



Alexander Sloan
Accountants and Business Advisers

Ochil View Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.213

FCA Reference No. 2310R(S)

Scottish Charity No. SC03310

OCHIL VIEW HOUSING ASSOCIATION LIMITED

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OCHIL VIEW HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Tom Brown	Chairperson
Margaret Baxter	Vice Chairperson
Bob Dunbar	Treasurer
Lynne Brierley	
Sam Brown	(Joined 26 January 2017)
Ewen Cameron	
Andrew Campbell	
John Campbell	
Graham Collie	
Aileen Crichton	(Joined 26 January 2017)
Bramley Eccles	
Louise Gregory	
Teresa McNally	
Margaret McNeill	
Lindsay Stother	

EXECUTIVE OFFICERS

George Tainsh	Director and Secretary
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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

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 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 SC03310.

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 Performance

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%.

Key Achievements

Key indicators met or exceeded during 2016/2017 include the following;

- Re-let Times
- Current (non-technical) Arrears
- Planned Maintenance Programme
- Complaint Resolution
- Net Debt per Unit
- Borrowed Monies v. Net Worth
- Operating Surplus
- Staff Costs / Turnover
- Management & Maintenance Admin Costs per unit

Key Areas for Improvement

Key Areas for improvement are as follows;

- Emergency Repairs Response Times
- Reactive repair response Times
- Reactive Repairs completed right first time
- Tenant Satisfaction with Repairs Service

Compliance with Strategic Objectives

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

- Housing Management & Tenancy Sustainment
- Resident Participation and Communication
- Provision of New / Adapted Homes & Residential Property Acquisitions
- Financial Management / Corporate Governance & Corporate Sustainability

Medium Compliance

Human Resources and Health & Safety

Low Compliance

Reactive & Planned Maintenance Services

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

Internal Audit

During the year the internal audit function focussed on Asset Management, Expenditure and Creditors, Procurement, Welfare Reform and IT. A number of recommendations were made as a result of the audits and action plans and timescales to implement the recommended changes have been agreed.

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.

Voids & Re-lets

The Association re-let 139 properties during the year compared to 108 in 2015/2016.

Despite the increase in re-lets during 2016/17 the void rent loss as a percentage of rent remained at 0.48%.

Rent Arrears

The Association's rent arrears position at the end of 2016/17 for current (non - technical) arrears was 2.7% against a target of 3.0% for the year. This is a slight reduction against the previous year.

Risk Management

The Association's 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.

In terms of high risk areas these have been identified as follows:

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

- Development of New Housing
- Implications of Welfare Reform
- Reactive Maintenance Service

The former 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.

Regulatory Assessment

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

Corporate Governance

The Association strengthened the Management Committee following the successful recruitment of 2 new Committee Members during 2016/17.

Residential Property Acquisitions

During the year the Association acquired nine properties on the open market – three in Tullibody, four in Sauchie and two in Alloa.

Planned Investment and Reactive Maintenance

The Association continued to invest heavily in its housing properties during 2016/17 spending around £360K on a range of component replacements such as new kitchens, windows, roofs and boilers and around £900K on a shower installation programme. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for around £2.5m.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

Employee Pensions

The Association no longer offers final salary or CARE 60th options in terms of pension schemes. Employees may choose between the SHAPS CARE 70th scheme and a Defined Contribution option – with the additional opportunity of paying contributions through a salary sacrifice scheme.

Strategic Direction

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 100 units over the next 5 years.

Development Sites

The Association currently owns 2 development sites which are capable of providing around 60 units.

Todds Yard, Sauchie

One site, at Todds Yard, Sauchie, is in the Strategic Housing Investment Plan for 2017/2018 and proposals are currently at feasibility stage with an anticipated site start in January 2018.

The current proposal will provide the following:

- 2 x 4apt / 5per semi- detached houses
- 2 x 3apt / 4per semi - detached houses
- 3 x 3apt / 4per terraced houses
- 4 x 2apt / 2per cottage flats

Elm Grove, Alloa

The other site is at Elm Grove, Alloa which was acquired in 2005 as part of an area regeneration plan.

Unfortunately, due to reasons of priority and funding (rather than demand for social housing) this site has lain vacant since 2005. However, it is now included in the 2016/2022 Strategic Housing Investment Plan for delivery within the next 5 years.

Services to Existing Tenants

Despite renewed development activity the Association remains equally focused on services to existing tenants (and other service users) and investment in existing homes.

Future Priorities

The Associations Corporate Management Plan 2017/2021 sets out the primary themes it believes will be key to organisational stability and future prosperity. These are as follows:

- maintaining our existing homes;
- achieving/ maintaining SHQS
- fulfilling the new energy efficiency standard (EESSEH)
- building new homes;
- maintaining financial strength;
- minimising the impact of welfare reform;
- concentrating on core activities;
- building new homes;
- enhancing value for money;
- the continuing affordability of rents;
- focussing on improving existing services;
- increasing tenant satisfaction;
- increasing tenant involvement.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

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 as being unsustainable.

The Associations 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 70% 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.

Collaborative Working

In conjunction with our Strath For partners - Forth and Rural Stirling Housing Associations, the Association continued to collaborate on activities aimed at increasing the efficiency and effectiveness of each organisation.

A Collaborative working agreement was also formalised during the year with Kingdom Housing Association and this relates to the administration of the Associations new build development programme.

Financial Management

The budget for 2017/18 was approved by the Management Committee at their meeting on 23rd February 2017. Following consultation with our tenants, the Committee made a decision to set the rent increase for the year at 1.9%. Despite this, the budget allows for substantial investment in our properties and services during the year with total maintenance expenditure anticipated of £2.3m.

The budget for 2017/18 shows that a surplus of £385K is expected to arise and this will result in a net assets figure of around £6.9M at the end of the financial year. Cash balances are expected to remain healthy during the year and loan covenants are expected to be met.

Operating Financial Review

Financial Review

The Association reports a surplus of £261,468 during the year and this was greater than the budgeted deficit of £293,187. This was due to underspends on planned maintenance as a result of no-accesses for some of the properties due for a shower installation, interest charges being low against budget as a result of continued low interest rates and lower bad debts than expected.

Net assets have increased during the year from £6.3m to £6.6m and this 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.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the 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 members of 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 2017

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 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £1,000 (2015: £1,475).

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

31 August 2017

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator, in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through 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
Statutory Auditors
GLASGOW
31 August 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Ochil View Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

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 Financial Reporting Council's (FRC) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2017 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.

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.

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

Matters on which we are required to report by exception (contd.)

- 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
31 August 2017



Alexander Sloan
Accountants and Business Advisers

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
REVENUE	2.	6,823,905	6,586,001
Operating Costs	2.	(6,062,844)	(5,414,394)
OPERATING SURPLUS	9.	761,061	1,171,607
Gain On Sale Of Housing Stock	7.	-	19,602
Interest Receivable and Other Income		68,667	64,230
Interest Payable and Similar Charges	8.	(514,073)	(545,205)
Other Finance Charges	10.	(54,187)	(60,191)
		(499,593)	(521,564)
Surplus on ordinary activities before taxation		261,468	650,043
SURPLUS FOR YEAR		261,468	650,043
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		261,468	650,043

The notes on pages 15 to 28 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	11.(a)		58,524,564		59,682,899
Other Non Current Assets	11.(c)		464,687		471,364
			<u>58,989,251</u>		<u>60,154,263</u>
CURRENT ASSETS					
Receivables	14.	465,532		285,127	
Cash at bank and in hand		7,791,124		7,896,395	
		<u>8,256,656</u>		<u>8,181,522</u>	
CREDITORS: Amounts falling due within one year	15.	(1,258,441)		(1,215,176)	
			<u>6,998,215</u>		<u>6,966,346</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			65,987,466		67,120,609
CREDITORS: Amounts falling due after more than one year	16.		(26,333,137)		(26,905,002)
DEFERRED INCOME					
Social Housing Grants	18.	(32,275,702)		(33,075,169)	
Other Grants	18.	(785,105)		(808,384)	
			<u>(33,060,807)</u>		<u>(33,883,553)</u>
NET ASSETS					
			<u>6,593,522</u>		<u>6,332,054</u>
EQUITY					
Share Capital	19.		50		50
Revenue Reserves			6,593,472		6,332,004
			<u>6,593,522</u>		<u>6,332,054</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 31 August 2017.



Chairperson



Treasurer



Secretary

The notes on pages 15 to 28 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	17.		1,330,341		1,968,382
Investing Activities					
Acquisition and Construction of Properties		(894,827)		(846,272)	
Purchase of Other Fixed Assets		(14,366)		(42,752)	
Social Housing Grant Received		374,868		33,428	
Proceeds on Disposal of Properties		-		62,176	
Net Cash Outflow from Investing Activities			(534,325)		(793,420)
Financing Activities					
Interest Received on Cash and Cash Equivalents		68,667		64,230	
Interest Paid on Loans		(514,073)		(545,206)	
Loan Principal Repayments		(455,884)		(341,913)	
Share Capital Issued		3		5	
Net Cash Outflow from Financing			(901,287)		(822,884)
(Decrease) / Increase in Cash			(105,271)		352,078
Opening Cash & Cash Equivalents			7,896,395		7,544,317
Closing Cash & Cash Equivalents			<u>7,791,124</u>		<u>7,896,395</u>
Cash and Cash equivalents as at 31 March 2017.					
Cash			7,791,124		7,896,395
Bank overdraft			-		-
			<u>7,791,124</u>		<u>7,896,395</u>

The notes on pages 15 to 28 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	53	5,681,961	5,682,014
Issue of Shares	5		5
Cancellation of Shares	(8)		(8)
Deficit for Year		650,043	650,043
Balance as at 31 March 2016	50	6,332,004	6,332,054
Balance as at 1st April 2016	50	6,332,004	6,332,054
Issue of Shares	3		3
Cancellation of Shares	(3)		(3)
Deficit for Year		261,468	261,468
Balance as at 31 March 2017	50	6,593,472	6,593,522

The reserves opening balance at 1st January 2015 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 2017

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.

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

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

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme. The Association also participates in the Strathclyde Pension Scheme. This is a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides 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 a 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 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
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 2017 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 & Office 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 Limited 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:

a) 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.

b) 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.

c) 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 assessment.

d) Costs of shared ownership

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

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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) 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.

b) 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.

d) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final 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 Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	6,770,509	5,987,970	782,539	6,510,278	5,312,552	1,197,726
Other Activities	4.	53,396	74,874	(21,478)	75,723	101,842	(26,119)
Total		6,823,905	6,062,844	761,061	6,586,001	5,414,394	1,171,607

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	5,500,434	49,918	5,550,352	5,397,151
Gross income from rent and service charges	5,500,434	49,918	5,550,352	5,397,151
Less: Rent losses from voids	26,901	-	26,901	26,032
Net Rents Receivable	5,473,533	49,918	5,523,451	5,371,119
Grants released from deferred income	1,152,324	15,125	1,167,449	934,800
Revenue grants from Scottish Ministers	79,609	-	79,609	189,685
Other revenue grants	-	-	-	14,674
Total turnover from affordable letting activities	6,705,466	65,043	6,770,509	6,510,278
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,546,199	32,373	1,578,572	1,518,042
Service Costs	120,559	8,381	128,940	127,832
Planned and cyclical maintenance, including major repairs	1,585,090	-	1,585,090	925,713
Reactive maintenance costs	633,313	-	633,313	692,769
Bad Debts - rents and service charges	9,187	-	9,187	71,982
Depreciation of affordable let properties	2,034,958	17,910	2,052,868	1,976,214
Operating costs of affordable letting activities	5,929,306	58,664	5,987,970	5,312,552
Operating surplus on affordable letting activities	776,160	6,379	782,539	1,197,726
2016	1,199,386	(1,660)		

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£
Factoring	-	14,974	14,974	-	14,601	373	410
Contracted out services undertaken for other RSLs	-	24,079	24,079	-	24,838	(759)	-
Development for sale to registered social landlords	-	-	-	-	-	-	(10,163)
Agency or management services	-	-	-	-	-	-	5,073
Other activities	-	14,343	14,343	35,435	-	(21,092)	(21,439)
Total From Other Activities	-	53,396	53,396	35,435	39,439	(21,478)	(26,119)
2016	-	75,723	75,723	68,863	32,979	(26,119)	

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	63,783	67,765
Pension contributions made on behalf on Officers with emoluments greater than £60,000	13,718	8,606
Emoluments payable to Chief Executive (excluding pension contributions)	65,590	69,672
Total Emoluments paid to key management personnel	226,230	229,780

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	24	25
The average total number of Employees employed during the year was	26	24
Staff Costs were:	£	£
Wages and Salaries	842,985	846,074
Social Security Costs	86,636	69,007
Other Pension Costs	117,421	88,880
Temporary, Agency and Seconded Staff	-	7,277
	1,047,042	1,011,238

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	-	62,176
Cost of Sales	-	42,574
Gain On Sale Of Housing Stock	-	19,602

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	514,073	545,205

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,056,140	2,006,054
Auditors' Remuneration - Audit Services	10,443	8,450
Auditors' Remuneration - Other Services	-	995
Operating Lease Rentals - Other	3,792	5,220
Gain on sale of fixed assets	-	(19,602)

10. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	54,187	60,191

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2016	77,407,440	527,648	1,109,535	79,044,623
Additions	894,827	-	-	894,827
Disposals	(330,329)	-	-	(330,329)
As at 31st March 2017	<u>77,971,938</u>	<u>527,648</u>	<u>1,109,535</u>	<u>79,609,121</u>
DEPRECIATION				
As at 1st April 2016	19,068,239	-	293,485	19,361,724
Charge for Year	2,017,186	-	17,910	2,035,096
Disposals	(312,263)	-	-	(312,263)
As at 31st March 2017	<u>20,773,162</u>	<u>-</u>	<u>311,395</u>	<u>21,084,557</u>
NET BOOK VALUE				
As at 31st March 2017	<u>57,198,776</u>	<u>527,648</u>	<u>798,140</u>	<u>58,524,564</u>
As at 31st March 2016	<u>58,339,201</u>	<u>527,648</u>	<u>816,050</u>	<u>59,682,899</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £360,952 (2016 - £639,211)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £1,638,531. The amount capitalised is £360,952, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £360,952 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £27,143,092 (2016 - £27,755,259).

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. NON CURRENT ASSETS (Continued)

c) Other Tangible Assets	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2016	67,137	902,230	35,438	1,004,805
Additions	10,701	-	3,665	14,366
Eliminated on Disposals	(27,279)	-	(5,318)	(32,597)
As at 31st March 2017	50,559	902,230	33,786	986,575
AGGREGATE DEPRECIATION				
As at 1st April 2016	50,372	468,791	14,278	533,441
Charge for year	8,871	5,937	6,236	21,044
Eliminated on disposal	(27,279)	-	(5,318)	(32,597)
As at 31st March 2017	31,964	474,728	15,196	521,888
NET BOOK VALUE				
As at 31st March 2017	18,595	427,502	18,590	464,687
As at 31st March 2016	16,765	433,439	21,160	471,364

12. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	Nil	Nil

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

Other

Not later than one year	2,548	2,514
Later than one year and not later than five years	9,130	-
Later than five years	-	-

	2017 £	2016 £
	2,548	2,514
	9,130	-
	-	-

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	211,900	224,512
Less: Provision for Doubtful Debts	(197,162)	(208,583)
	<u>14,738</u>	<u>15,929</u>
Social Housing Grant Receivable	46,300	76,828
Other Receivables	404,494	192,370
	<u>465,532</u>	<u>285,127</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	455,884	455,884
Trade Payables	143,953	118,231
Rent in Advance	102,362	103,618
Social Housing Grant in Advance	49,286	49,946
Other Payables	338,956	332,353
Liability for Past Service Contributions	168,000	155,144
	<u>1,258,441</u>	<u>1,215,176</u>

At the balance sheet date there were pension contributions outstanding of £nil (2016 £25,862).

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	685,000	800,981
Housing Loans	25,648,137	26,104,021
	<u>26,333,137</u>	<u>26,905,002</u>
Housing Loans		
Amounts due within one year	455,884	455,884
Amounts due in one year or more but less than two years	913,476	455,884
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	21,994,233	22,907,709
	<u>26,104,021</u>	<u>26,559,905</u>
Less: Amount shown in Current Liabilities	455,884	455,884
	<u>25,648,137</u>	<u>26,104,021</u>
Liability for Past Service Contributions		
Amounts due within one year	168,000	155,144
Amounts due in one year or more but less than two years	173,000	161,701
Amounts due in two years or more but less than five years	512,000	488,561
Amounts due in more than five years	-	150,719
	<u>853,000</u>	<u>956,125</u>
Less: Amount shown in Current Liabilities	168,000	155,144
	<u>685,000</u>	<u>800,981</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%	2032	Variable
RBS	Standard Security over 311 properties	0.89%	2038	Variable
RBS	Standard Security over 340 properties	0.90%	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 1.06% (2015 - 2.64%)

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to Balance as at 31 March 2017</i>	2017 £	2016 £
Operating Surplus	761,061	1,171,607
Depreciation	2,074,205	1,991,382
Amortisation of Capital Grants	(1,167,746)	(934,800)
Change in debtors	(210,933)	(16,948)
Change in creditors	(72,056)	(182,660)
Unwinding of Discount on Pension Liability	(54,187)	(60,191)
Share Capital Written Off	(3)	(8)
	<u>1,330,341</u>	<u>1,968,382</u>
Balance as at 31 March 2017	<u>1,330,341</u>	<u>1,968,382</u>

18. DEFERRED INCOME

<i>Social Housing Grants</i>	2017 £	2016 £
Balance as at 1st April 2016	33,075,169	33,746,270
Additions in year	345,000	255,084
Released/ Repaid as the result of property disposal	-	(14,673)
Amortisation in the year	(1,144,467)	(911,512)
Balance as at 31st March 2017	<u>32,275,702</u>	<u>33,075,169</u>
 <i>Other Grants</i>		
Balance as at 1st April 2016	808,384	831,672
Amortisation in the year	(23,288)	(23,288)
Balance as at 31st March 2017	<u>785,096</u>	<u>808,384</u>
 Total	<u>33,060,798</u>	<u>33,883,553</u>

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

	2017 £	2016 £
Amounts due within one year	1,167,746	934,800
Amounts due after more than on year	31,893,061	32,948,753
	<u>33,060,807</u>	<u>33,883,553</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	£
At 1st April 2016	50
Issued in year	3
Cancelled in year	(3)
	<u>50</u>
At 31st March 2017	<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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - Built by Association
Shared Ownership

	2017	2016
	No.	No.
	1,370	1,361
	25	25
	<u>1,395</u>	<u>1,386</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length is under normal commercial terms.

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

	£
Rent and factoring received from Tenants on the Committee and their close family members	24,263
Factoring Charges received from owners on the Committee	2,489

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £nil

Members of the Committee who are tenants	5
Members of the Committee who are owner occupiers	1

22. DETAILS OF ASSOCIATION

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

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

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

23. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £595 in the year by way of reimbursement of expenses. (2015 - £554). No remuneration is paid to Management Committee members in respect of their duties in the Association.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Ochil View Housing Association Limited participated 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. The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

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

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

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £956,125 (2016 - £853,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06%.

The Association made payments totalling £161,396 (2016: £148,000) to the pension scheme during the year.