

# Ochil View Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

---

Registered Housing Association No.213

FCA Reference No. 2310R (S)

Scottish Charity No. SC033130

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

## CONTENTS

	<b>Page</b>
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	9
REPORT OF THE AUDITORS	10
STATEMENT OF COMPREHENSIVE INCOME	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CASHFLOWS	14
STATEMENT OF CHANGES IN EQUITY	15
NOTES TO THE FINANCIAL STATEMENTS	16

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

### MANAGEMENT COMMITTEE

Tom Brown	Chairperson
Margaret Baxter	Vice Chairperson
Bob Dunbar	Treasurer
Ewen Cameron	
Teresa McNally	
Lindsay Stother	
Andrew Campbell	
Lynne Brierley	
Bramley Eccles	
Margaret McNeill	
John Campbell	(Joined 27 August 2015)
Louise Gregory	(Joined 27 August 2015)
Graham Collie	(Joined 27 August 2015)
Patrick Muldoon	(Resigned 28 January 2016)
Andrew Grinly	(Resigned 29 October 2015)

### EXECUTIVE OFFICERS

George Tainsh	Director and Secretary
---------------	------------------------

### REGISTERED OFFICE

Ochil House  
Marshall  
Alloa  
Clackmannanshire  
FK10 1AB

### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

### INTERNAL AUDITORS

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

### BANKERS

The Royal Bank of Scotland  
19 High Street  
Alloa  
FK10 1JF

### SOLICITORS

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

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2016.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2310R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033130.

### Principal Activities

The principal activity of the Association is the provision, management and maintenance of quality rented accommodation throughout Clackmannanshire and West Fife.

### Review of Business and Future Developments

#### Corporate reporting

The Association continues to achieve a high level of performance against the targets and indicators established for the year with achievement levels at almost 70%. Through an extended range of KPIs Association also measures compliance with its strategic objectives and the year-end evaluation of these showed the following;

#### High Compliance

Financial Management  
Housing Management  
Corporate Governance / Human Resources  
Health & Safety  
Tenancy Sustainment  
Corporate Sustainability

#### Medium Compliance

Resident Participation

#### Low Compliance

Reactive Maintenance  
Planned Maintenance & Investment

#### Corporate Governance

The Association strengthened the Management Committee following the successful recruitment of 3 new Committee Members during 2015/2016.

The vacancies were openly advertised following an assessment of the skills and attributes required all three now play an important part in the Associations decision making process.

#### Residential Property Acquisitions

During the year the Association acquired four properties on the open market - two in Tullibody, and one each in Alloa and Sauchie.

#### Planned Investment and Reactive Maintenance

The Association continued to invest heavily in its housing properties during 2015/2016 spending around £640K on a range of component replacements such as new kitchens, windows, roofs and boilers. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for around £2.1m.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Financial Management

The budget for 2016/2017 was approved by the Management Committee at their meeting on 25<sup>th</sup> February 2016. Following consultation with our tenants, the Committee made a decision to restrict the rent increase to 2.5%. Despite this, the budget allows for substantial investment in our properties and services during the year with total maintenance expenditure anticipated of £2.7m.

The budget for 2016/2017 shows that a deficit of £815,000 is expected to arise and net assets will be around £6m at the end of the financial year. However, this is based on pre FRS 102 requirements and therefore the outturn figures are expected to differ from this. What is important is that cash balances are expected to remain healthy during the year and current loan covenants are expected to be met.

#### Investors in People accreditation

The Association was assessed against the new version of IIP and has now achieved Gold Status under the new Generation 6 framework.

#### Risk Management

The Associations risk management process continues to quantify and compare the relative significance of a wide variety of risks facing the organisation and these are reviewed by the Management Committee each quarter.

Recent new or emerging risks which the Association has deemed important to be aware of include:

- Potential Reclassification of Scottish RSLs as 'Public Non-Financial Corporations'
- Potential extension of Freedom of Information to RSLs
- Development of New Housing

The latter reflects the Committee aspirations to once again provide new homes following a period of inactivity due to the level of capital subsidy, firstly by developing the two sites in the Associations ownership and thereafter as and when the opportunity presents itself.

#### Employee Pensions

Following two periods of consultation with staff the Association changed the pension options to be offered to staff from July 2015 with the final salary and CARE 60<sup>th</sup> options no longer being offered.

#### Review of Legal Services

The Association undertook a review of its legal services and following a public tendering exercise Harper McLeod were appointed to provide the full range of legal services required.

#### Regulatory Assessment

Following the latest round of assessments of RSLs by the Scottish Housing Regulator the Association continues to be assessed as Low Engagement.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Collaborative Working

In conjunction with our Strath For partners - Forth and Rural Stirling Housing Associations, the Association continued to develop closer collaboration, working on a range of activities in an effort to increase the efficiency and effectiveness of each organisation.

Over the past year this has primarily involved joint maintenance contracts where it is hoped that savings can be made in contract administration, if not in tender prices themselves.

This collaborative way of working will continue to be developed over the next few years and it is hoped that this forward thinking approach will bring meaningful and tangible benefits for the Associations, their tenants and the communities they serve whilst maintaining constitutional independence of each Association.

Collaborative working proposals associated with the development of new homes are currently being considered in conjunction with another neighbouring RSL.

#### Strategic Direction

As previously intimated the Association's previous aspirations to grow organically have been severely curtailed over the past 3 - 4 years due to insufficient levels of subsidy which has resulted in the reduction in new build development activity.

With the announcement from the Scottish Government of a £14K increase in subsidy levels for social housing the Association is now looking forward to once again contributing to the affordable housing supply in Clackmannanshire.

This has resulted in a fundamental change to its strategic direction and approval to a new Development Strategy going forward. The following statement is intended to articulate this new position;

following a period of consolidation the association is entering a new "growth phase" based on the development of new homes and anticipates that through building new homes and acquiring properties "off the shelf" this will result in an increase in its property portfolio of some 70 units over the next 3 years;

it remains equally focused on services to existing tenants (and other service users) and investment in existing homes.

#### Strategic Options Appraisal

Another important exercise undertaken to determine its strategic direction from the point of view of "alternative options" was carried out in October 2015 when members of the Management Committee and Management Team engaged external assistance to consider which of the following three options offered OVHA the greatest potential to achieve its agreed strategic objectives:

1. Remaining as an independent stand-alone RSL, providing its own services and directly employing staff and contractors
2. Remaining as an independent RSL and jointly procuring specific services with one or more RSLs (additional to StrathFor activity)
3. Joining a group structure and operating as a separately registered RSL within a group

The review was been carried out in advance of the Committee Strategic Event using a template that had been developed by an independent housing consultant engaged to facilitate the exercise. The Options Appraisal was centred on a consideration of the Association's nine agreed strategic objectives.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

The assumptions which underpinned the Options Appraisal were that:

- a. current financial forecasts demonstrated that the Association is a viable organisation in the short / medium and longer term
- b. the Association's investment requirements are satisfied
- c. the Association performs well against Social Housing Charter indicators
- d. known changes in standards (e.g. EESSH) are being actively planned for
- e. risk is managed effectively
- f. the Association has low engagement with SHR and is not subject to a regulation plan
- g. governance, financial management and service delivery are sound

These assumptions meant that any changes to the status quo would be driven for strategic reasons and would be intended to achieve specific outcomes and / or improvements

The results of this exercise demonstrated that there was a very strong level of confidence in the capacity of the Association to meet its strategic objectives by remaining as an independent, stand-alone organisation.

This confidence was based on an assessment of the organisation's capacity to meet the objectives that were agreed as providing the framework for the Association's activities whilst demonstrating compliance with legal, regulatory and financial requirements.

The analysis was supported by the discussions that took place at the event which concluded that the current constitutional arrangements represent the preferred and strongest model for achieving the Association's objectives.

### Future Business Growth and Activities

The Association's Corporate Management Plan 2016/2020 sets out the primary themes it believes will be key to organisational stability and future prosperity. These are as follows:

- i. maintaining financial strength
- ii. minimising the impact of welfare reform
- iii. concentrating on core activities
- iv. building new homes
- v. enhancing value for money
- vi. focussing on improving existing services
- vii. increasing tenant satisfaction
- viii. increasing tenant involvement
- ix. continuing to improve governance arrangements
- x. increasing joint working

### Rent Affordability/ Value for Money

Increasing concern over the long term affordability of RSL rents has been expressed over the past 12 months by the SHR where they regard rent policies showing above inflationary rent increases year on year has been unsustainable.

The Association's rent policy clearly states affordability as a key consideration of the annual rent review process although obtaining the necessary data on which to accurately measure this is difficult.

In terms of tenant opinion the most recent satisfaction survey showed that 74% of tenants felt that the Association's rents were value for money - the lowest of the core questions/responses required to be included in such surveys.

This is, therefore, an area where the Association will require to monitor very closely and ensure that any rent increase can be clearly justified.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Review of Business and Future Developments (Contd.)

#### Operating Financial Review

##### Financial Review

The Association made a surplus of £650,043 during the year and was greater than the budgeted surplus of £267,336. This was due to under spends on cyclical and other planned maintenance for a combination of reasons including lower tenders than budgeted costs, delays to work which will now fall into next year and works no longer required to be carried out.

Net assets have increased during the year from £5.6m to £6.3m and is largely due to an increase in cash balances and reduction in loan debt.

Both of the current loan covenants have been achieved during the year.

The Management Committee have expressed their satisfaction with the financial results for the year.

##### Internal Audit

During the year the internal audit function focussed on Works Procurement Arrangements and a review of the Key Financial Controls. No significant control weaknesses were found and no changes to procedures and practices were suggested.

The reports were considered by the Association's Finance, Audit & Corporate Governance Committee who regularly monitors progress against agreed action plans where these are in place.

##### Internal Audit Review

During 2015/16 the Association undertook a comprehensive review of its internal audit services and Scott-Moncrieff were subsequently appointed as auditors from 1 April 2016.

##### Voids & Re-lets

The Association re-let 108 properties during the year compared to 101 in 2015.

Despite the increase in re-lets during 2015/16 the void rent loss of £26,032 was lower than in previous year of £27,586.

##### Rent Arrears

The Association's rent arrears position at the end of 2015/2016 for current (non - technical) arrears was 2.95% against a target of 3.2% for the year (2014/15 - actual arrears of 2.85% against a target of 3.3%).



# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Management Committee and Executive Officers

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

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

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

### Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 require 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 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

### Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the 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 of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Donations

During the year the Association made charitable donations amounting to £1,475 (2015 £1,052).

### Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



GEORGE TAINSH

Secretary

28th July 2016

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF  
OCHIL VIEW HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS



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

## Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

## Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .

ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
28th July 2016

We have audited the financial statements of Ochil View Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom

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

#### **Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

#### **Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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

---

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
28th July 2016

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

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

	Notes	2016 £	2015 (Restated) £
<b>REVENUE</b>	2.	6,586,001	6,529,235
Operating Costs	2.	(5,414,394)	(5,058,837)
<b>OPERATING SURPLUS</b>	9.	1,171,607	1,470,398
Gain On Sale Of Housing Stock	7.	19,602	48,236
Interest Receivable and Other Income		64,230	49,241
Interest Payable and Similar Charges	8.	(545,205)	(548,609)
Other Finance Charges	11.	(60,191)	(46,609)
		(521,564)	(497,741)
<b>SURPLUS FOR YEAR</b>		650,043	972,657
Other Comprehensive Income		-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		650,043	972,657

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 16 to 30 form part of these financial statements.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016	2015
		£	(Restated) £
<b>NON-CURRENT ASSETS</b>			
Housing Properties - Depreciated Cost	12.(a)	59,682,899	60,855,416
Other Non Current Assets	12.(b)	471,364	458,451
		<u>60,154,263</u>	<u>61,313,867</u>
<b>CURRENT ASSETS</b>			
Receivables	15.	285,127	407,250
Cash at bank and in hand		7,896,395	7,544,317
		<u>8,181,522</u>	<u>7,951,567</u>
<b>CREDITORS: Amounts falling due within one year</b>	16.	<u>(1,215,176)</u>	<u>(1,546,983)</u>
<b>NET CURRENT ASSETS</b>		<u>6,966,346</u>	<u>6,404,584</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>67,120,609</u>	<u>67,718,451</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17.	<u>(26,905,002)</u>	<u>(27,458,495)</u>
<b>DEFERRED INCOME</b>			
Social Housing Grants	19.	(33,075,169)	(33,746,270)
Other Grants	19.	(808,384)	(831,672)
		<u>(33,883,553)</u>	<u>(34,577,942)</u>
<b>NET ASSETS</b>		<u>6,332,054</u>	<u>5,682,014</u>
<b>EQUITY</b>			
Share Capital	20.	50	53
Revenue Reserves		6,332,004	5,681,961
		<u>6,332,054</u>	<u>5,682,014</u>

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

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28th July 2016.

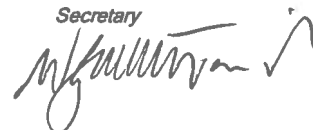
Vice-Chair



Treasurer



Secretary



The notes on pages 16 to 30 form part of these financial statements.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
<b>Net Cash Inflow from Operating Activities</b>	18.	1,968,382	2,445,977
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(846,272)	(664,166)	
Purchase of Other Fixed Assets	(42,752)	(7,436)	
Social Housing Grant Received	33,428	54,227	
Proceeds on Disposal of Properties	62,176	176,340	
<b>Net Cash Outflow from Investing Activities</b>		(793,420)	(441,035)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	64,230	49,241	
Interest Paid on Loans	(545,205)	(548,609)	
Loan Principal Repayments	(341,913)	-	
Share Capital Issued	5	2	
<b>Net Cash Outflow from Financing</b>		(822,883)	(499,366)
<b>Increase in Cash</b>		352,078	1,505,576
<b>Opening Cash &amp; Cash Equivalents</b>		7,544,317	6,038,741
<b>Closing Cash &amp; Cash Equivalents</b>		7,896,395	7,544,317
<b>Cash and Cash equivalents as at 31 March 2016.</b>			
Cash		7,896,395	7,544,317
Bank overdraft		-	-
		7,896,395	7,544,317

The notes on pages 16 to 30 form part of these financial statements.



# OCHIL VIEW HOUSING ASSOCIATION LIMITE

## STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1st April 2014</b>	62	4,709,304	4,709,366
Issue of Shares	2		2
Cancellation of Shares	(11)		(11)
Adjustment from transition to FRS 102		43,866	43,866
Surplus for Year		928,791	928,791
<b>Balance as at 31st March 2015</b>	<u>53</u>	<u>5,681,961</u>	<u>5,682,014</u>
<b>Balance as at 1st April 2015</b>	53	5,681,961	5,682,014
Issue of Shares	5		5
Cancellation of Shares	(8)		(8)
Surplus for Year		650,043	650,043
<b>Balance as at 31st March 2016</b>	<u>50</u>	<u>6,332,004</u>	<u>6,332,054</u>

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

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

##### Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income is included within rental income.

Government Grants are released to income over the expected useful life of the asset to which it relates.

##### Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

##### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Main Structure	60 years
Roofs	50 years
Kitchen	15 years
Bathroom	30 years
Heating	15 years
Windows & Doors	30 years
Lifts	30 years

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

### **Depreciation And Impairment Of Other Non-Current Assets**

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	80 years
Furniture and Fittings	20 - 25% straight line basis
Computer Equipment	25% straight line basis

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

### **Social Housing Grant And Other Grants In Advance/Arrears**

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

### **Sales Of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

### **Estimation Uncertainty**

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Ochil View Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

#### *Rent Arrears - Bad Debt Provision*

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

#### *Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

---

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

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### **Useful life of properties, plant and equipment**

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

#### **Costs of shared ownership**

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

#### **Pension deficit creditor**

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

#### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

#### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

#### **Key Judgements made in the application of Accounting Policies**

##### *a) Exemptions taken in the transition to FRS 102*

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

##### *b) The Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### *c) Identification of cash generating units*

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

#### **Financial Instruments - Basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		Operating Surplus / (Deficit) £
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	
Affordable letting activities	3.	6,510,278	5,312,552	1,197,726	6,358,532	4,975,451	1,383,081
Other Activities	4.	75,723	101,842	(26,119)	170,703	83,386	87,317
<b>Total</b>		<b>6,586,001</b>	<b>5,414,394</b>	<b>1,171,607</b>	<b>6,529,235</b>	<b>5,058,837</b>	<b>1,470,398</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
<b>Revenue from Lettings</b>				
Rent Receivable Net of Service Charges	5,342,587	54,564	5,397,151	5,292,591
Service Charges	-	-	-	-
<b>Gross income from rent and service charges</b>	<b>5,342,587</b>	<b>54,564</b>	<b>5,397,151</b>	<b>5,292,591</b>
Less: Rent losses from voids	26,032	-	26,032	27,586
<b>Net Rents Receivable</b>	<b>5,316,555</b>	<b>54,564</b>	<b>5,371,119</b>	<b>5,265,005</b>
Grants released from deferred income	934,800	-	934,800	934,224
Revenue grants from Scottish Ministers	189,685	-	189,685	159,303
Other revenue grants	14,674	-	14,674	-
<b>Total turnover from affordable letting activities</b>	<b>6,455,714</b>	<b>54,564</b>	<b>6,510,278</b>	<b>6,358,532</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,487,540	30,502	1,518,042	1,462,749
Service Costs	119,523	8,309	127,832	132,169
Planned and cyclical maintenance, including major repairs	925,713	-	925,713	759,528
Reactive maintenance costs	692,769	-	692,769	698,797
Bad Debts - rents and service charges	71,982	-	71,982	24,148
Depreciation of affordable let properties	1,958,801	17,413	1,976,214	1,898,060
<b>Operating costs of affordable letting activities</b>	<b>5,256,328</b>	<b>56,224</b>	<b>5,312,552</b>	<b>4,975,451</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,199,386</b>	<b>(1,660)</b>	<b>1,197,726</b>	<b>1,383,081</b>
<b>2015</b>		<b>1,365,790</b>	<b>17,291</b>	

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

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Factoring	-	-	-	14,552	14,552	-	14,142	410	187
Development and construction of property acti <sup>h</sup>	-	-	-	-	-	10,163	-	(10,163)	(24,787)
Other Agency or Management Services	-	-	-	23,910	23,910	-	18,837	5,073	13,241
Other Income	-	-	-	37,261	37,261	58,700	-	(21,439)	-
Other Activities	-	-	-	-	-	-	-	-	98,676
<b>Total From Other Activities</b>	-	-	-	<b>75,723</b>	<b>75,723</b>	<b>68,863</b>	<b>32,979</b>	<b>(26,119)</b>	<b>87,317</b>
<b>2015</b>	-	-	-	<b>170,703</b>	<b>170,703</b>	<b>64,463</b>	<b>18,923</b>	<b>87,317</b>	

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

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

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

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

Emoluments payable to the Director (excluding pension contributions)

Total Compensation paid to key management personnel

2016	2015
£	£

67,765	68,634
--------	--------

8,606	8,019
-------	-------

69,672	70,368
--------	--------

210,857	211,427
---------	---------

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 to £70,000

Number	Number
1	1

## 6. EMPLOYEE INFORMATION

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

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2016	2015
------	------

No.	No.
-----	-----

25	25
----	----

24	24
----	----

£	£
---	---

846,074	811,417
---------	---------

69,007	68,728
--------	--------

88,880	76,458
--------	--------

7,277	6,563
-------	-------

1,011,238	963,166
-----------	---------

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	62,176	176,340
Cost of Sales	<u>42,574</u>	<u>128,104</u>
Gain On Sale Of Housing Stock	<u>19,602</u>	<u>48,236</u>

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>545,205</u>	<u>548,609</u>

## 9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,951,960	1,918,355
Auditors' Remuneration - Audit Services	8,450	9,621
Auditors' Remuneration - Other Services	995	-
Operating Lease Rentals - Other	5,220	9,209
Gain on sale of fixed assets	<u>(19,602)</u>	<u>(48,236)</u>

## 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

## 11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>60,191</u>	<u>46,609</u>



# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2015	76,989,235	527,648	1,109,535	78,626,418
Additions	846,272	-	-	846,272
Disposals	(428,067)	-	-	(428,067)
As at 31st March 2016	<u>77,407,440</u>	<u>527,648</u>	<u>1,109,535</u>	<u>79,044,623</u>
<b>DEPRECIATION</b>				
As at 1st April 2015	17,494,930	-	276,072	17,771,002
Charge for Year	1,904,707	-	17,413	1,922,120
Disposals	(331,398)	-	-	(331,398)
As at 31st March 2016	<u>19,068,239</u>	<u>-</u>	<u>293,485</u>	<u>19,361,724</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2016	<u>58,339,201</u>	<u>527,648</u>	<u>816,050</u>	<u>59,682,899</u>
As at 31st March 2015	<u>59,494,305</u>	<u>527,648</u>	<u>833,463</u>	<u>60,855,416</u>

Additions to housing properties includes capitalised development administration costs of £0 (2015 - £0) and capitalised major repair costs to existing properties of £639,211 (2015 £460,017)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £945,309. The amount capitalised is £639,211, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £639,211 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £35,560,000 (2015 - £35,600,000).

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets				
	Computer Equipment £	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2015	48,308	902,230	11,515	962,053
Additions	18,829	-	23,923	42,752
As at 31st March 2016	67,137	902,230	35,438	1,004,805
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2015	33,590	462,853	7,159	503,602
Charge for year	16,784	5,938	7,118	29,840
As at 31st March 2016	50,374	468,791	14,277	533,442
<b>NET BOOK VALUE</b>				
As at 31st March 2016	16,763	433,440	21,161	471,364
As at 31st March 2015	14,718	439,377	4,356	458,451

## 13. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	Nil	120,626

## 14. COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,977	1,088
Later than one year and not later than five years	-	5,625

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

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	224,512	224,768
Less: Provision for Doubtful Debts	(208,583)	(165,744)
	15,929	59,024
Social Housing Grant Receivable	76,828	215,899
Other Receivables	192,370	132,327
	<u>285,127</u>	<u>407,250</u>

16 PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	455,884	341,913
Trade Payables	118,231	332,260
Rent in Advance	103,618	90,630
Social Housing Grant in Advance	49,946	410,673
Other Payables	332,353	220,947
Liability for Past Service Contributions	155,144	150,560
	<u>1,215,176</u>	<u>1,546,983</u>

At the balance sheet date there were pension contributions outstanding of £25,862 (2015 £nil)

17 PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	800,981	898,590
Housing Loans	26,104,021	26,559,905
	<u>26,905,002</u>	<u>27,458,495</u>
<i>Housing Loans</i>		
Amounts due within one year	455,884	341,913
Amounts due in one year or more but less than two years	455,884	911,768
Amounts due in two years or more but less than five years	2,740,428	2,740,428
Amounts due in more than five years	22,907,709	22,907,709
	<u>26,559,905</u>	<u>26,901,818</u>
Less: Amount shown in Current Liabilities	455,884	341,913
	<u>26,104,021</u>	<u>26,559,905</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	155,144	150,560
Amounts due in one year or more but less than two years	161,701	149,153
Amounts due in two years or more but less than five years	488,561	459,515
Amounts due in more than five years	150,719	289,922
	<u>956,125</u>	<u>1,049,150</u>

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

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
RBS	Standard Security over 251 properties	1.38%	01 September 2032	Variable
RBS	Standard Security over 311 properties	0.89%	01 May 2038	Variable
RBS	Standard Security over 340 properties	0.90%	01 May 2041	Fixed

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	1,171,607	1,470,398
Depreciation	1,991,382	1,918,355
Amortisation of Capital Grants	(934,800)	(934,782)
Change in receivables	(16,948)	289,336
Change in payables	(182,660)	(250,710)
Unwinding of Discount on Pension Liability	(60,191)	(46,609)
Share Capital Written Off	(8)	(11)
Balance as at 31st March 2016	<u>1,968,382</u>	<u>2,445,977</u>

## 19. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	33,746,270	34,610,259
Additions in year	255,084	98,870
Released / Repaid as the result of property disposal	(14,673)	(54,110)
Amortisation in Year	(911,512)	(908,749)
Balance as at 31st March 2016	<u>33,075,169</u>	<u>33,746,270</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	831,672	857,705
Amortisation in Year	(23,288)	(26,033)
Balance as at 31st March 2016	<u>808,384</u>	<u>831,672</u>
Total	<u>33,883,553</u>	<u>34,577,942</u>

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

	2016 £	2015 £
Amounts due within one year	934,800	934,782
Amounts due in one year or more	32,948,753	33,643,160
	<u>33,883,553</u>	<u>34,577,942</u>

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2015	53
Issued in year	5
Cancelled in year	(8)
At 31st March 2016	<u>50</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

## 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
General Needs - New Build	1,361	1,359
Shared Ownership	25	25
	<u>1,386</u>	<u>1,384</u>

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

Rent Received from Tenants on the Committee	£ 19,203
Factoring Charges received from owners on the Committee	2,217

At the year end total rent arrears owed by the tenant members of the Committee were £255

At the year end total factoring arrears owed by the factored owners of the Committee were £0

One of the members is also the Chairperson of the SFHA which the Association is a member of. During the year the Association paid a subscription to SFHA.

## 23. DETAILS OF ASSOCIATION

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

The Association's principle place of business is Ochil House, Marshall, Alloa.

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

## 24. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £559 in the year by way of reimbursement of expenses (2015 - £304). No remuneration is paid to Board members in respect of their duties in the Association.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. RETIREMENT BENEFIT OBLIGATIONS

### General

Ochil View Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £167,947 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £956,125 (2015 - £1,049,150). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.64%.

The Association made payments totalling £148,000 (2015: £153,000) to the pension scheme during the year.

# OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31 March 2016.

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
	Note	As previously Stated £	Effect of Transition £	As Restated £	As previously Stated £	Effect of Transition £	As Restated £
Non Current Assets	(i)	26,341,488	34,972,379	61,313,867	26,813,736	35,917,848	62,731,584
Current Assets		7,951,567	-	7,951,567	6,642,503	-	6,642,503
Current Liabilities	(ii)	(1,378,175)	(168,808)	(1,546,983)	(1,128,228)	(161,697)	(1,289,925)
Non Current Liabilities	(ii)	(26,559,905)	(898,590)	(27,458,495)	(26,901,818)	(1,005,015)	(27,906,833)
Deferred Income	(i)	-	(34,577,942)	(34,577,942)	-	(35,467,963)	(35,467,963)
Capital & Reserves		6,354,975	(672,961)	5,682,014	5,426,193	(716,827)	4,709,366
		(6,354,975)	672,961	(5,682,014)	(5,426,193)	716,827	(4,709,366)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated £	Effect of Transition £	As Restated £	
Revenue	(i)	5,435,708	1,093,527	6,529,235
Operating Costs	(i) & (ii)	(4,055,785)	(1,003,052)	(5,058,837)
Other Income		48,236	-	48,236
Interest Receivable		49,241	-	49,241
Interest Payable		(548,609)	-	(548,609)
Other Finance Income / Costs		-	(46,609)	(46,609)
Surplus		928,791	43,866	972,657
		928,791	43,866	972,657

### Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A