2016 North View is funding £6.936m (2015 - £7.140m) of development expenditure.

North View, as a matter of policy, does not enter into transactions of a speculative nature. Our loan portfolio gives the Association fixed rate loans at very favourable rates.

Maintenance Policies

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

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2014, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Income and Expenditure account.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days (2015: thirty days).

Future Developments

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

Budgetary Process

Each year the Committee of Management approve the annual budget and rolling 5 year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Finance Sub Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

General Reserves Policy

The Committee members have reviewed the reserves of North View. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. North View will be applying measures to rebuild the reserve to a position to cover 1 year's total general expenditure.

Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, 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 and the grants removed from the financial statements.

Employee Involvement and Health and Safety

North View takes seriously its responsibilities to employees and as a policy, provides employees with information on matters of concern to them. It is also the policy of the Association to consult, where practical, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

Committee and Officers' Insurance

North View has purchased and maintains insurance to cover its Committee and officers against liabilities in relation to their duties on behalf of North View, as authorised by the Association's rules.

Home Ownership

In 2003, Communities Scotland with funding from the Scottish Executive, launched a Mortgage to Rent scheme, aimed at helping those under threat of repossession as a result of mortgage arrears. The Association is committed to the scheme, which allows the owner to become a tenant, avoiding the upheaval of removing families from their existing support networks, and the costs of housing homeless families. The Association has not processed any mortgage to rent purchases as yet.

Two properties were however sold under the Right to Buy scheme in the year 2015/16.

NORTH VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2016

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Committee of Management

The Members of the Committee of the Association during the year to 31 March 2016 were as follows:

Josephine Deacon	Chairperson	William Hamilton	Member
Iris Robertson	Vice Chairperson	Diana Hamilton	Member
Wilma McCubbin	Secretary	Audrey Laird	Member
Mary McEwan	Treasurer	Margaret Griffiths	Member

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

Director - Euan Anderson

Auditors

RSM UK Audit LLP has indicated its willingness to continue in office as auditors to the Association, however the service for external audit to North View is currently out to tender.

On behalf of the Committee of Management



Secretary

29a Stravanan Road
Castlemilk
Glasgow
G45 9LY

Date:13/7/16.....

NORTH VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

YEAR ENDED 31 MARCH 2016

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Management Committee is required to:

- select suitable accounting policies and 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Committee of Management is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Committee of Management must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2014. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

By order of the Committee of Management

Date:13/7/16.....

.....*Seaton*.....

NORTH VIEW HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2016

The Committee of Management 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 Committee of Management'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:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Committee of Management members and others.
- the Committee of Management review reports from management, from directors, staff and from internal and the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- there is a continuing programme of internal audit work, undertaken by a firm of Chartered Accountants, to review the effectiveness of the system of internal financial control.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

NORTH VIEW HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

**YEAR ENDED 31 MARCH 2016
(CONTINUED)**

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016 and until the below date. No weaknesses were found in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Committee of Management

Seacon.....

Date:13/7/16.....

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NORTH VIEW HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROLS

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 and 9 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 8 and 9 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.

RSM UK Audit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: *26/7/16*

**AUDITORS' REPORT TO THE MEMBERS OF
NORTH VIEW HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of North View Housing Association for the year ended 31 March 2016 on pages 12 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Association's members as a body, in accordance with Part 7 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 Committee and auditor

As explained more fully in the Statement of Committee's Responsibilities set out on page 7, the Committee are responsible for the preparation of the financial statements and for being satisfied that they 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 website at <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 Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

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 of the Association; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Centenary House
69 Wellington Street
Glasgow, G2 6HG

Date: 26/7/16

NORTH VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	2	3,062,324	2,997,634
Operating costs	2	<u>2,512,468</u>	<u>2,578,006</u>
Operating Surplus		549,856	419,628
Gain/(Loss) on sale of fixed assets		84,608	(67,159)
Interest receivable		5,111	3,721
Interest payable and financing costs	4	<u>(412,123)</u>	<u>(426,550)</u>
Surplus/(Deficit) for the year before taxation		227,452	(70,360)
Taxation	5	-	-
Total Comprehensive Income for the Year	16	<u>227,452</u>	<u>(70,360)</u>

The results for the year are generated from the continuing activities of the Association.

NORTH VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2016 £	2015 £
Fixed Assets			
Housing properties	8	17,121,356	17,360,963
Other fixed assets	9	532,519	537,248
		17,653,875	17,898,211
Current Assets			
Trade and other Debtors	10	120,168	121,283
Cash at bank and in hand		647,683	688,054
		767,851	809,337
Current Liabilities			
Creditors: Amounts falling due within one year	11	(627,062)	(664,146)
Net Current Assets		140,789	145,191
Total Assets less Current Liabilities		17,794,664	18,043,402
Creditors: Amounts falling due after more than one year	12	(15,764,224)	(16,213,344)
Provisions for liabilities:			
Pension provision	15	(484,000)	(515,000)
Other provisions	15	(20,432)	(16,506)
		1,526,008	1,298,552
Capital and Reserves			
Share capital	16	35	31
Revenue reserve	16	1,525,973	1,298,521
		1,526,008	1,298,552

These financial statements on pages 12 to 35 were authorised and approved for issue by the Committee of Management on13/7/16..... and signed on their behalf by:

Committee Member: *M. H. Ewan*

Committee Member: *S. Hammett*

Secretary: *William H. Clarke*

NORTH VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016	2015
		£	£
Net cash provided by operating activities	17	788,068	753,982
Cash flow from investing activities			
Purchase of tangible fixed assets		(274,922)	(427,575)
Interest received		5,111	3,721
HAG received		49,777	112,988
Net cash provided used in investing activities		(220,034)	(310,866)
Cash flow from financing activities			
Interest paid		(412,123)	(426,550)
Repayments of borrowings		(196,286)	(187,446)
Shares issued and cancelled		4	6
Net cash provided used in financing activities		(608,405)	(613,990)
		(40,371)	(170,874)
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		688,054	858,928
Cash and cash equivalents at the end of the year		647,683	688,054
Analysis of cash and cash equivalents			
Cash in hand		647,683	688,054
Notice deposits (less than 3 months)		-	-
Total cash and cash equivalents		647,683	688,054

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

1. Accounting Policies

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 29a Stravanan Road, Castlemilk, Glasgow G45 9LY.

The Association's principal activities are detailed in the Committee of Management's Report. The nature of the Associations operations are detailed in the Committee of Management's Report.

1.1 Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Determination of Accounting Requirements 2015, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

1.2 Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates:

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.2 Critical Accounting Estimates and Areas of Judgement (*continued*)

Recoverable amount of rent arrears and debtors – management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often outwith the Associations' control.

Obligations under a defined benefit pension scheme – the rate used to discount the past service deficit defined benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our commitment to the SHAPS of £1.677m for the next 11.5 years has been discounted at a rate of 2.29% amounting to a net present value of £484,000 at 31 March 2016.

1.3 Change in Accounting Policy

These financial statements are the first financial statements of North View Housing Association prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of North View Housing Association for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, management have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 23.

1.4 Going Concern

The Association should:

- reach a conclusion about the ability of the RSL to continue as a going concern;
- make balanced, proportionate and clear disclosures about going concern for the financial statements to give a true and fair view;
- disclose if the period they have reviewed in making their assessment of going concern is less than twelve months from the date of approval of the financial statements; and
- explain their justification for limiting the review period.

On that basis the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.5 Turnover and Revenue Recognition

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

1.6 Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Reasonable assurance is normally obtained when (e.g. the grant has been awarded in writing).

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

1.7 Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

1.8 Fixed assets - Housing properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.8 Fixed assets - Housing properties *(continued)*

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grant removed from the financial statements.

1.9 Depreciation of Housing Properties

i) Housing Land and Buildings

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Land	Not depreciated
Structure	Over 60 years
Kitchen	Over 15 years
Window	Over 25 years
Heating	Over 30 years
Boiler	Over 15 years
Bathroom	Over 25 years
Doors	Over 25 years

1.10 Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.10 Impairment of Fixed Assets *(continued)*

adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

ii) Other Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Furniture, fittings and computer equipment	–	20% straight line
Motor Vehicles	–	35% straight line
Office Property	–	2% straight line

1.11 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

1.12 Tax

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

1.13 Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

1.14 Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees can carry forward any unused holiday or TOIL entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.14 Employee Benefits *(continued)*

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Pensions

Defined Benefit Plan

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) which is a funded multi-employer scheme. Contributions are recognised in income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end. The rate used to discount the contributions to their present value is based on market yields for high quality corporate bonds.

1.16 Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

1.16 Financial Instruments *(continued)*

the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income and expenditure for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

1.17 Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

2. Particulars of turnover, operating costs and operating surplus or deficit

	Notes	Turnover £	Operating Costs £	2016 Operating Surplus £	2015 Operating Surplus £
Affordable Letting Activities	3a	3,038,876	(2,498,051)	540,825	418,844
Other Activities	3b	23,448	(14,417)	9,031	784
Total		<u>3,062,324</u>	<u>(2,512,468)</u>	<u>549,856</u>	<u>419,628</u>
Total for previous reporting period		<u>2,997,634</u>	<u>(2,578,006)</u>	<u>419,628</u>	

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

3. Particulars of turnover, operating costs and operating surplus from affordable letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Total 2016 £	Total 2015 £
Rent receivable net of service charges	2,664,813	47,744	3,163	2,715,720	2,651,586
Service charges	7,106	22,180	-	29,286	29,286
Gross income from rents and service charges	2,671,919	69,924	3,163	2,745,006	2,680,872
Less voids	(9,820)	-	-	(9,820)	(10,268)
Net Income from rents and service charges	2,662,099	69,924	3,163	2,735,186	2,670,604
Grants released from deferred income	303,690	-	-	303,690	309,576
Total turnover from social letting activities	2,965,789	69,924	3,163	3,038,876	2,980,180
Management and maintenance administration costs	1,134,450	13,566	1,607	1,149,623	1,127,153
Service costs	37,672	6,222	-	43,894	42,697
Planned and cyclical maintenance including major repairs costs	394,294	4,715	-	399,009	576,022
Reactive maintenance costs	299,315	2,845	-	302,160	243,673
Bad debts – rents and service charges	25,910	-	-	25,910	14,320
Depreciation of affordable let properties	568,950	6,804	1,701	577,455	557,471
Operating costs for affordable letting activities	2,460,591	34,152	3,308	2,498,051	2,561,335
Operating surplus from affordable lettings at 31 March 2016	505,198	35,772	(145)	540,825	418,844
Operating surplus from affordable letting at 31 March 2015	387,971	30,180	693	418,844	

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 MARCH 2016
(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus (deficit)	Operating surplus or deficit for previous reporting period
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	-	-	4,659
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	(6,291)	(6,291)	-
Factoring	-	-	-	8,943	8,943	-	(8,126)	817	(35)
Support activities	-	-	-	-	-	-	-	-	(7,727)
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSLs	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Other activities - energy efficiency	-	-	-	5,301	5,301	-	-	5,301	-
- Miscellaneous	-	-	-	5,876	5,876	-	-	5,876	571
- home owners management fee	-	-	-	3,328	3,328	-	-	3,328	3,316
Total from other activities	-	-	-	23,448	23,448	-	(14,417)	9,031	784
2015	-	-	-	17,455	17,455	-	(16,671)	784	

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

4. Interest payable and similar charges

	2016	2015
	£	£
Interest arising on:		
Bank loans	401,123	409,550
Defined benefit pension charge	11,000	17,000
	412,123	426,550

5. Taxation

The Association was awarded charitable status by the Inland Revenue on 26 March 2002, and so is not liable to Corporation Tax on its exempt activities.

6. Operating surplus or deficit

	2016	2015
	£	£
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	577,455	557,471
Depreciation of other tangible fixed assets:		
- owned	26,411	28,484
Surplus on disposal of tangible fixed assets	84,608	67,159
	12,393	9,150
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services – statutory audit	9,897	9,150
Other services:		
Accounts preparation services	2,496	-
	12,393	9,150

7. Employees

	2016	2015
	£	£
Staff costs (including key management personnel) during the year:		
Wages and salaries	624,023	602,958
Social security costs	55,511	52,490
Other pension costs	115,097	103,016
	794,631	758,464

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

7. Employees (continued)

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year were as follows:

	No	No
Administration and maintenance	<u>21</u>	<u>20</u>

The key management personnel are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee.

There number of key management personnel who received emoluments (excluding employer pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	No	No
£60,001 to £70,000	<u>1</u>	<u>1</u>

Aggregate Emoluments payable to the above key management personnel (including pension contributions and benefits in kind)	<u>68,874</u>	<u>67,818</u>
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Emoluments payable to the Director (excluding pension contributions)	<u>61,506</u>	<u>60,559</u>
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Aggregate Pension contributions in relation to the above key management personnel	<u>7,368</u>	<u>7,259</u>
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No member of the Committee of Management received any emoluments in respect of their services to the Association.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

8. Tangible Fixed Assets – Housing Land and Buildings

	Social Housing Properties Held for Letting £	Housing Properties for letting under Construction £	Total £
Cost			
At 1 April 2015	24,643,591	-	24,643,591
Additions	370,240	-	370,240
Disposals	(98,035)	-	(98,035)
At 31 March 2016	24,915,796	-	24,915,796
Depreciation and Impairment			
At 1 April 2015	7,282,628	-	7,282,628
Charge for the year	577,455	-	577,455
Disposals	(65,643)	-	(65,643)
At 31 March 2016	7,794,440	-	7,794,440
Net book value at 31 March 2016	17,121,356	-	17,121,356
Net book value at 31 March 2015	17,360,963	-	17,360,963

The Association considers individual schemes to the separate cash generating units when assessing for impairment. No land or buildings are held under a lease. The aggregate amount of finance costs included in the cost of housing properties is £NIL (2015: £NIL).

Expenditure on Works to Existing Properties

	2016	2015
Improvement work capitalised	-	-
Replacement component spend capitalised	325,819	301,282
Amounts charged to income and expenditure	58,137	119,307
Total major repairs spend	383,956	420,589

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

9. Other Tangible Fixed Assets

	Motor Vehicles £	Furniture & Fittings £	Office Property	Computer Equipment £	Total £
Cost					
At 1 April 2015	53,716	87,238	630,763	245,925	1,017,642
Additions	-	2,571	15,950	3,161	21,682
Disposals	-	-	-	-	-
At 31 March 2016	53,716	89,809	646,713	249,086	1,039,324
Depreciation					
At 1 April 2015	53,716	82,428	120,627	223,623	480,394
Charge for year	-	3,018	12,934	10,459	26,411
Disposals	-	-	-	-	-
At 31 March 2016	53,716	85,446	133,561	234,082	506,805
Net book value at 31 March 2016	-	4,363	513,152	15,004	532,519
Net book value at 31 March 2015	-	4,810	510,136	22,302	537,248

10. Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Rent and service charges receivable	135,994	126,480
Less bad debt provision	(71,639)	(65,399)
	64,355	61,081
Prepayments	55,813	60,202
	120,168	121,283

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

11. Creditors: Amounts Falling Due Within One Year

	2016	2015
	£	£
Debt (note 14)	201,591	194,317
Contractors' certified work	29,053	85,629
Rents in advance	70,068	69,491
Accruals and deferred income	329,290	317,651
Other creditors	(2,940)	(2,942)
	627,062	664,146

12. Creditors: Amounts Falling Due After More than One Year

	2016	2015
	£	£
Debt	6,936,375	7,139,934
Deferred Capital Grants (Note 13)	8,827,849	9,073,410
	15,764,224	16,213,344

13. Deferred capital grant

	2016	2015
	£	£
As at 1 April	9,377,100	9,573,688
Grant received in year	49,777	112,988
Capital grant released	(303,690)	(309,576)
At 31 March	9,123,187	9,377,100
Amounts to be released within one year	295,338	303,690
Amounts to be released in more than one year	8,827,849	9,073,410
	9,123,187	9,377,100

14. Debt analysis - Borrowings

	2016	2015
	£	£
Creditors: amounts falling due within one year		
Bank loans	201,591	194,317
Creditors: amounts falling due after more than one year		
Bank loans	6,936,374	7,139,934

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

14. Debt analysis – Borrowings (continued)

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at rates of interest of 0.8% to 5.75% (2015 – 0.78% to 6.27%). The Association makes quarterly repayments of the bank borrowing.

Based on the lender's earliest repayment dates, borrowings are repayable as follows:

	2016 £	2015 £
Due within one year	201,591	194,317
Due in one year or more but less than two years	205,647	201,739
Due between two and five years	938,578	890,442
Due more than five years	<u>5,792,149</u>	<u>6,047,753</u>
	<u>7,137,965</u>	<u>7,334,251</u>

15. Provisions

	Holiday Pay £	SHAPS Pension £	Total £
At 1 April 2015	16,506	515,000	531,506
Utilised in the year	(16,506)	(40,000)	(56,506)
Additional provision in year	20,432	(2,000)	18,432
Unwinding of discount	-	11,000	11,000
	<u>20,432</u>	<u>484,000</u>	<u>504,432</u>

Holiday Pay

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

Pension

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

16. Share Capital & Reserves

	2016	2015
<i>Share Capital</i>	£	£
Shares of £1 fully paid and issued at 1 April 2015	31	33
Shares issued during year	4	2
Shares cancelled during the year	-	(4)
	35	31
Shares issued at 31 March 2016	35	31

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.

	Revenue Reserves 2016	Revenue Reserves 2015
<i>Reserves</i>	£	£
At 1 April	1,298,521	1,368,881
Surplus for year	227,452	(70,360)
At 31 March	1,525,973	1,298,521

17. Cash flow from operating activities

	2016	2015
Surplus for year	227,451	(70,360)
Adjustments for non-cash items:		
Depreciation	603,866	585,945
Amortisation	(303,690)	(309,575)
Gain on sale of fixed assets	(84,608)	67,159
Decrease in debtors	1,114	16,842
Issue of shares	4	2
Decrease in creditors	(36,008)	28,390
Decrease in provisions	(27,074)	12,750
Adjustments for investing or financing activities:		
Interest received	(5,110)	(3,721)
Interest paid	412,123	426,550
	788,068	753,982

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

18. Capital Commitments

	2016	2015
	£	£
Expenditure contracted for but not provided in the financial statements	-	-
Expenditure authorised by the Committee but not contracted	-	-

19. Pension Fund

North View Housing Association Limited participates in the SHAPS UK defined benefit scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers.

It is not possible for the company 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 company 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 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions payable:
From 1 April 2014 to 30 September 2027: £26,304,000 per annum
(payable monthly and increasing by 3% each on 1st April)
Rate of discount assumed based on a full AA corporate bond yield 2.29% (2015 – 2.22%)

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

19. Pension Fund (continued)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company 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.

North View Housing Association Limited has elected to operate the Final Salary Benefit option for active members as at 1 April 2011 and the option of Final Salary or Defined Contribution for any new entrants.

Contributions are made through Salary Sacrifice. Defined Contributions are at the rate selected by the member with the Association matching and adding a further 2% to the member contribution rate.

As at the balance sheet date there were twelve active members of the Scheme employed by North View Housing Association Limited. The annual pensionable payroll in respect of these members was £388,300

North View Housing Association Limited continues to offer membership of the Scheme to its employees.

20. Contingent Liabilities

At 31 March 2016 the Association had no other contingent liabilities (2015 - £Nil).

21. Housing Stock

The number of units in Management at 31 March 2016 was as follows:-

	2016	2015
	No	No
General needs	669	671
Supported	8	8
Shared ownership	2	2
	<u>679</u>	<u>681</u>

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

22. Related Parties

Six of the eight Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £25,143.60 (2015; £24,590.28) of rent was receivable from these tenant members. At the year-end there were £nil (2015:£nil) of rent arrears due from these tenant members.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2015: £nil) in respect of bad debts from related parties.

23. First Time Adoption of FRS102

The financial statements have been prepared in accordance with FRS102 for the year ended 31 March 2016. The transition to FRS102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

A – Grant Accounting

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of housing property structure and its individual components (excluding land) on a pro-rata basis.

B – Depreciation of Housing Properties

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

C – SHAPS Pension Scheme

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme (SHAPS). Under FRS102 a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value. As at 31 March 2016 this liability was calculated as amounting to £484,000.

D – Holiday Pay Accrual

FRS102 requires the Association to recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered to the entity during the reporting period. Therefore at 31 March 2016 a provision has been made of £20,432 reflecting the value of holiday pay entitlement which had not been taken as at that date by employees.

NORTH VIEW HOUSING ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2016

(Continued)

23. First Time Adoption of FRS102 (cont.)

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing

Reconciliation of Reserves	Notes	1 April 2014 £	31 March 2015 £
Reserves as previously reported under UK GAAP		1,805,371	1,772,917
Grant accounting	A	4,139,588	4,393,781
Depreciation	B	(4,057,321)	(4,336,670)
SHAPS pension	C	(501,000)	(515,000)
Holiday pay accrual	D	(17,755)	(16,506)
Reserves reported under FRS 102		1,368,881	1,298,520

Reconciliation of Surplus or Deficit	Notes	Year ended 31 March 2015 £
Deficit as previously reported under UK GAAP		(32,453)
Grant accounting	A	254,192
Depreciation	B	(279,348)
SHAPS pension	C	(14,000)
Holiday pay accrual	D	1,249
Deficit reported under FRS 102		(70,360)