

PROVANHALL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2015

Registered Housing Association No. HHC 242

Financial Conduct Authority No. 2401 R(S)

Charity No SC 037762

PROVANHALL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Year ended 31 March 2015

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Registration particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number: 2401 R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HHC 242
Scottish Charity	Charity & Trustee Investment Act (Scotland) 2005 Scottish Charity Number SC 037762

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2015

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

Principal activity

The principal activity of Provanhall Housing Association Limited (Provanhall) is the development, management and maintenance of housing for people in housing need.

Provanhall is registered with the Financial Services Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Business Review

This year has seen the introduction of the ARC (Annual Return on the Charter) which required a change in our recording and reporting systems. This proved to be a useful exercise overall and the outcomes reflected another successful year for the Association and a very good "report card" from the Scottish Housing Regulator.

Performance throughout the year remained strong. Rent arrears increased from 2.69% at the end of March 2014 to 2.75% at the end of March 2015. Reactive Maintenance expenditure increased to £208,241 and averaging £422 per unit at the end of March.

Throughout the year we have undertaken the following planned maintenance works:

Bathroom replacements	48
New flat entrance doors	39
Periodic testing	39
Gutter cleaning	100%
SHQS Heating	6
Gas servicing	480 properties

We have also set up an action area for part of our stock. The area in question was part of the GHA stock transferred to us in 2009. Due to the level of works to be undertaken to the properties, most noticeably environmental works, an action area was set up to get tenants involved. This has proven to be a successful approach to date.

Staffing issues again brought some challenges this year. We undertook recruitment for two posts. One worked out very successfully, to date, however the other proved not to be so and resulted in a compromise agreement being reached after 5 months employment. During this time we also had another staff member on extended leave. Temporary cover was organised and worked out very well, but over the period we were still short staffed and we feel that service levels suffered, albeit slightly. On a more positive note, the whole experience did enable us to recognise the need to review our Staff Structure and plans are underway to enact this during 2015/16.

Our Internal Audit this year focussed on Health and Safety (Strong), Personnel & Payroll (Strong), Treasury Management (Strong) and Asset Management (Strong). A review of the previous year's action points was also carried out and the findings were substantial. Action plans were drafted for all

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2014

(Continued)

action points and have been completed to date. This brought the 3 year internal audit action plan to an end and it will be re-tendered during 2015/16.

Our Management Committee membership remains strong with new members joining again this year. At the end of the year we had 10 Management Committee members.

The Association continues to support Friends of Provanhall and Alcohol Information Service with in kind donations of administrative support.

Our Wider Role has been very successful this year. We carry out wider role in partnership with Connect Community Trust. We support them financially to provide many wider role initiatives in the local community. Peoples Gateway officers have been employed via the Trust and the 8 Housing Associations in Easterhouse. These posts are part funded by the people, Communities Fund and the Housing Associations. These roles encompass; getting ready for work, preparing for Universal Credit, job clubs and avoiding sanctions, amongst other things.

We continue to work with Mazars as our External Auditor.

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2015 were as follows:

Linda Cameron	Alan Smith – Resigned August 2014
Rosemarie Docherty	Clarice Spaine
Cathie Reid	Eleanor Pinkerton – Resigned June 2014
Ian McLaughlin	Tracy Coutts
Barbara McCluskey	Liz McEwan – Appointed September 2014
Christine Morris	John Dempsey – Appointed September 2014

Each member of the Committee of Management holds one fully paid share of £1 in Provanhall.

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2015

(Continued)

Executive Team

The Executive Team of 3 during the year to 31 March 2015 was as follows:

Patricia Gallagher	Director
Jim Wylie	Technical Services Manager
Sean Douglas	Housing Services Manager

The executive officers of Provanhall hold no interest in Provanhall's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Committee.

Operational Review

1 Corporate Governance

Provanhall has a Committee of Management who are elected by the members of the Association; see above for details. It is the responsibility of the Committee to determine the strategy, set policies and guide the overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Executive Team of 3 (as listed above) are responsible for achieving the strategy, and undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by Provanhall.

2 Corporate Issues

Tenant involvement and participation is a major part of Provanhall's Aims and Objectives, and we continue to review how Provanhall involves tenants in its activities.

Provanhall is committed to involving staff in decision making and policy making. In the year just ended staff were fully involved in the internal management plan process and regular staff meetings were held to keep staff informed of our activities.

Performance Management

Service delivery is underpinned by staff performance. This continues to be a high priority for us. In the last year we began implementing our revised staff appraisal system and undertook a staff training needs assessment.

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2015

(Continued)

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have started a programme of major investment in our housing stock, which is by far our most costly asset. This includes both carrying out major repairs, and also considering whether any of our older schemes should be remodelled to meet the changing requirements of tenants in the future. We are updating our stock condition information to ensure that our long-term financial planning reflects our future investment requirements.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do.

We continued to monitor rent arrears closely. We also continued to deliver many completed adaptations to existing properties to meet the specific needs of our tenants.

3. Other Areas

Risk Management Policy

The Committee have, with advice from their internal auditors, a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

Investment Appraisal

Capital expenditure is regulated by the budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are listed on page 8.

Management Structure

The Committee of Management has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2015

(Continued)

General Reserves Policy

The Committee members have reviewed the reserves of Provanhall. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. During the year the charity's general reserve increased from £1,606,654 to £2,160,451 (see note 13).

The Association has two other designated funds. The purpose of these funds is detailed in note 1 in the financial statements.

Sales of housing properties

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

Maintenance policies

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

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs would be charged to the Income and Expenditure account, unless it was agreed they could be capitalised within the terms outlined in the Statement of Recommended Practice (SORP) "Accounting by Registered Providers of Social Housing" Update 2010.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives. The Association has Investors in People status.

PROVANHALL HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

YEAR ENDED 31 MARCH 2015

(Continued)

Credit Payment Policy

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

Budgetary Process

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

Rental Income

The Association's Rent Policy is a percentage system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The percentage value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the housing movement.

Disabled Employees

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

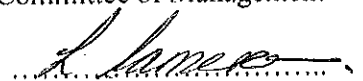
Future developments

Subject to the availability of public funding and identification of suitable development sites the Association is committed to an ongoing development programme to provide new housing for our tenants.

Auditors

Mazars have indicated their willingness to continue acting as auditor to the Association.

On behalf of the Committee of Management



Chairperson

Date: 29/6/15.....

PROVANHALL HOUSING ASSOCIATION LIMITED

STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES

YEAR ENDED 31 MARCH 2015

Under the legislation relating to Co-operative and Community Benefit Societies we are required 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 year. In preparing those financial statements we are required to:

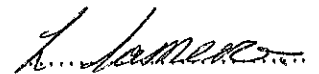
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all reasonable steps to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

By order of the Management Committee



Date: 29/6/15.....

PROVANHALL HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2015

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

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

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

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

PROVANHALL HOUSING ASSOCIATION LIMITED


MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2015

(continued)

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2015 and until the below date. No weaknesses were found in internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Management Committee



Date : 29/6/15.....

PROVANHALL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROVANHALL HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Provanhall Housing Association Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 8, the Management Committee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

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

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements;

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure 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 2010, the Statement of Recommended Practice "Accounting by registered social housing providers update 2010, the Charities and Trustee Investment (Scotland) Act 2005 and the Accountancy Determination in terms of Section 68(1) Housing Act 2010 (Accounting Determination 2012).

PROVANHALL HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PROVANHALL HOUSING ASSOCIATION LIMITED
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion;

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Mazars LLP

Mazars LLP
Chartered Accountants
Statutory Auditor
90 St Vincent Street
Glasgow
G2 5UB

Date *13/7/15*

PROVANHALL HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 MARCH 2015

	Notes	2015 £	2014 £
Turnover	2	1,615,563	1,585,564
Operating costs	2	<u>(1,092,668)</u>	<u>(1,016,436)</u>
Operating surplus	2	522,895	569,128
Gain on sale of fixed assets		17,523	--
Interest receivable		40,204	51,022
Interest payable		(26,825)	(75,780)
Surplus for the year	13	<u>553,797</u>	<u>544,370</u>

All amounts relate to continuing activities.

There are no other surpluses or deficits other than the surplus for the year.

PROVANHALL HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015	2014
		£	£
Tangible fixed assets			
Housing properties			
- Gross Cost less depreciation	5	20,187,063	20,273,385
Less: Housing Association Grant	5	(16,463,446)	(16,523,004)
		3,723,617	3,750,381
Other Fixed Assets	5	336,846	340,233
		4,060,463	4,090,614
Current assets			
Debtors	6	152,008	126,825
Cash in bank and on hand		2,627,991	2,162,638
		2,779,999	2,289,463
Creditors: Amounts falling due within one year	7	(278,174)	(267,491)
		2,501,825	2,021,972
Net current assets			
		6,562,288	6,112,586
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	8	(1,907,349)	(2,011,422)
		4,654,939	4,101,164
Capital and reserves			
Share capital	11	135	157
General reserve	13	2,160,451	1,606,654
Designated reserves	12	2,494,353	2,494,353
		4,654,939	4,101,164
Total funds		4,654,939	4,101,164

The financial statements on pages 12 to 27 were approved by the Management Committee on 24th June 2015 and signed on its behalf by:-

Chairperson : [Signature]
 Member : [Signature]

PROVANHALL HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2015

	Notes	2015	2014
		£	£
Net cash inflow from operating activities	15	675,841	657,766
Returns on investments and servicing of finance			
Interest received		40,204	51,022
Interest paid		<u>(26,825)</u>	<u>(75,780)</u>
Net cash inflow/ (outflow) from returns on investments & servicing of finance		13,379	(24,758)
Investing activities			
Payments for the purchase and development of property		(136,279)	(224,870)
HAG received		3,193	3,389
HAG repaid		-	-
Proceeds of a sale of fixed assets		30,329	-
Purchase of equipment		<u>(18,774)</u>	<u>(1,112)</u>
Net cash (outflow) from investing activities		<u>(121,531)</u>	<u>(222,593)</u>
Net cash inflow before financing		567,689	410,415
Financing			
Issue of share capital		29	36
Loans received		-	-
Loans repaid		<u>(102,365)</u>	<u>(820,524)</u>
Net cash (outflow) from financing		<u>(102,336)</u>	<u>(820,488)</u>
Increase in cash and cash equivalents	15	<u>465,353</u>	<u>(410,073)</u>
Further details are given in note 15.			

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

1. Principal accounting policies

Basis of Accounting

The principal accounting policies of the Association are set below. The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Services Authority. The accounts have been prepared under the historical cost convention, and in compliance with the Accounting Determination in terms of Section 68(1) Housing Act 2010 ("Accounting Determination 2012") and The Statement of Recommended Practice (SORP), "Accounting by Registered Providers of Social Housing" Update 2010 and applicable Accounting Standards.

Turnover

Turnover relates to the income from the letting of properties at affordable rents, and the supply of factoring services, together with revenue grants from Scottish Executive, local authorities and other organisations.

Housing Association Grants

Housing Association Grants (HAG) are made by the grant awarding body and are utilised to reduce the amount of mortgage loans in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost of the scheme in accordance with instructions issued from time to time by the grant awarding body.

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

Acquisition and Development Allowances are determined by the grant awarding body and are advanced as grants. They are intended to finance certain internal administration costs relating to the acquisition of schemes. Development allowances become available in instalments according to the progress of work on the scheme. Amounts equal to these allowances are credited to development costs when they are receivable.

Sale 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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

Fixed assets - Housing land and buildings

Housing properties are stated at cost, less social housing and other public grants and accumulated depreciation. The development cost of housing properties funded with HAG includes the following:-

- (i) Cost of acquiring land and buildings.
- (ii) Development expenditure.
- (iii) Interest charged on the loans during the development of the scheme up until completion.

Depreciation of Housing Properties

Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown below:

	Depreciation Period (Years)
Roof	50
Structure	50
Windows	25
Kitchens	15
Bathrooms	25
Central Heating	15
Doors	35
Rewiring	30

Depreciation of Other Fixed Assets

Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over expected useful lives as follows:

- Office Premises – 2%
- Furniture & Fittings – 25%
- Office Equipment – 25%

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

General reserves

(i) **Future cyclical repairs and maintenance**

The general reserve is based on the Association's obligation to maintain the properties in accordance with a planned programme of works which will not be met from revenue in the year in which it is incurred.

(ii) **Major repairs**

The Association maintains its housing properties in a state of repair, which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The general reserve represents amounts set aside in respect of future costs.

Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

Pensions

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

Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

Impairment of fixed assets

Reviews for impairment of all fixed assets are carried out on an annual basis and any impairment is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an asset exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

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

	Turnover	Operating Costs	Operating Surplus/ (Deficit)	2014 Operating Surplus/(Deficit)
	£	£	£	£
Social lettings	1,614,263	1,029,650	584,613	630,559
Other activities	1,300	63,018	(61,718)	(61,431)
Total	<u>1,615,563</u>	<u>1,092,668</u>	<u>522,895</u>	<u>569,128</u>
2014	<u>1,585,564</u>	<u>1,016,436</u>	<u>569,128</u>	

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015 (Continued)

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

	General Needs Housing £	Shared Ownership £	Supported Housing £	2015 Total £	2014 Total £
Rent receivable net of service charges	1,611,083	4,676	-	1,615,759	1,583,167
Service charges	-	-	-	-	-
Gross income from rents and service charges	1,611,083	4,676	-	1,615,759	1,583,167
Less: voids	(2,496)	-	-	(2,496)	(2,799)
Net income from rents and service charges	1,608,587	4,676	-	1,613,263	1,580,368
Grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	1,000	-	-	1,000	-
Total turnover from social letting activities	1,609,587	4,676	-	1,614,263	1,580,368
Management and maintenance administration costs	494,062	4,285	-	498,347	447,034
Service costs	110,635	-	-	110,635	111,971
Planned and cyclical maintenance including major repairs costs	53,828	-	-	53,828	80,576
Reactive maintenance costs	208,241	-	-	208,241	159,588
Bad debts – rents and service charges	11,703	-	-	11,703	9,923
Depreciation of social housing	146,210	686	-	146,896	140,717
Operating costs for social letting activities	1,024,679	4,971	-	1,029,650	949,809
Operating surplus for social letting	584,908	(295)	-	584,613	630,559
2014	630,011	548	-	630,559	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2014 - £Nil). Included within voids is development voids of £nil (2014: £Nil).

The total amount of major repairs expenditure incurred in the year was £135,812 (2014 - £240,067), of that amount £129,539 were capitalised (2014 - £218,337).

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015
(Continued)

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating surplus or (deficit)	Operating surplus or (deficit) for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	32,866	(32,866)	(32,142)
Rechargeable repairs	-	-	-	-	-	1,399	-	(1,399)	-
Factoring	-	-	-	1,300	1,300	-	1,300	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
SCVO Grant Income	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities – Tenant Participation	-	-	-	-	-	-	27,453	(27,453)	(29,289)
Total from other activities	-	-	-	1,300	1,300	1,399	61,619	(61,718)	(61,431)
2014	-	-	-	5,196	5,196	514	66,113	(61,431)	-

PROVANHALL HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2015
(Continued)

5. Tangible fixed assets Housing properties	Housing Properties held for Letting £	Housing properties in the Course of Construction £	Shared Ownership Houses held for Letting £	Office Properties £	Furniture Fittings & Equipment £	Total £
Cost						
As at 1 April 2014	21,259,590	-	185,913	396,308	109,028	21,950,839
Additions	136,279	-	-	-	18,774	155,053
Disposals	(81,856)	-	-	-	(7,020)	(88,876)
Transfers	-	-	-	-	-	-
As at 31 March 2015	<u>21,314,013</u>	<u>-</u>	<u>185,913</u>	<u>396,308</u>	<u>120,782</u>	<u>22,017,016</u>
Housing Association Grant & Capital Grants						
As at 1 April 2014	16,368,944	-	154,060	-	-	16,523,004
Additions	3,193	-	-	-	-	3,193
Transfers	-	-	-	-	-	-
Disposals	(62,751)	-	-	-	-	(62,751)
As at 31 March 2015	<u>16,309,386</u>	<u>-</u>	<u>154,060</u>	<u>-</u>	<u>-</u>	<u>16,463,446</u>
Depreciation						
As at 1 April 2014	1,163,604	-	8,514	70,094	95,009	1,337,221
Provided during the year	145,819	-	686	8,957	13,204	168,666
Transfer	-	-	-	-	-	-
Disposals	(5,760)	-	-	-	(7,020)	(12,780)
As at 31 March 2015	<u>1,303,663</u>	<u>-</u>	<u>9,200</u>	<u>79,051</u>	<u>101,193</u>	<u>1,493,107</u>
Net Book Values						
As at 31 March 2015	<u>3,700,964</u>	<u>-</u>	<u>22,653</u>	<u>317,257</u>	<u>19,589</u>	<u>4,060,463</u>
As at 31 March 2014	<u>3,727,042</u>	<u>-</u>	<u>23,339</u>	<u>326,214</u>	<u>14,019</u>	<u>4,090,614</u>

Additions of £129,539 include capitalised major repairs of £ (2014: £218,337).

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

6. Debtors

	2015	2014
	£	£
Rent arrears	68,508	63,643
Less bad debt provision	<u>(24,036)</u>	<u>(20,978)</u>
	44,472	42,665
Prepayments and accrued income	94,083	76,504
Other debtors	<u>13,453</u>	<u>7,656</u>
	<u>152,008</u>	<u>126,825</u>

The level of technical arrears contained within the rent arrears total was £15,783 (2014: £15,121).

7. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	70,472	76,307
Accruals and deferred income	49,906	48,892
Rent in advance	31,092	35,838
Bank overdraft	17,519	-
Loans	103,053	101,345
Other taxes and social security	<u>6,132</u>	<u>5,109</u>
	<u>278,174</u>	<u>267,491</u>

8. Creditors: falling due after more than one year

Loans	<u>1,907,349</u>	<u>2,011,422</u>
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Loans are secured by specific charges on the Association's properties and are repayable at rates of interest of 0.95% to 1.6% (2014: 0.95% to 5.55%) in instalments due as follows:-

In one year or less or on demand	103,053	101,345
Between two and five years	429,555	422,430
In five years or more	<u>1,477,794</u>	<u>1,588,992</u>
	<u>2,010,402</u>	<u>2,112,767</u>

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

9. Employees

	2015	2014
	£	£
Staff costs during year:		
Wages and salaries	258,748	244,346
Social security costs	17,178	13,391
Other pension costs	60,150	39,887
Staff expenses	<u>829</u>	<u>1,389</u>
	<u><u>336,905</u></u>	<u><u>299,013</u></u>

The average full time equivalent number of persons employed by the Association during the year were as follows:

	No	No
Administration	<u>9</u>	<u>8</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee whose total emoluments including pension contributions exceed £60,000 per year (2014: £60,000 per annum).

	£	£
Aggregate Emoluments payable to directors (including pension contributions and benefits in kind)	<u>-</u>	<u>-</u>
Emoluments payable to highest paid director (excluding pension contributions)	<u>53,457</u>	<u>51,743</u>

The Association's pension contributions for the Director in the year amounted to £5,434 (2014: £4,146). Pension contributions were paid for 3 directors (2014: 3).

There were no directors whose emoluments, excluding pension contributions, were over £60,000 (2014: £60,000).

No member of the Committee of Management received any emoluments in respect of their services to the Association.

10. Auditors Remuneration

	£	£
The remuneration of the auditors (including expenses and including VAT for the year)	<u>7,200</u>	<u>7,000</u>

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

11. Share capital

	2015	2014
	£	£
Shares of £1 each issued and fully paid		
As at 1 April 2014	157	191
Shares issued	29	36
Shares cancelled	(51)	(70)
	135	157
31 March 2015	135	157

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.

12. Designated reserves

	Cyclical maintenance	Major repairs	Total
	£	£	£
As at 1 April 2014	100,000	2,394,353	2,494,353
Transfer from income & expenditure account	-	-	-
	100,000	2,394,353	2,494,353
As at 31 March 2015	100,000	2,394,353	2,494,353

13. General Reserve

	2015
	£
As at 1 April 2014	1,606,654
Surplus for the year	553,797
Transfer to designated reserves	-
	2,160,251
As at 31 March 2015	2,160,251

14. Capital Commitments

	2015	2014
	£	£
Expenditure authorised by the Management Committee contracted less certified.	-	-
	-	-

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

15. Cash flow statement

	2015 £	2014 £
Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	522,895	569,128
Depreciation charges	169,205	158,918
Shares cancelled	(51)	(70)
Increase in debtors	(25,183)	(29,244)
Increase/ (Decrease) in creditors	8,975	(40,966)
	<u>675,841</u>	<u>657,766</u>
Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash for the year	465,353	(410,073)
Loans received	-	-
Loan repayments	102,365	820,524
	<u>567,718</u>	<u>410,451</u>
Change in net debt	567,718	410,451
Net funds/debt at 1 April 2014	49,871	(360,580)
	<u>617,589</u>	<u>49,871</u>

	As at 31 March 2014 £	Cash flow £	Other changes £	As at 31 March 2015 £
Analysis of changes in net debt				
Cash at bank and in hand	2,162,638	465,353	-	2,627,991
Debt due within one year	(101,345)	-	(1,708)	(103,053)
Debt due after one year	(2,011,422)	102,365	1,708	(1,907,349)
	<u>49,871</u>	<u>567,718</u>	<u>-</u>	<u>617,589</u>

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

16. Pension Fund
General

Pension Commitments

Provanhall Housing Association Limited participates in the Scottish Housing Association 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 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 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 as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value 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%.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2015

(Continued)

17. Housing stock

	2015	2014
	No	No
The housing stock at 31 March 2015 was as follows:		
Modernise/new build	491	493
Shared ownership	<u>3</u>	<u>3</u>
	<u>494</u>	<u>496</u>

18. Contingent Liabilities

Pensions

Provanhall Housing Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Provanhall Housing Association was £1,543,402. The Association has no current plans to withdraw from the scheme.

At 31 March 15 the Association had no other contingent liabilities (2014 - £Nil).

19. Related parties

Transactions and tenancy agreements with members of the Management Committee, who are also tenants of the Association, are on an arm's length basis and is under normal commercial terms.

Included on the Management Committee of the Association are 4 members who are also on the Board of Connect Community Trust, a charity who perform Wider Role services on behalf of the Association. During the year, the Association provided funds of £10,000 to Connect Community Trust to perform those services. At the year end, no amounts were due to or from the Association in respect of these.

During the year, the Association received services totalling £3,851 from Connect Community Trust. At the year end, no amounts were due to or from the Association in respect of these services.

Included on the Management Committee of the Association are 2 members who are on the Board of Friends of Provanhall. At the year end, the Association was owed £648 from Friends of Provanhall.