

ORE VALLEY HOUSING ASSOCIATION LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2015

ORE VALLEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	Page
Members, executives and advisers	1
Report of the management committee	2 - 4
Report of the auditors	5 - 6
Report of the auditors on corporate governance matters	7
Income and expenditure account and Statement of total recognised surpluses and deficits	8
Balance Sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 26

ORE VALLEY HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

Management Committee

A Davidson
K Pattenden (Chair) (resigned 3 August 2015)
T Allan
T Dougan
R Eals
R Gaffney
A Gibb (Secretary)
S McDonald (Vice chair)
M McLintock
G Smith (appointed 2 December 2014)

Registered Office

114-116 Station Road
Cardenden
Fife
KY5 0BW

Finance Agents

Chiene + Tait LLP
Chartered Accountants
61 Dublin Street
Edinburgh
EH3 6NL

Auditors

Bird Simpson & Company
144 Nethergate
Dundee
DD1 4EB

Bankers

Royal Bank of Scotland
197 Station Road
Cardenden
KY5 0BN

Solicitors

Clarkson Hamilton
2 Park Place
Kirkcaldy
KY1 1XL

Chief Executive

A Saunders

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2015

The Management Committee present their report and the audited consolidated financial statements for the year ended 31 March 2015.

Principal activities

The principal activity of the Association is to provide affordable rented housing and related housing services.

Review of the business and future developments

The Association continues to be an active participant in the Fife Housing Association Alliance along with the three other Fife based Housing Associations. This year we have completed feasibility and design work for a small site at Cook Square in the centre of Lochgelly which will provide 15 social rented flatted units. This project links to some significant Fife Council projects on adjacent sites and our proposals have been developed in partnership with the Council. It is anticipated that work will commence on site early in 2016.

Ore Valley HA through its subsidiary Ore Valley Enterprises Ltd. will continue to consider alternative approaches to building new houses that could allow us to continue to meet the housing needs and demands of local communities.

The Association completed its annual planned maintenance programme, involving an additional phase of a planned kitchen replacement, external paintwork, electrical periodic testing and improvement works were also completed along with the replacement of a number of central heating systems and bathrooms. A major project to fit external cladding and roughcast to a final 27 properties with solid walls was completed during the year. A continuing programme of maintenance and improvement will be undertaken in the coming year and beyond. We were able to report that our housing stock met the requirements of the Scottish Housing Quality Standard (SHQS) at March 2015 and will endeavour to ensure that this requirement will continue to be met.

One of the most significant challenges which the Association continues to face is in relation to Government proposals for welfare reform and we have spent considerable amounts of time contacting and assisting our tenants to prepare for the introduction of various changes to the way benefits are calculated and paid, with the objective of limiting the impacts as far as possible. We were able to secure funding from DWP (Department of Work and Pensions) in partnership with Glen HA for a Development Officer to work with tenants on a related project across both organisations.

For a number of years, Ore Valley Housing Association has been involved in the development of various renewable energy projects. 'Cardenden Heat and Power' is a major project aimed at generating electricity and providing heat and hot water to all householders and public buildings in Cardenden. 'Fife Community Wind' is a project designed to develop a number of sites with medium to large scale wind turbines generating electricity and consequently an income to both Ore Valley Housing Association and to Local Communities. Both of these projects are extremely difficult to deliver given multiple challenges relating to changing subsidies, planning restrictions, grid connection issues, fluctuating exchange rates, project cost and viability to name but a few. It is anticipated that these projects will either progress in the coming financial year or that plans will be shelved.

During the year the Association created the new post of Communications Officer with a view to working on our media presence and considering alternative mechanisms for communicating with and engaging our tenants and other stakeholders. Given the rapid pace of technological change it is important that our tenants and others are not left behind in the digital communications revolution our sector is engaged in.

We also undertook a significant review of our Finance function on the basis of the growth in turnover and business complexity which we have experienced. As a result of the review it was agreed to outsource all of the Manager and Director level function to Chiene + Tait and the day to day function carried out by a small in-house team supported by Chiene + Tait.

During the year the Association's trading subsidiary company (Ore Valley Enterprises Ltd) continued to work on the development and delivery of wider regeneration projects for the benefit of the communities within which we work. Beyond our completed project at Rosewell in Lochore a number of further mid-market rental housing projects are being developed to feasibility stage for further detailed consideration.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2015

Review of the business and future developments (contd.)

Fife HARCA (Housing Association Regeneration Community Alliance Ltd), a charitable subsidiary of Ore Valley Housing Association, continues to be involved in the consideration of non-housing related projects which will further develop a range of community and social benefit projects.

The subsidiary companies continue to develop new and existing projects on the basis of benefit to the Community, offering strong social return on investment.

Changes in fixed assets

Details of fixed assets are set out in notes 11 to 14 on pages 18 to 20.

The Management Committee and Executive Officer

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and acts as an executive within the authority delegated by the Committee.

Statement of Committee's responsibilities

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

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of internal financial control

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

1. the reliability of financial information used within the Association or provided for external users;
2. the maintenance of proper accounting records; and
3. the safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures which the Committee has established and which are designed to provide effective financial control include the following:

1. Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
2. A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
3. A strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.

ORE VALLEY HOUSING ASSOCIATION LIMITED

REPORT of the MANAGEMENT COMMITTEE

For the year ended 31 March 2014

4. The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
5. All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2015. No weaknesses were found in 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.

Disclosure of information to auditors

As far as each of the Governors, at the time the report is approved, are aware:

- there is no relevant information of which the auditors are unaware; and
- the Governors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of the information.

Auditors

Following a tender process for audit services, a resolution to re-appoint Bird Simpson & Co as auditors will be proposed at the annual general meeting.

BY ORDER OF THE COMMITTEE



**A Gibb
Secretary**

18 August 2015

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ORE VALLEY HOUSING ASSOCIATION LIMITED**

We have audited the consolidated financial statements of Ore Valley Housing Association Limited for the year ended 31 March 2015 on pages 8 to 26. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with the Association's constitution. Our audit work has been undertaken so that we might state to the Association's members those matters which we are required to state to them in an auditor's report and for no other purposes. 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 directors and auditors

As described on page 3 the Association's Management Committee are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2012. We also report to you if, in our opinion, the committee of management report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the management committee report and considered whether it is consistent with the audited financial statements. If we became aware of any apparent misstatements within the financial statements, we considered the implications for our report. Our responsibilities in this respect do not extend to a consideration of any other information.

Basis of audit opinion

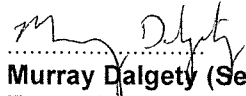
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ORE VALLEY HOUSING ASSOCIATION LIMITED (Contd.)**

Opinion

- In our opinion the financial statements give a true and fair view of the state of the association's and the group's affairs as at 31 March 2015 and of its deficit for the year then ended and have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2012.



Murray Dalgety (Senior Statutory Auditor)
For and on behalf of
Bird Simpson & Co
Chartered Accountants and
Registered Auditors
144 Nethergate
Dundee DD1 4EB

25th August 2015


**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ORE VALLEY HOUSING ASSOCIATION LIMITED**

In addition to our audit of the consolidated financial statements, we have reviewed the Committee's statement on internal financial controls set out on page 3. The object of our review is to draw attention to any non-compliance with Scottish Homes Guidance Note 2001/10.

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

With respect to the Committee's statements on internal control on page 3 in our opinion the Committee have provided the disclosures required under Scottish Homes Guidance Note 2001/10 referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain committee members and officers of the Association and examination of relevant documents, in our opinion, the Committee's statement on page 3 appropriately reflects the Association's compliance with the Scottish Homes Guidance Note 2001/10 specified for our review.


Murray Dalgety (Senior Statutory Auditor)
For and on behalf of
Bird Simpson & Co
Chartered Accountants and
Registered Auditors
144 Nethergate
Dundee DD1 4EB

25th August 2015

ORE VALLEY HOUSING ASSOCIATION LIMITED

INCOME and EXPENDITURE ACCOUNT

For the year ended 31 March 2015

	Notes	2015 £	Group 2014 £	2015 £	Association 2014 £
Turnover	2	3,305,385	2,942,410	3,084,893	2,658,261
<u>Less: Operating costs</u>	2	2,559,115	2,219,265	2,299,202	1,919,059
Operating surplus		746,270	723,145	785,691	739,202
Surplus/(loss) on sale of properties	8	-	12,473	-	12,473
		746,270	735,618	785,691	751,675
Interest receivable		1,513	356	38,559	35,964
Interest payable	9	(775,511)	(786,132)	(739,502)	(749,884)
Surplus/(deficit) for year before tax		(27,728)	(50,158)	84,748	37,755
Tax on ordinary activities	10	-	-	-	-
Surplus/(deficit) for year		(27,728)	(50,158)	84,748	37,755

The above results relate wholly to continuing activities.

The notes on pages 11 to 26 form part of these financial statements.

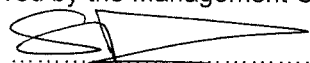
ORE VALLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET

As at 31 March 2015

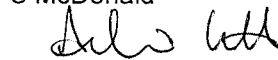
	Notes	2015 £	Group 2014 £	2015 £	Association 2014 £
Fixed assets					
Housing properties	11	34,804,511	35,026,064	34,804,511	35,026,064
<u>Less: Grants</u>	12	(23,106,669)	(23,098,751)	(23,106,669)	(23,098,751)
		11,697,842	11,927,313	11,697,842	11,927,313
Other	13 & 14	4,168,077	4,114,081	978,834	867,726
Investments	15	-	-	2	2
		15,865,919	16,041,394	12,676,678	12,795,041
Current assets					
Stock		-	108	-	-
Debtors (amounts falling due within one year)	16	642,839	482,377	877,931	650,208
Debtors (amounts falling due after one year)	16	31,242	36,966	766,438	776,866
Cash at bank and in hand		943,101	1,236,606	907,335	1,178,791
		1,617,182	1,756,057	2,551,704	2,605,865
Creditors: amounts falling due within one year	17	(760,444)	(686,565)	(692,238)	(602,982)
Net current assets		856,738	1,069,492	1,859,466	2,002,883
Total assets less current liabilities		16,722,657	17,110,886	14,536,144	14,797,924
Creditors: amounts owed after more than one year	18	(14,723,312)	(15,083,814)	(14,030,908)	(14,377,437)
		1,999,345	2,027,072	505,236	420,487
Capital and reserves					
Share capital (non-equity)	19	76	75	76	75
Restricted reserves	20	1,854,530	1,892,959	-	-
Revenue reserves	21	88,433	77,732	505,160	420,412
Revaluation reserves	22	56,306	56,306	-	-
		1,999,345	2,027,072	505,236	420,487

Approved by the Management Committee and signed on its behalf by:



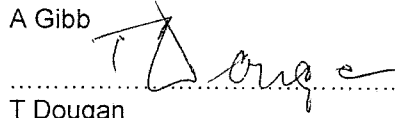
S McDonald

Vice chair



A Gibb

Secretary



T Dougan

Management Committee Member

18 August 2015

The notes on pages 11 to 26 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2015

	2015 £	Group 2014 £	2015	Association 2014
Net cash inflow from operating activities	1,146,385	1,531,781	1,081,911	1,430,693
Returns from investments and servicing of finance:				
Interest received	1,513	356	38,559	35,964
Interest paid	(775,511)	(786,132)	(739,502)	(749,884)
Net cash outflow from returns from investments and servicing of finance	(773,998)	(785,776)	(700,943)	(713,920)
Capital expenditure				
Payments to acquire and develop housing				
Properties	(192,465)	(1,736,077)	(192,465)	(1,736,077)
Social Housing Grant and other grants received	8,213	864,040	8,213	864,040
Payments to acquire other fixed assets	(137,028)	(48,132)	(135,899)	(46,758)
Proceeds from sale of properties	-	29,000	-	27,920
Proceeds from sale of other fixed assets	2,284	500	2,284	500
	(318,996)	(890,669)	(317,867)	(890,375)
Net cash outflow before financing	53,391	(144,664)	63,101	(173,602)
Financing				
Net proceeds from shares issued	2	3	2	3
Shares cancelled	(1)	(1)	(1)	(1)
Loans repaid	(346,897)	(294,597)	(334,558)	(282,380)
New loans received	-	1,300,000	-	1,300,000
Net cash inflow from financing	(346,896)	1,005,405	(334,557)	1,017,622
Increase/(decrease) in cash	(293,505)	860,741	(271,456)	844,020

The notes on pages 11 to 26 form part of these financial statements.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

For the year ended 31 March 2015

Reconciliation of surplus for the year to net cash flow from operating activities

	2015 £	Group 2014 £	2015 £	Association 2014 £
Operating (deficit) / surplus for the year	(27,728)	(50,158)	84,748	37,755
Depreciation	496,755	495,453	438,514	437,182
Grant amortised	-	-	-	-
Interest received	(1,513)	(356)	(38,559)	(35,964)
Interest paid	775,511	786,132	739,502	749,884
(Gain)/loss on sale of properties	-	(13,553)	-	(12,473)
(Gain)/loss on disposal of fixed assets	(2,284)	(500)	(2,284)	(500)
Decrease/(increase) in stock	108	(108)	-	-
Decrease/(increase) in debtors	(165,814)	344,540	(228,371)	264,620
(Decrease)/increase in creditors	60,274	(49,776)	77,285	(29,918)
Increase in provision for bad debts	11,076	20,107	11,076	20,107
Net cash inflow from operating activities	1,146,385	1,531,781	1,081,911	1,430,693

Group	At 1 April 2014 £	Cash Flows £	Non Cash Flows £	At 31 March 2015 £
Analysis of changes in debt				
Cash at bank and in hand	1,236,606	(293,505)	-	943,101
Debt due within one year	(359,782)	359,782	(373,387)	(373,387)
Debt due after one year	(15,083,814)	(12,885)	373,387	(14,723,312)
	(14,206,990)	53,392	-	(14,153,598)

Association	At 1 April 2014 £	Cash Flows £	Non Cash Flows £	At 31 March 2015 £
Analysis of changes in debt				
Cash at bank and in hand	1,178,791	(271,456)	-	907,335
Debt due within one year	(334,386)	334,386	(346,356)	(346,356)
Debt due after one year	(14,377,437)	173	346,356	(14,030,908)
	(13,533,032)	63,103	-	(13,469,929)

Reconciliation of net cash to movement in net debt	2015 £	Group 2014 £	2015 £	Association 2014 £
Decrease in cash	(293,505)	860,741	(271,456)	844,020
Loans repaid	346,897	294,597	334,559	282,380
Loan received	-	(1,300,000)	-	(1,300,000)
Change in net debt	53,392	(144,662)	63,103	(173,600)
Net debt at 1 April 2014	(14,206,990)	(14,062,328)	(13,533,032)	(13,359,432)
Net debt at 31 March 2015	(14,153,598)	(14,206,990)	(13,469,929)	(13,533,032)

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2015

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and registered with the Financial Services Authority. The financial statements have been prepared in compliance with the Determination of Accounting Requirements (2012) and the Statement of Recommended Practice (SORP 2010), "Accounting by Registered Housing Providers" and all applicable accounting standards.

1. Principal Accounting Policies

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important Accounting Policies which have been applied consistently is set out below.

Basis of Accounting

The Financial Statements are prepared on the historical cost basis of accounting.

Consolidation

The group financial statements consolidate the financial statements of Ore Valley Housing Association Limited and its subsidiaries, Ore Valley Enterprises Limited, Fife HARCA Limited and Cardenden Heat and Power Limited, made up to 31 March 2015.

Turnover

The Association's turnover represents rental income (net of voids) and revenue based grants. Group turnover represents rental income, revenue based grants and income generated from furniture recycling and redistribution.

Tangible Fixed Assets – Housing Properties

Housing properties including developments in progress are stated at cost less aggregate depreciation.

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

Social Housing Grant

Social Housing Grant (SHG) is receivable in respect of qualifying development costs as determined by Communities Scotland from time to time. The Grant is paid direct to the Association and is shown as a deduction from housing property cost in the period in which it is receivable. Costs not funded by SHG are financed by long-term loans or internal funding.

SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Other social housing grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Depreciation and impairment of fixed assets

a. Housing properties

Depreciation was previously provided on a straight line basis over the expected economic lives of the properties, excluding land, which had been calculated as between 60 and 75 years.

Following a reassessment of the property lives and components, freehold housing properties are now depreciated by component on a straight line basis over the estimated useful economic lives of component categories after accounting for grants received.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

1. Principal Accounting Policies (Contd.)

Depreciation and impairment of fixed assets (Contd.)

Useful economic lives for identified components are as follows:

Component	Useful economic life
Structure	- 75 years
Roof	- 50 years
Windows and doors	- 25 years
Bathrooms	- 30 years
Kitchens	- 20 years
Boilers	- 15 years
Pipework and radiators	- 15 years
Electrical systems	- 30 years
External wall insulation	- 30 years

- b. In the case of properties with an expected useful economic life of more than 50 years, impairment reviews are carried out on an annual basis in accordance with FRS11. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Income and Expenditure Account. Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:

Land	- nil
Properties	- 2% per annum - straight line
Office equipment	- 20% per annum - straight line
Computer equipment	- 20% per annum - straight line
Fixtures & fittings	- 20% per annum - straight line
Motor vehicles	- 20% per annum - straight line

Assets in the course of construction are not depreciated.

Works to existing housing properties

Where works to existing housing properties enhance the economic benefit of owning the properties, the cost of such works is capitalised. An enhancement of economic benefits will be recognised where the works will result in increased rental income, a reduction in maintenance costs or an extension of the expected useful life of the properties.

The cost of all other works to existing housing properties is written off to the Income and Expenditure Account in the year in which it is incurred.

Capitalisation of development overheads

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties cost. Directly attributable costs include direct labour costs of the Association and the incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development overheads are written off to the Income and Expenditure Account.

Development interest

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Income and Expenditure Account in the period in which it accrues.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

1. Principal Accounting Policies (Contd.)

Sale of Housing Properties

The surplus or deficit on the disposal of housing properties is shown as the difference between net proceeds and net book value. The net book value is reduced by the amount of any Housing Association Grant which does not require to be repaid.

Grants

Grants are recognised in the period in which they are received. Any grants received for the purchase of specific fixed assets are recognised over the estimated useful economic life of the asset.

Designated Reserves

This comprises the following reserves:

a) Future cyclical repairs and maintenance

The objective of this reserve is to ensure that the Association has adequate funds to maintain its properties in accordance with a planned programme of works. Following the introduction of component accounting, the Association has taken the decision that the reserve is no longer required and the balance has been transferred to the revenue reserves.

b) Major Repairs

This reserve is maintained in order to ensure that the Association will have adequate funds for the replacement of major component parts when they reach the end of their expected useful life. Following the introduction of component accounting, the Association has taken the decision that the reserve is no longer required and transferred the balance to the revenue reserves.

Pensions

The Association operates a defined benefits Pension Scheme, the costs of which are expressed on an accruals basis. The assets of the Scheme are held separately from those of the Association in an independently administered Fund.

Taxation

The Association has obtained charitable status and no liability to tax has accrued to date. Ore Valley Enterprises Limited, a subsidiary, is liable to tax.

Going concern

The financial statements have been prepared on the going concern basis. The Board have assessed the Association's ability to continue as a going concern and have reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

2. Particulars Turnover, operating costs and operating surplus - Association

	Turnover £	Operating Costs £	2015 Operating Surplus £	2014 Operating Surplus £
Social lettings	2,530,395	(1,815,728)	714,667	662,307
Other activities	554,498	(483,474)	71,024	76,895
Total 2015	3,084,893	(2,299,202)	785,691	739,202
Total 2014	2,658,261	1,919,059	739,202	

3. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities - Association

	General Needs Housing and Total	
	2015 £	2014 £
Income from lettings		
Rent receivable net of service charges	2,509,375	2,357,580
Service charges receivable	-	-
Gross income from rents and service charges	2,509,375	2,357,580
Less: Voids	(12,132)	(12,914)
Net income from rents and service charges	2,497,243	2,344,666
Grants from Scottish Ministers	33,152	53,558
Total turnover from social letting activities	2,530,395	2,398,224
Expenditure on letting activities		
Management and maintenance admin costs	854,817	774,866
Service costs	3,997	4,113
Planned and cyclical maintenance including major repairs costs	311,685	336,639
Reactive maintenance costs	221,055	183,746
Bad debts – rents and service charges	10,451	25,971
Depreciation of social housing	413,723	410,582
Operating costs for social letting activities	1,815,728	1,735,917
Operating surplus for social lettings	714,667	662,307
Operating surplus for social lettings for previous year	662,307	
There is no other accommodation except for General Needs Housing.		
	2015 No.	2014 No.
Number of homes in management	659	659

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

4. Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other Supporting revenue grants £	Other Supporting people income £	Other income £	Total turnover £	Operating costs - bad debts £	Other operating costs £	Operating surplus or deficit 2015 £	Operating surplus or deficit 2014 £
Wider role activities undertaken to support the community, other than the provision, construction improvements and management of housing	-	422,449	-	-	422,449	-	483,474	(61,025)	(11,301)
Other activities	-	-	-	132,049	132,049	-	-	132,049	88,196
Total from other activities 2015	-	422,449	-	132,049	554,498	-	483,474	71,024	76,895
Total from other activities 2014	-	153,043	-	106,994	260,037	-	183,142	76,895	

There were no other activities other than the activities shown above.

ORE VALLEY HOUSING ASSOCIATION

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

5. Officers' emoluments

An officer of an Association is defined by the Registered Housing Association (Accounting Requirements) (Scotland) Order 2007 as the Chief Executive and any other person reporting directly to the Chief Executive or directly to the Board and whose total emoluments exceed £60,000 per year.

No emoluments were paid to any Member of the Committee of Management and the emoluments of the Chief Executive were:

	2015	2014
	£	£
Total emoluments (including pension contributions of £3,364 (2014: £2,598))	60,277	59,103
	=====	=====
Total expenses reimbursed to Committee Members and the Chief Executive	930	1,028
	=====	=====

The Chief Executive is an ordinary member of the Association's pension scheme described in note 23. No enhanced or special terms apply and he has no other pension arrangements to which the Association contributes.

There are no staff costs within the subsidiary companies.

6. Employee information

	2015	2014
	£	£
The average number of persons employed during the year (excluding Committee Members)	17	17
	=====	=====
Staff costs (including Chief Executive)		
Wages and salaries	445,980	426,685
Social security costs	35,885	32,470
Pension costs	61,714	41,160
	-----	-----
	543,579	500,315
	=====	=====

7. Operating surplus

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation	496,755	495,453	438,514	420,580
Auditors remuneration – Audit	6,180	6,191	3,870	3,936
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

8. Gain on sale of properties	2015	Group 2014	2015	Association 2014
	£	£	£	£
Proceeds of sale	-	29,000	-	29,000
<u>Less: Expenses</u>	-	1,080	-	1,080
	-----	-----	-----	-----
Net proceeds	-	27,920	-	27,920
Cost of sales	-	15,447	-	15,447
	-----	-----	-----	-----
Surplus/(loss) on sale	-	12,473	-	12,473
	=====	=====	=====	=====
9. Interest payable and similar charges	2015	Group 2014	2015	Association 2014
	£	£	£	£
Interest payable on loans	775,511	786,132	739,502	749,884
	=====	=====	=====	=====
10. Taxation on ordinary Activities	2015	Group 2014	2015	Association 2014
	£	£	£	£
Current year corporation tax	-	-	-	-
	=====	=====	=====	=====
11. Tangible fixed assets – Association and Group		Held for Letting	Under Construction	Total
		£	£	£
Housing properties				
Cost				
As at 1 April 2014		37,690,311	83,365	37,773,676
Additions		149,688	42,777	192,465
Disposals		(15,356)	-	(15,356)
		-----	-----	-----
At 31 March 2015		37,824,643	126,142	37,950,785
		-----	-----	-----
Depreciation				
As at 1 April 2014		2,747,612	-	2,747,612
Charge for year		409,016	-	409,016
On disposals		(10,354)	-	(10,354)
		-----	-----	-----
At 31 March 2015		3,146,274	-	3,146,274
		-----	-----	-----
Net book value				
At 31 March 2015		34,678,369	126,142	34,804,511
		=====	=====	=====
At 31 March 2014		34,942,699	83,365	35,026,064
		=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

12. Tangible Fixed Assets – Association and Group	Housing Association Grant £	Other £	Total £
Grants			
As at 1 April 2014	15,126,799	7,971,952	23,098,751
Additions during year	8,213	-	8,213
On disposals	(295)	-	(295)
	-----	-----	-----
At 31 March 2015	15,134,717	7,971,952	23,106,669
	=====	=====	=====

13. Tangible fixed assets – Group

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Fixtures & fittings £	Motor Vehicles £	Total £
Cost or valuation:						
As at 1 April 2014	4,376,882	77,821	15,029	3,658	26,905	4,500,295
Additions during year	137,028	-	-	-	-	137,028
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(11,067)	(11,067)
	-----	-----	-----	-----	-----	-----
At 31 March 2015	4,513,910	77,821	15,029	3,658	15,838	4,626,256
	-----	-----	-----	-----	-----	-----
Depreciation						
As at 1 April 2014	283,062	61,324	13,107	1,816	26,905	386,214
Charge for year	72,265	8,113	1,922	732	-	83,032
Disposals	-	-	-	-	(11,067)	(11,067)
	-----	-----	-----	-----	-----	-----
At 31 March 2015	355,327	69,437	15,029	2,548	15,838	458,179
	-----	-----	-----	-----	-----	-----
Net book value						
At 31 March 2015	4,158,583	8,384	-	1,110	-	4,168,077
	=====	=====	=====	=====	=====	=====
At 31 March 2014	4,093,820	16,497	1,922	1,842	-	4,114,081
	=====	=====	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

14. Tangible fixed assets – Association

Other fixed assets

	Land & Buildings £	Computer Equipment £	Office Equipment £	Motor Vehicles £	Total £
Cost or valuation:					
As at 1 April 2014	949,299	70,900	15,029	26,905	1,062,133
Additions during year	135,899	-	-	-	135,899
Disposals	-	-	-	(11,067)	(11,067)
At 31 March 2015	1,085,198	70,900	15,029	15,838	1,186,965
Depreciation					
As at 1 April 2014	97,614	56,781	13,107	26,905	194,407
Charge for year	16,303	6,566	1,922	-	24,791
Disposals	-	-	-	(11,067)	(11,067)
At 31 March 2015	113,917	63,347	15,029	15,838	208,131
Net book value					
At 31 March 2015	971,281	7,553	-	-	978,834
At 31 March 2014	851,685	14,119	1,922	-	867,726

15. Investments

	2015 £	2014 £
Cost		
As at 1 April 2014	2	2
Additions during year	-	-
At 31 March 2015	2	2

Ore Valley Housing Association Limited owns one share which is 100% of the share capital of Ore Valley Enterprises Limited and one share which is 100% of the share capital of Cardenden Heat and Power Limited. The Association also owns 100% of Fife HARCA Limited, a company limited by guarantee and therefore the investment is shown at nil cost.

	2015 £	2014 £
Aggregate capital and reserves		
Ore Valley Enterprises Limited	(107,021)	(71,028)
Fife HARCA Limited	1,626,369	1,703,372
Cardenden Heat and Power Limited	(29)	1
Profit/(loss) for the year		
Ore Valley Enterprises Limited	(35,993)	(32,526)
Fife HARCA Limited	(77,003)	(55,937)
Cardenden Heat and Power Limited	(30)	-

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

16. Debtors	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Due within one year				
Trade debtors	12,163	22,984	-	-
Amounts owed by group undertakings	-	-	265,125	210,474
Other debtors and prepayments	572,710	394,069	554,840	374,410
Rental debtors	112,185	108,467	112,185	108,467
Provision for doubtful debts	(54,219)	(43,143)	(54,219)	(43,143)
	=====	=====	=====	=====
	642,839	482,377	877,931	650,208
Due after one year				
Amounts owed by group undertakings	-	-	735,196	739,900
Other debtors	31,242	36,966	31,242	36,966
	=====	=====	=====	=====
	31,242	36,966	766,438	776,866
	=====	=====	=====	=====

Included in 'Amounts owed by group undertakings' of the Association is the inter-company loan of £286,493 due from Fife HARCA Limited of which £280,196 is due after one year.

Included within other debtors are amounts totalling £454,363 in respect of costs incurred on projects which will be recovered on completion of these projects. These may not be received within one year.

17. Creditors: Amounts falling due within one year	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Other creditors	303,425	261,822	272,434	207,618
Taxation and social security	16,376	11,328	16,376	10,565
Prepayment of rent	67,256	53,633	57,072	50,413
Bank loans	373,387	359,782	346,356	334,386
	=====	=====	=====	=====
	760,444	686,565	692,238	602,982
	=====	=====	=====	=====

18. Creditors: Amounts falling due after one year	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	14,723,312	15,083,814	14,030,908	14,377,437
	=====	=====	=====	=====

The property loans are repayable in instalments over a period ranging up to 30 years. A small office loan is repayable over 15 years.

Loans totalling £10,344,565 at 31 March 2015 carry interest at rates fixed for periods of up to 30 years. All other loans carry interest at a variable rate. At the balance sheet date the loans were at rates between 0.95% and 6.95%.

All loans are secured over the housing properties owned by the Association.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

18. Creditors: Amounts falling due after one year (Contd.)

Instalments are due as follows:	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Within one year	373,387	359,781	346,356	334,385
Between one and two years	557,393	418,577	358,888	391,878
Between two and five years	1,600,054	1,468,072	1,506,717	1,350,913
After more than five years	12,565,865	13,197,166	12,165,303	12,634,647
	-----	-----	-----	-----
	15,096,699	15,443,596	14,377,264	14,711,823
	=====	=====	=====	=====

19. Share capital (not equity)	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Allotted, issued and fully paid				
At 1 April 2014	75	73	75	73
Issued in year	2	3	2	3
	-----	-----	-----	-----
	77	76	77	76
Cancelled in the year	1	1	1	1
	-----	-----	-----	-----
At 31 March 2015	76	75	76	75
	=====	=====	=====	=====

Each member of the Association holds one share and all shares carry equal voting rights. Under the rules of the Association, members are not entitled to dividends nor can they participate in any distribution on the winding up of the Association.

20. Restricted reserves	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
At 1 April 2014	1,892,959	1,924,900	-	-
Receivable in year	6,678	21,523	-	-
Expended in year including transfers	(45,107)	(53,464)	-	-
	-----	-----	-----	-----
At 31 March 2015	1,854,530	1,892,959	-	-
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

21. Revenue reserves	2015	Group	Association	
	£	2014	2015	2014
			£	£
At 1 April 2014	77,732	95,949	420,412	382,657
Surplus/(deficit) for year	10,701	(18,217)	84,748	37,755
Transfer from Major Repairs Reserve	-	-	-	-
	-----	-----	-----	-----
At 31 March 2015	88,433	77,732	505,160	420,412
	=====	=====	=====	=====

22. Revaluation reserves	2015	Group	Association	
	£	2014	2015	2014
			£	£
At 1 April 2014	56,306	56,306	-	-
Revaluation of fixed assets	-	-	-	-
	-----	-----	-----	-----
At 31 March 2015	56,306	56,306	-	-
	=====	=====	=====	=====

23. Pensions

Ore Valley Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension Scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where assets are co-mingled for investment purposes, benefits are paid from 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 FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the valuation of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

The Scheme offers six benefit structures to employees, namely:

Final salary with a 1/60th accrual rate.

Career average revalued earnings with a 1/60th accrual rate.

Career average revalued earnings with a 1/70th accrual rate.

Career average revalued earnings with a 1/80th accrual rate.

Career average revalued earnings with a 1/120th accrual rate, contracted in.

Defined Contribution (DC) option

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

23. Pensions (Contd.)

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice. Ore Valley Housing Association Limited has elected to continue to operate the career average revalued earnings with a 1/120th accrual rate benefit structure, contracted in, for all members.

During the accounting period Ore Valley Housing Association Limited paid contributions at the rate of 4.7% of pensionable salaries and past year deficit contributions of £42,904. Member contributions were 4.7%.

As at the balance sheet date there were eight active members of the Scheme employed by Ore Valley Housing Association Limited. Ore Valley Housing Association Limited continues to offer membership of the Scheme to its employees.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2012.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement – Non-pensioners	3.4
Investment return post retirement – Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will be increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

23. Pensions (Contd.)

Employer debt regulations

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Ore Valley Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Ore Valley Housing Association Limited was £1,722,090.

As the Association continues to offer membership of The Scheme to its employees, it regards crystallisation of the buy-out debt as being remote and therefore no provision is required.

24. Capital commitments – Group and Association	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Capital expenditure that has been contracted for but not provided for in the financial statements	-	-	-	-
	=====	=====	=====	=====
Capital expenditure authorised but not contracted for	-	-	-	-
	=====	=====	=====	=====

25. Commitments under operating leases

As 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Land and buildings				
Operating lease which expires:				
Within 1 year	-	2,156	-	-
Other items				
Operating lease which expires:				
Within 2 - 5 years	1,023	1,023	1,023	1,023
After more than 5 years	111,692	111,692	-	-
	-----	-----	-----	-----
	112,715	114,871	1,023	1,023
	=====	=====	=====	=====

ORE VALLEY HOUSING ASSOCIATION LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

26. Related party transactions

Some members of the Management Committee are also tenants of the Association. Their tenancies are all on the same terms as for other tenants and no advantage can be gained from their position.

At 31 March 2015, there was an amount due from Ore Valley Enterprises Limited of £108,108 (2014: £81,333), and £3,217 of interest was charged on the inter-company current account during the year at a commercial rate.

Also, at the 31 March 2015 the balance on the inter-company loan account was £455,000 (2014: £455,000), and £14,982 of interest was charged during the year at a commercial rate. The inter-company loan account is secured over the investment properties held at Rosewell Drive and Loanhead Avenue.

The Association provided management services to Ore Valley Enterprises Limited during the year totalling £10,517 (2014: £7,816) including VAT.

At 31 March 2015, £150,720 (2014: £123,074) was due from Fife HARCA Limited, and £4,554 of interest was charged on the inter-company current account during the year at a commercial rate.

Also, at 31 March 2015 there was a loan of £286,493 (2014: £290,967) due from Fife HARCA Limited. The loan is to be repaid by 31 March 2039 at a fixed interest rate of 4.95% per annum and is secured over the Miners Institute.

The Association provided management services to Fife HARCA Limited during the year totalling £20,728 (2014: £12,217).

Fife HARCA Limited rented a room in the business centre to the Association at a cost of £3,532 (2014: £3,532) and provided other services of £260 (2014: £846) on arm's length basis.

Chief Executive, A W W Saunders is also a director of Ore Valley Enterprises Limited, Fife HARCA Limited and Cardenden Heat and Power Limited.

27. Contingent liability

The Association's balance sheet shows £23,106,669 (2014: £23,098,751) of capital grants received from the Scottish Government. During the year a further £295 (2014: £12,010) of HAG has been disposed as components have been disposed. A total of £23,136,145 (2014: £23,127,932) of capital grants have been received from the Scottish Government to date. This amount is potentially repayable to the Scottish Government on cessation or when properties are sold.