

**REIDVALE HOUSING ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

Financial Conduct Authority No. 1825R(S)

Registered Housing Association No. L1535

Charity No. SC 044023

**FRENCH DUNCAN LLP**  
Chartered Accountants & Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

# REIDVALE HOUSING ASSOCIATION

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### CONTENTS

	Page
Management Committee, Executives and Advisers	1
Report of the Management Committee	2
Independent Auditors' Reports	5
Income and Expenditure Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9

## **REIDVALE HOUSING ASSOCIATION**

### **MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS**

#### **Committee of Management**

Mrs Jane Marley	(Chairperson)
Mrs Irene McInnes	(Secretary)
Mrs Mary Dunn	(Committee Member)
Mrs Anne McKelvie	(Committee Member)
Mrs Christine Hadden	(Committee Member)
Mr Ernesto Vaz	(Committee Member)
Mrs Linda McGowan	(Committee Member)
Miss Helen Moore	(Committee Member)
Mr Edward Marley	(Committee Member)
Ms Davina Boyle	(Committee Member)
Ms Isabel McGhee (Resigned April 2013)	(Committee Member)
Ms Irene Ferguson (Appointed September 2013)	(Committee Member)

#### **Executive Officers**

Rob Joiner	(Director)
Linda Scott	(Depute Director)
Gerry Shepherd	(Finance Manager)

#### **Registered Office**

13 Whitevale Street  
Glasgow  
G31 1QW

#### **Auditors**

French Duncan LLP  
Chartered Accountants &  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

#### **Bankers**

Lloyds TSB Bank plc  
177 Ingram Street  
Glasgow  
G1 1DL

#### **Solicitors**

DWF Biggart Baillie  
Dalmore House  
310 St Vincent Street  
Glasgow  
G2 5QR

## **REIDVALE HOUSING ASSOCIATION**

### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014**

The Committee of Management present their report and the audited financial statements for the year ended 31st March 2014.

#### **Legal status**

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965. No 1825R(S). The Association is constituted under its rule book.

#### **Principal activities**

The principal activity of the Association is the provision of social housing.

#### **Review of business and future developments**

The Committee is satisfied with the Association's performance during the year. The surplus for the year after taxation was £597,012 (2013 - £93,186). Net transfers to/(from) the designated reserves were £123,764 (2013 - (£22,838)) as the major repairs and regeneration initiative reserves were increased. The Association's net assets at 31 March 2014 were £3,933,138 (2013- £3,336,144).

The Committee is satisfied with the level of designated reserves to meet its longer term major repair work. Future rent setting will continue to take account of both short and longer term commitments.

The Association's future component replacement programme continues to include kitchen installation, central heating systems, stonework and window replacement. Other community regeneration initiatives will continue to occupy a high profile within the organisation's priorities.

Financial risk is primarily managed through the well established annual budgetary process, where progress is monitored quarterly via Management Accounts. Management Accounts, which focus on cash flows, are compared to budget expectations with any material variance referred to in the notes. The longer term component replacement programme is factored into the rent setting process which allows the Association to build up a good financial 'cushion' against totally unforeseen events. Systemic financial risk, welfare reforms etc., are also incorporated into the annual budget as best as can be quantified.

The Association performs well within the post development phase and continues to seek to fund its component replacement programme from future rental income streams. There are no plans to utilise debt finance over the coming years and we intend to continue to redeem existing 20 year old loans as they become eligible.

Both external and internal performance indicators are being satisfactorily met by the organisation, with periodic measures of performance against targets being carried out at appropriate times of the year.

Long term goals of wider regeneration initiatives have always been and will continue to be one of the Association's main objectives. Most recent examples of this are the completed Reidvale Neighbourhood Centre (RNC) and the Community Allotments. This, plus the continuous improvement of the housing stock, which continue to meet the Scottish Housing Quality Standard, are the two principal objectives of the Association.

Meeting the above objectives puts a constant strain on the financial resources of the organisation. Long term costing for future Major Repairs budgets indicates only moderate real rises in rental income to maintain current liquidity levels. Annual budgets will continue to ensure a very cautious approach to the spending of the Association's hard earned cash.

#### **Changes in fixed assets**

Details of fixed assets are set out in Note 10.

**REIDVALE HOUSING ASSOCIATION****REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2014 (CONTINUED)****The Committee of Management and Executive Officers**

The committee of management and executive officers of the Association are listed on page 1.

**Statement of Committee's responsibilities**

The Management Committee is responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Housing Association and of the surplus or deficit of the Housing Association for that year. In preparing those financial statements, the Management Committee is required to fulfil the following obligations:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue its business; and
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing Scotland Act 2010, the Scottish Housing Regulator Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Management Committee confirms that the financial statements comply with the above requirements.

In so far as the Management Committee is aware

- there is no relevant audit information of which the Association's auditors are unaware; and
- the Management Committee has taken all steps that it ought to have taken to make its members aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Related Party Transactions**

All members of the Management Committee who are tenants have tenancies on the Association's normal tenancy terms and they cannot use their positions to their advantage.

## REIDVALE HOUSING ASSOCIATION

### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2014 (CONTINUED)

#### Internal Financial Control

The Management Committee has overall responsibility for the Association's system of internal financial control and recognises that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

To discharge this responsibility, the Management Committee will continue to establish an organisational structure with clearly defined levels of responsibility and authority and with appropriate reporting procedures. Included within these key procedures will be the following internal financial controls:

- the formulation of policies and approval procedures in areas such as compliance, investment and treasury operations and capital expenditure;
- a comprehensive system of budgeting, planning and financial reporting;
- formal business risk reviews by management which consider the potential effects of risk and identify potential new risk;
- internal audit reviews of the controls and processes from which formal reports are prepared; and
- an audit committee which considers significant control issues and receives regular reports from both the internal and external auditors.

The Audit Committee, made up of members of the full Management Committee, remains in place, and the Association achieved its internal audit plan targets for the year.

Reports on work undertaken have been received and considered by the Audit Committee who in turn have reported to the full Management Committee.

#### Charitable Status

The Association obtained charitable status on 22 May 2013. On this change in status, the Association changed its name from Reidvale Housing Association Limited to Reidvale Housing Association.

#### Auditors

A resolution to reappoint French Duncan LLP as auditors to the Association will be put to the Annual General Meeting.

#### By order of the committee



**Irene McInnes**  
Secretary

30 June 2014

**REIDVALE HOUSING ASSOCIATION**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 31ST MARCH 2014**

We have audited the financial statements of Reidvale Housing Association for the year ended 31 March 2014 on pages 6 to 26. 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).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on page 3, the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

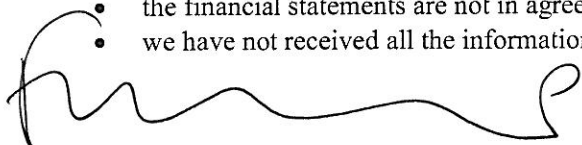
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Scottish Housing Regulator Determination of Accounting Requirements (April 2012).

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

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

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



French Duncan LLP  
Statutory Auditors  
133 Finnieston Street  
Glasgow  
G3 8HB

14 July 2014

**REIDVALE HOUSING ASSOCIATION****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2014**

	Notes	2014 £	2013 £
<b>TURNOVER</b>	<b>2</b>	2,817,138	2,764,699
Operating Costs	<b>2</b>	(2,586,633)	(2,626,034)
<b>OPERATING SURPLUS</b>	<b>7</b>	<u>230,505</u>	<u>138,665</u>
Gain on sale of properties		77,781	-
Interest receivable and other income		1,887	4,090
Interest payable	<b>8</b>	<u>(13,226)</u>	<u>(19,219)</u>
<b>TOTAL SURPLUS FOR YEAR BEFORE TAXATION</b>		296,947	123,536
Tax on surplus on ordinary activities	<b>9</b>	<u>300,065</u>	<u>(30,350)</u>
<b>SURPLUS FOR YEAR</b>		<u><u>597,012</u></u>	<u><u>93,186</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 9 to 26 form part of these Financial Statements.






## REIDVALE HOUSING ASSOCIATION

BALANCE SHEET  
AS AT 31ST MARCH 2014

	Notes	2014 £	2013 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – gross cost less depreciation	10(a)	33,007,639	33,258,568
Less Social Housing Grant		(30,122,365)	(30,290,428)
		<u>2,885,274</u>	<u>2,968,140</u>
Other fixed assets	10(b)	451,680	525,693
		<u>3,336,954</u>	<u>3,493,833</u>
<b>CURRENT ASSETS</b>			
Debtors	11	278,206	357,940
Cash at bank and in hand		944,661	891,969
		<u>1,222,867</u>	<u>1,249,909</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	12	(408,060)	(536,942)
<b>NET CURRENT ASSETS</b>			
		<u>814,807</u>	<u>712,967</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>4,151,761</u>	<u>4,206,800</u>
Creditors: Amounts falling due after one year	13	(218,563)	(565,263)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred tax	14	-	(305,393)
		<u>3,933,138</u>	<u>3,336,144</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	501	489
Forfeited shares	15	830	799
Designated reserves	16	1,060,902	937,138
Revenue reserves	17	2,870,965	2,397,718
		<u>3,933,138</u>	<u>3,336,144</u>

The Financial Statements were approved by the Management Committee on 30 June 2014 and signed on its behalf by:-

Jane Marley - Chairperson   
Irene McInnes - Secretary   
Anne McKelvie - Committee Member 

## REIDVALE HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	2014 £	2013 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18</b>	<u>504,730</u>	<u>344,036</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		1,887	4,090
Interest paid		<u>(13,226)</u>	<u>(19,219)</u>
		<u>(11,339)</u>	<u>(15,129)</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>493,391</u>	<u>328,907</u>
<b>TAXATION</b>			
Tax paid		<u>(75,410)</u>	<u>(111,776)</u>
<b>CAPITAL EXPENDITURE</b>			
Cash paid for development, construction and purchase of housing		(129,621)	(110,977)
Social Housing Grant received and abated		-	-
Proceeds on sale of housing properties		312,569	-
Receipt from sale of fixed asset investments		<u>(168,063)</u>	
		<u>14,885</u>	<u>(110,977)</u>
<b>NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<u>432,866</u>	<u>106,154</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Cash movements in term deposits		-	(4,090)
<b>FINANCING</b>			
Repayment of loans		(33,517)	(86,135)
Movement in long term borrowings		(346,700)	
Shares issued		43	59
		<u>(380,174)</u>	<u>(86,076)</u>
<b>INCREASE IN CASH</b>	<b>19</b>	<u>52,692</u>	<u>15,988</u>

The notes on pages 9 to 26 form part of these Financial Statements.

## REIDVALE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2014

#### 1. ACCOUNTING POLICIES

The Association is registered as a non-profit making organisation under the Industrial and Provident Societies Act 1965.

The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice 2010 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (April 2012). The principal accounting policies are set out below.

**a) Basis of accounting**

The financial statements are prepared on the historical cost basis.

**b) Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from Communities Scotland, Local Authorities and other agencies.

**c) Social Housing Grant (SHG)**

Where Social Housing Grant or other capital grant has been received towards the cost of developments, the cost of these developments has been reduced by the amount of grant receivable. This amount is shown separately on the balance sheet. Where SHG has been received in respect of revenue expenditure, it is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

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

**d) Tangible Fixed Assets - Housing Properties**

Housing properties are stated at cost less Social Housing Grant and other grants.

**e) Depreciation**

***Housing properties***

The Association adopted component accounting during the financial year to 31 March 2012. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the 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 in the table below:

	Depreciation Period (Years)
Central heating	15
External windows	30
Kitchens	15
Structure	50

## REIDVALE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2014

#### 1. ACCOUNTING POLICIES (continued)

##### *Other tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office premises	- 15% straight line
Commercial premises	- 15% straight line
Fixtures & fittings	- 6.67% reducing balance
Office equipment	- over 5 years

The Association has a policy of only capitalising other tangible fixed assets with a cost greater than £10,000.

##### f) Capitalisation of Interest

Interest incurred on financing a development is capitalised up to the date of completion of the scheme.

##### g) Development Administration

Development administration costs relating to development activities are capitalised based on an apportionment of the time spent by staff on this activity.

##### h) Property Repairs Policy

The Association has a life cycle costing programme for all its housing stock. The programme identifies the resources and timing for the replacement of various building components. Any large scale component replacement, where enhanced economic benefit can be shown, is capitalised and subsequently depreciated over its expected useful life. All other repairs that essentially maintain the previous standard of performance are recognised in the Income and Expenditure Account.

##### i) Designated Reserves

The Association maintains its housing properties in a state of repair which at least maintains their residual value at prices prevailing at the time of acquisition and construction.

##### j) Sales of Housing Properties

Surpluses and deficits on the sale of housing properties are accounted for in the Income and Expenditure Account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

##### k) Pensions

The Association participates in the centralised Scottish Housing Associations' Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole. The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole. Any deficiencies arising will be spread over this period.

**REIDVALE HOUSING ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014**

**1. ACCOUNTING POLICIES (continued)**

**D) Deferred Taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Note	Turnover £	Operating Costs £	2014 Operating Surplus/ (Deficit) £	2013 Operating Surplus/ (Deficit) £
Social letting	3	<u>2,685,898</u>	<u>(2,489,654)</u>	<u>196,244</u>	<u>110,314</u>
Other activities	4	<u>131,240</u>	<u>(96,979)</u>	<u>34,261</u>	<u>28,351</u>
Total		<u>2,817,138</u>	<u>(2,586,633)</u>	<u>230,505</u>	<u>138,665</u>
Total for previous period of account		<u>2,764,699</u>	<u>(2,626,034)</u>	<u>138,665</u>	

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 20143. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)  
FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2014 £	2013 £
Rent receivable net of service charges	2,472,465	110,595	-	<b>2,583,060</b>	2,530,133
Service charges	<u>8,299</u>	<u>74,746</u>	<u>-</u>	<u><b>83,045</b></u>	<u>84,288</u>
Gross income from rents and service charges	2,480,764	185,341	-	<b>2,666,105</b>	2,614,421
Less voids	<u>(12,953)</u>	<u>(1,574)</u>	<u>-</u>	<u><b>(14,527)</b></u>	<u>(16,293)</u>
Net income from rents and service charges	2,467,811	183,767	-	<b>2,651,578</b>	2,598,128
Other revenue grants	<u>27,720</u>	<u>6,600</u>	<u>-</u>	<u><b>34,320</b></u>	<u>35,475</u>
Total turnover from social letting activities	<u><b>2,495,531</b></u>	<u><b>190,367</b></u>	<u>-</u>	<u><b>2,685,898</b></u>	<u>2,633,603</u>
Management and maintenance administration costs	1,220,604	63,089	-	<b>1,283,693</b>	1,300,487
Service costs	7,194	69,278	-	<b>76,472</b>	64,605
Planned and cyclical maintenance including major repairs costs	479,758	34,702	-	<b>514,460</b>	499,488
Reactive maintenance costs	417,042	14,173	-	<b>431,215</b>	444,457
Bad debts – rents and service charges	15,242	(448)	-	<b>14,794</b>	53,873
Depreciation of social housing	<u>161,240</u>	<u>7,780</u>	<u>-</u>	<u><b>169,020</b></u>	<u>160,379</u>
Operating costs for social lettings	<u><b>2,301,080</b></u>	<u><b>188,574</b></u>	<u>-</u>	<u><b>2,489,654</b></u>	<u>2,523,289</u>
Operating surplus for social lettings	<u><b>194,451</b></u>	<u><b>1,793</b></u>	<u>-</u>	<u><b>196,244</b></u>	<u>110,314</u>
Operating surplus for social lettings for previous year	<u>63,630</u>	<u>46,684</u>	<u>-</u>	<u>110,314</u>	

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 20144. 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	Operating surplus or deficit for previous period of account
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	23,551	23,551	-	(9,901)	13,650	13,219
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	73,356	73,356	-	(71,408)	1,948	(6,280)
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvement for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities : Commercial Rent	-	-	-	34,333	34,333	-	(15,670)	18,663	21,412
Sale of Property Allowance	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	-	-	-	131,240	131,240	-	(96,979)	34,261	28,351
<b>Total from other activities for the previous period of account</b>	-	-	-	131,096	131,096	-	(102,745)	28,351	



## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 5. DIRECTORS' EMOLUMENTS

The Management Committee are all classed as directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition, the director and any other person who reports directly to the director or the Management Committee whose total emoluments exceed £60,000 per year is also similarly classed.

	2014 £	2013 £
Total executive staff member and directors emoluments (including pension contributions and benefits in kind)	<u>166,878</u>	<u>166,121</u>
Emoluments of highest paid director (excluding pension contributions)	<u>63,553</u>	<u>62,906</u>
	<b>Number</b>	<b>Number</b>
Greater than £60,000	<u>2</u>	<u>2</u>

The highest paid director is an ordinary member of the Association's pension scheme described in note 22. No enhanced or special terms apply to memberships and there are no other pension arrangements to which the Association contributes. The Association's contributions for the director in the year amounted to £6,003 (2013 - £5,822).

Total expenses re-imbursed insofar as not chargeable to income tax

	£	£
Management Committee	<u>840</u>	<u>610</u>

Re-imburement is only made for expenses directly incurred in connection with performing the Association's business.

## 6. EMPLOYEES

	Number	Number
The average full time equivalent weekly number of persons employed during the year was:	<u>17</u>	<u>16</u>

## Staff Costs:

	£	£
Wages and Salaries	718,670	690,316
Social Security	66,368	62,638
Pension Contributions	52,939	53,569
	<u>837,977</u>	<u>806,523</u>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 7. OPERATING SURPLUS

	2014 £	2013 £
Operating surplus is stated after charging:-		
Depreciation	219,774	224,852
Auditors' Remuneration - Audit Services	6,639	6,795
- Non-Audit Services	1,977	3,182
Pension past service contributions	<u>64,840</u>	<u>58,757</u>

## 8. INTEREST PAYABLE

On other loans	<u>13,226</u>	<u>19,219</u>
----------------	---------------	---------------

## 9. TAXATION

The tax charge/(credit) is made up as follows:

*Current tax:*

Corporation Tax at 20 % (2013 - 24%)	4,159	74,241
--------------------------------------	-------	--------

(Over)/under provision in respect of prior years	<u>1,169</u>	<u>-</u>
--	--------------	----------

	5,328	74,241
--	-------	--------

*Deferred tax:*

Fixed asset timing differences	-	(22,947)
--------------------------------	---	----------

Short term timing differences	-	(6,391)
-------------------------------	---	---------

Effect of tax rate change on opening balance	-	(14,553)
--	---	----------

Change in tax status	<u>(305,393)</u>	<u>-</u>
----------------------	------------------	----------

	<u>(300,065)</u>	<u>30,350</u>
--	------------------	---------------

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 10(a) TANGIBLE FIXED ASSETS

	Housing properties held for letting £	Housing properties in course of construction £	Total £
<b>Cost</b>			
At 1st April 2013	34,318,820	-	34,318,820
Additions	129,621	-	129,621
Disposals	(230,133)	-	(230,133)
At 31st March 2014	34,218,310	-	34,218,310
<b>Social Housing Grant</b>			
At 1st April 2013	30,290,428	-	30,290,428
Additions	-	-	-
Disposals	(168,063)	-	(168,063)
At 31st March 2014	30,122,365	-	30,122,365
<b>Depreciation</b>			
At 1st April 2013	1,060,252	-	1,060,252
Provided during year	169,020	-	169,020
Disposals	(18,601)	-	(18,601)
At 31st March 2014	1,210,671	-	1,210,671
<b>Net Book Value</b>			
At 31st March 2014	2,885,274	-	2,885,274
At 31st March 2013	2,968,140	-	2,968,140

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 10(b) TANGIBLE FIXED ASSETS (continued)

	Office premises £	Land £	Commercial premises £	Fittings and equipment £	Total £
<b>Cost</b>					
At 1st April 2013	1,147,358	5,288	211,256	242,814	1,606,716
Retention	(23,257)	-	-	-	(23,257)
At 31st March 2014	<b>1,124,101</b>	<b>5,288</b>	<b>211,256</b>	<b>242,814</b>	<b>1,583,458</b>
<b>Depreciation</b>					
At 1st April 2013	644,177	-	211,256	225,590	1,081,023
Charge for year	49,822	-	-	932	50,754
At 31st March 2014	<b>693,999</b>	<b>-</b>	<b>211,256</b>	<b>226,523</b>	<b>1,131,778</b>
<b>Net Book Values</b>					
At 31st March 2014	<b>430,102</b>	<b>5,288</b>	<b>-</b>	<b>16,291</b>	<b>451,680</b>
At 31st March 2013	<b>503,181</b>	<b>5,288</b>	<b>-</b>	<b>17,224</b>	<b>525,693</b>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 11. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Arrears of rent and service charges	250,882	231,822
Less: provision for doubtful debts	(97,131)	(90,793)
	<u>153,751</u>	<u>141,029</u>
Prepayments and accrued income	53,336	66,389
Other debtors	71,119	150,522
	<u>278,206</u>	<u>357,940</u>

Of the total rent arrears £Nil (2013 - £2,825) were technical arrears.

## 12. CREDITORS DUE WITHIN ONE YEAR

Mortgages	25,718	25,346
Housing loans	-	33,889
Trade creditors	148,967	224,240
Rent in advance	22,600	25,843
Corporation Tax	4,159	74,241
Other taxes and social security	-	-
Other creditors	174,918	23,152
Accruals and deferred income	31,698	130,231
	<u>408,060</u>	<u>536,942</u>

13. CREDITORS - AMOUNTS FALLING DUE  
AFTER ONE YEAR

<b>Mortgages</b>		
Due between one and two years	25,718	25,057
Due between two and five years	77,153	75,171
Due after five years	115,692	144,713
<b>Housing loans</b>		
Due between one and two years	-	17,277
Due between two and five years	-	51,831
Due after five years	-	251,214
	<u>218,563</u>	<u>565,263</u>

The mortgage is secured by a standard security held over the office building of the Association and is repayable at varying rates of interest in instalments.

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

14. DEFERRED TAXATION	2014 £	2013 £
At the beginning of the year	305,393	349,285
Charge for the year	<u>(305,393)</u>	<u>(43,892)</u>
At the end of the year	<u>-</u>	<u>305,393</u>
The provision for deferred tax is made up as follows:		
Accelerated capital allowances	-	311,784
Short term timing differences	<u>-</u>	<u>(6,391)</u>
	<u>-</u>	<u>305,393</u>

As the Association was granted charitable status on 22 May 2013 a deferred tax provision is no longer required.

## 15. SHARE CAPITAL

	2014 £	2013 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1st April 2013	489	479
Issued during the year	43	59
Forfeited during the year	<u>(31)</u>	<u>(49)</u>
At 31st March 2014	<u>501</u>	<u>489</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

Under the Association's Rules, share capital is non refundable if a person ceases to be a member.  
At 31st March 2014, shares issued were split as follows:

	No.	No.
Active members	501	489
Ceased members	<u>830</u>	<u>799</u>
	<u>1,331</u>	<u>1,288</u>

## 16. DESIGNATED RESERVES

	Furniture and Equipment Replacement £	Capital Expenditure £	Cyclical Maintenance Reserve £	Major Repairs Reserve £	Regeneration Initiative Reserve £	Total £
Balance at 1st April 2013	-	-	-	698,158	238,980	937,138
Transfer in	-	-	-	418,240	180,994	599,234
Transfer out	-	-	-	(332,091)	(143,379)	(475,470)
Balance at 31st March 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>784,307</u>	<u>276,595</u>	<u>1,060,902</u>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 17. RECONCILIATION OF MOVEMENT IN REVENUE RESERVES

	£
At beginning of year	2,397,718
Surplus for the year	597,012
Transfer to designated reserves	(123,765)
Revenue reserves carried forward at 31st March 2014	<u>2,870,965</u>

18. RECONCILIATION OF OPERATING SURPLUS  
TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES

	2014 £	2013 £
<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>230,505</b>	138,665
Depreciation and amortisation	219,774	224,852
Decrease in debtors	79,734	(122,176)
Decrease in creditors	<u>(25,283)</u>	<u>102,695</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>486,284</u></b>	<b><u>344,036</u></b>

19. RECONCILIATION OF NET CASHFLOW  
TO MOVEMENT IN NET FUNDS/(DEBT)

Increase in cash in year	52,692	15,988
Cash outflow from financing	380,217	86,135
Cash movement in liquid resources	-	4,090
Change in net funds/(debt)	<u>432,909</u>	<u>106,213</u>
Net funds/(debt) at 1st April 2013	267,471	161,258
Net funds at 31st March 2014	<u>700,380</u>	<u>267,471</u>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014

## 20. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	As at 1st April 2013	Cash Flows	Other Changes	As at 31st March 2014
	£	£	£	£
Debt due within 1 year	(59,235)	33,517	-	(25,718)
Debt due after 1 year	(565,263)	346,700	-	(218,563)
Cash at bank and in hand	534,601	52,692	-	587,293
Term deposits	357,368	-	-	357,368
	<u>267,471</u>	<u>432,909</u>	<u>-</u>	<u>700,380</u>

## 21. HOUSING STOCK

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

	2014 No	2013 No
General needs - new build	131	131
- rehabilitation	732	738
Supported housing	44	44
	<u>907</u>	<u>913</u>



**REIDVALE HOUSING ASSOCIATION****NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014****22. PENSION OBLIGATIONS**

Reidvale Housing Association participates in two pension schemes for its employees.

Scottish Housing Associations Pension Scheme

Reidvale Housing Association (the "Association") 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 purpose, 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 for 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 the 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 2013. Such a report is required by legislation for the years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 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.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Reidvale Housing Association Limited was £3,655,317.

During the accounting period the Association paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

**REIDVALE HOUSING ASSOCIATION****NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2014****22. PENSION OBLIGATIONS (continued)**

As at the balance sheet date there were 14 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £581,862.

The Pension Trusts' Growth Plan

The Association participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State Scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001, contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Association makes no contribution to the Plan. Members paid contributions at the rate of 5-6% during the accounting year.

As at the balance sheet date there were two active members of the Plan employed by the Association. The Association continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

**REIDVALE HOUSING ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014**

**22. PENSION OBLIGATIONS (continued)**

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

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 Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 Plan liabilities, Plan 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.

**REIDVALE HOUSING ASSOCIATION****NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 MARCH 2014****22. PENSION OBLIGATIONS (continued)**

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

**23. RELATED PARTIES**

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants.