

**REIDVALE HOUSING ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2015**

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 2015**

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**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 Irene Ferguson	(Committee Member)
Mr John Lindsay (Appointed June 2014)	(Committee Member)
Mr Thomas Rannachan (Appointed June 2014)	(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 2015

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

#### Legal status

The Association is registered as a non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014. 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 £244,002 (2014 - £597,012). Net transfers to/(from) the designated reserves were £85,111 (2014 - (£123,764)) as the major repairs and regeneration initiative reserves were decreased. The Association's net assets at 31 March 2015 were £4,177,233 (2014- £3,933,198).

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.

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. These, plus the continuous improvement of the housing stock, which continues 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.

This cautious approach to financial management has served the Association well over the last 27 years under the current Director, Rob Joiner, and when he retires in June 2015 he leaves Reidvale in a healthy financial position with significant reserves in the bank and no housing debt. From 1<sup>st</sup> July the Depute Director, Linda Scott, has been appointed as acting Director to allow a further period of stability as the Association seeks to recruit a new director to take the Association forward.

## **REIDVALE HOUSING ASSOCIATION**

### **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015 (CONTINUED)**

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

Details of fixed assets are set out in Note 10.

#### **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 Co-operative and Community Benefits Societies Act 2014, 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 2015 (CONTINUED)****Internal Financial Control**

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Charitable Status**

The Association obtained charitable status on 22nd May 2013.

**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

29 June 2015

**REIDVALE HOUSING ASSOCIATION****AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS  
FOR THE YEAR ENDED 31ST MARCH 2015**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the Publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



French Duncan LLP  
Statutory Auditors  
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25 AUGUST ~~July~~ 2015

**REIDVALE HOUSING ASSOCIATION****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 31ST MARCH 2015**

We have audited the financial statements of Reidvale Housing Association for the year ended 31 March 2015 on pages 7 to 27. 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 Co-operative and Community Benefits 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.

**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**

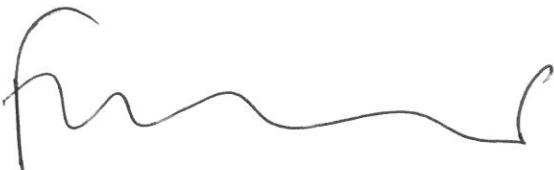
In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, 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 Co-operative and Community Benefits 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 of the Association; or
- we have not received all the information and explanations we require for our audit.



French Duncan LLP  
Statutory Auditors  
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25 AUGUST ~~July~~ 2015



**REIDVALE HOUSING ASSOCIATION**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2015**

	Notes	2015 £	2014 £
<b>TURNOVER</b>	<b>2</b>	2,867,150	2,817,138
Operating Costs	2	(2,654,602)	(2,586,633)
<b>OPERATING SURPLUS</b>	<b>7</b>	<u>212,548</u>	<u>230,505</u>
Gain on sale of properties		35,897	77,781
Interest receivable and other income		3,080	1,887
Interest payable	8	<u>(7,523)</u>	<u>(13,226)</u>
<b>TOTAL SURPLUS FOR YEAR BEFORE TAXATION</b>		244,002	296,947
Tax on surplus on ordinary activities	9	<u>-</u>	<u>300,065</u>
<b>SURPLUS FOR YEAR</b>		<u><u>244,002</u></u>	<u><u>597,012</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 10 to 27 form part of these Financial Statements.

## REIDVALE HOUSING ASSOCIATION

BALANCE SHEET  
AS AT 31ST MARCH 2015

	Notes	2015 £	2014 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – gross cost less depreciation	10(a)	33,070,209	33,007,639
Less Social Housing Grant		(30,100,105)	(30,122,365)
		<u>2,970,104</u>	<u>2,885,274</u>
Other fixed assets	10(b)	419,513	451,680
		<u>3,389,617</u>	<u>3,336,954</u>
<b>CURRENT ASSETS</b>			
Debtors	11	286,588	278,206
Cash at bank and in hand		1,054,328	944,661
		<u>1,340,916</u>	<u>1,222,867</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	12	(348,112)	(408,060)
<b>NET CURRENT ASSETS</b>			
		<u>992,804</u>	<u>814,807</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>4,382,421</u>	<u>4,151,761</u>
Creditors: Amounts falling due after one year	13	(205,188)	(218,563)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred tax	14	-	-
		<u>4,177,233</u>	<u>3,933,198</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	495	501
Forfeited shares	15	869	830
Designated reserves	16	975,791	1,060,902
Revenue reserves	17	3,200,078	2,870,965
		<u>4,177,233</u>	<u>3,933,198</u>

The Financial Statements were approved by the Management Committee on 27th June 2015 and signed on its behalf by:-

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

The notes on pages 10 to 27 form part of these Financial Statements.

## REIDVALE HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST MARCH 2015

	Notes	2015 £	2014 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>18</b>	<u>386,447</u>	<u>504,730</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		3,080	1,887
Interest paid		<u>(7,523)</u>	<u>(13,226)</u>
		<u>(4,443)</u>	<u>(11,339)</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>382,004</u>	<u>493,391</u>
<b>TAXATION</b>			
Tax paid		<u>(4,159)</u>	<u>(75,410)</u>
<b>CAPITAL EXPENDITURE</b>			
Cash paid for development, construction and purchase of housing		(305,066)	(129,621)
Social Housing Grant received and abated		(22,260)	(168,063)
Proceeds on sale of housing properties		74,754	312,569
Receipt from sale of fixed asset investments			-
		<u>(252,572)</u>	<u>14,885</u>
<b>NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<u>125,272</u>	<u>432,866</u>
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Cash movements in term deposits			-
<b>FINANCING</b>			
Repayment of loans		(2,263)	(33,517)
Movement in long term borrowings		(13,375)	(346,700)
Shares issued		33	43
		<u>(15,605)</u>	<u>(380,174)</u>
<b>INCREASE IN CASH</b>	<b>19</b>	<u>109,667</u>	<u>52,692</u>

The notes on pages 10 to 27 form part of these Financial Statements.

## REIDVALE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2015

#### 1. ACCOUNTING POLICIES

The Association is registered as a non-profit making organisation under the Co-operative and Community Benefits Societies Act 2014.

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 2015

#### 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	-	over 15 years
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 2015**

**1. ACCOUNTING POLICIES (continued)**

**l) 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 2015

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

	Note	Turnover £	Operating Costs £	2015 Operating Surplus/ (Deficit) £	2014 Operating Surplus/ (Deficit) £
Social letting	3	<u>2,737,643</u>	<u>(2,560,813)</u>	<u>176,830</u>	<u>196,244</u>
Other activities	4	<u>129,507</u>	<u>(93,789)</u>	<u>35,718</u>	<u>34,261</u>
Total		<u>2,867,150</u>	<u>(2,654,602)</u>	<u>212,548</u>	<u>230,505</u>
Total for previous period of account		<u>2,817,138</u>	<u>(2,586,633)</u>	<u>230,505</u>	

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 20153. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR (DEFICIT)  
FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2015 £	2014 £
Rent receivable net of service charges	2,529,957	116,811	-	2,646,768	2,583,060
Service charges	8,234	74,642	-	82,876	83,045
Gross income from rents and service charges	2,538,191	191,453	-	2,729,644	2,666,105
Less voids	(19,885)	(606)	-	(20,491)	(14,527)
Net income from rents and service charges	2,518,306	190,847	-	2,709,153	2,651,578
Other revenue grants	25,190	3,300	-	28,490	34,320
Total turnover from social letting activities	<b>2,543,496</b>	<b>194,147</b>	-	<b>2,737,643</b>	<b>2,685,898</b>
Management and maintenance administration costs	1,298,780	66,804	-	1,365,584	1,283,693
Service costs	8,941	58,361	-	67,302	76,472
Planned and cyclical maintenance including major repairs costs	451,982	22,162	-	474,144	514,460
Reactive maintenance costs	457,580	15,977	-	473,557	431,215
Bad debts – rents and service charges	4,896	(1,183)	-	3,713	14,794
Depreciation of social housing	167,941	8,572	-	176,513	169,020
Operating costs for social lettings	<b>2,390,120</b>	<b>170,693</b>	-	<b>2,560,813</b>	<b>2,489,654</b>
Operating surplus for social lettings	<b>153,375</b>	<b>23,455</b>	-	<b>176,830</b>	<b>196,244</b>
Operating surplus for social lettings for previous year	194,451	1,793	-	196,244	



## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 20154. 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	-	-	-	24,317	24,317	-	(10,808)	13,509	13,650
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	73,943	73,943	-	(69,906)	4,037	1,948
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	-	-	-	31,247	31,247	-	(13,075)	18,172	18,663
Sale of Property Allowance	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	-	-	-	129,507	129,507	-	(93,789)	35,718	34,261
<b>Total from other activities for the previous period of account</b>	-	-	-	131,240	131,240	-	(96,979)	34,261	

**REIDVALE HOUSING ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015**

**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.

	<b>2015</b>	<b>2014</b>
	£	£
Total executive staff member and directors emoluments (including pension contributions and benefits in kind)	<u>175,064</u>	<u>166,878</u>
Emoluments of highest paid director (excluding pension contributions)	<u>65,400</u>	<u>63,553</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 £7,922 (2014 - £6,003).

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

	£	£
Management Committee	<u>393</u>	<u>840</u>

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

**6. EMPLOYEES**

	<b>Number</b>	<b>Number</b>
The average full time equivalent weekly number of persons employed during the year was:	<u>19</u>	<u>17</u>
<b>Staff Costs:</b>		
	£	£
Wages and Salaries	729,935	718,670
Social Security	67,620	66,368
Pension Contributions	<u>72,623</u>	<u>52,939</u>
	<u>870,178</u>	<u>837,977</u>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015

## 7. OPERATING SURPLUS

	2015 £	2014 £
Operating surplus is stated after charging:-		
Depreciation	235,807	219,774
Auditors' Remuneration - Audit Services	8,817	6,639
- Non-Audit Services	1,988	1,977
Pension past service contributions	<u>149,200</u>	<u>64,840</u>

## 8. INTEREST PAYABLE

On other loans	<u>7,523</u>	<u>13,226</u>
----------------	--------------	---------------

## 9. TAXATION

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

*Current tax:*

Corporation Tax at 20 % (2014 - 20%)	-	4,159
(Over)/under provision in respect of prior years	<u>-</u>	<u>1,169</u>
	-	5,328

*Deferred tax:*

Fixed asset timing differences	-	-
Short term timing differences	-	-
Effect of tax rate change on opening balance	-	-
Change in tax status	<u>-</u>	<u>(305,393)</u>
	<u>-</u>	<u>(300,065)</u>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015

## 10(a) TANGIBLE FIXED ASSETS

	Housing properties held for letting £	Housing properties in course of construction £	Total £
<b>Cost</b>			
At 1st April 2014	34,218,310	-	34,218,310
Additions	262,058	-	262,058
Disposals	(23,335)	-	(23,335)
At 31st March 2015	34,457,033	-	34,457,033
<b>Social Housing Grant</b>			
At 1st April 2014	30,122,365	-	30,122,365
Additions	-	-	-
Disposals	(22,260)	-	(22,260)
At 31st March 2015	30,100,105	-	30,100,105
<b>Depreciation</b>			
At 1st April 2014	1,210,671	-	1,210,671
Provided during year	176,513	-	176,513
Disposals	(360)	-	(360)
At 31st March 2015	1,386,824	-	1,386,824
<b>Net Book Value</b>			
At 31st March 2015	2,970,104	-	2,970,104
At 31st March 2014	2,885,274	-	2,885,274

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015

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

	Office premises £	Land £	Commercial premises £	Fittings and equipment £	Total £
<b>Cost</b>					
At 1st April 2014	1,124,101	5,288	211,256	242,814	1,583,459
Additions	-	-	-	43,008	43,008
Write off - retention	(15,882)	-	-	-	(15,882)
At 31st March 2015	<b>1,108,219</b>	-	<b>211,256</b>	<b>285,822</b>	<b>1,610,585</b>
<b>Depreciation</b>					
At 1st April 2014	693,999	-	211,256	226,523	1,131,778
Charge for year	49,822	-	-	9,472	59,294
At 31st March 2015	<b>743,821</b>	-	<b>211,256</b>	<b>235,995</b>	<b>1,191,072</b>
<b>Net Book Values</b>					
At 31st March 2015	<b>364,398</b>	<b>5,288</b>	-	<b>49,827</b>	<b>419,513</b>
At 31st March 2014	<b>430,102</b>	<b>5,288</b>	-	<b>16,291</b>	<b>451,680</b>

## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015

## 11. DEBTORS

	2015 £	2014 £
Arrears of rent and service charges	264,411	250,822
Less: provision for doubtful debts	(98,361)	(97,131)
	<u>166,050</u>	<u>153,751</u>
Prepayments and accrued income	47,030	53,336
Other debtors	73,508	71,119
	<u>286,588</u>	<u>278,206</u>

Of the total rent arrears £Nil (2014 - £Nil) were technical arrears.

## 12. CREDITORS DUE WITHIN ONE YEAR

Mortgages	23,455	25,718
Housing loans	-	-
Trade creditors	23,678	148,967
Rent in advance	22,783	22,600
Corporation Tax	-	4,159
Other taxes and social security	-	-
Other creditors	205,018	174,918
Accruals and deferred income	73,178	31,698
	<u>348,112</u>	<u>408,060</u>

13. CREDITORS - AMOUNTS FALLING DUE  
AFTER ONE YEAR

<b>Mortgages</b>		
Due between one and two years	23,455	25,718
Due between two and five years	70,367	77,153
Due after five years	111,366	115,692
<b>Housing loans</b>		
Due between one and two years	-	-
Due between two and five years	-	-
Due after five years	-	-
	<u>205,188</u>	<u>218,563</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 2015

14. DEFERRED TAXATION	2015 £	2014 £
At the beginning of the year	-	305,393
Charge for the year	-	(305,393)
At the end of the year	<u>-</u>	<u>-</u>
The provision for deferred tax is made up as follows:		
Accelerated capital allowances	-	-
Short term timing differences	-	-
	<u>-</u>	<u>-</u>

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

15. SHARE CAPITAL	2015 £	2014 £
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1st April 2014	501	489
Issued during the year	33	43
Forfeited during the year	(39)	(31)
At 31st March 2015	<u>495</u>	<u>501</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 2015, shares issued were split as follows:

	No.	No.
Active members	495	501
Ceased members	869	830
	<u>1,364</u>	<u>1,331</u>

### 16. DESIGNATED RESERVES

	Major Repairs Reserve £	Regeneration Initiative Reserve £	Total £
Balance at 1st April 2014	784,307	276,595	1,060,902
Transfer in	402,055	183,420	585,475
Transfer out	(411,138)	(259,448)	(670,586)
Balance at 31st March 2015	<u>775,224</u>	<u>200,567</u>	<u>975,791</u>

**REIDVALE HOUSING ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015**

**17. RECONCILIATION OF MOVEMENT IN REVENUE RESERVES**

	£
At beginning of year	2,870,965
Surplus for the year	244,002
Transfer from designated reserves	85,111
	<hr/>
Revenue reserves carried forward at 31st March 2015	<u>3,200,078</u>

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

	2015 £	2014 £
<b>OPERATING SURPLUS FOR THE YEAR</b>	212,548	230,505
Depreciation and amortisation	235,807	219,774
Increase in debtors	(8,382)	79,734
Decrease in creditors	(53,526)	(25,283)
	<hr/>	<hr/>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>386,447</u>	<u>504,730</u>

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

Increase in cash in year	109,667	52,692
Cash outflow from financing	15,638	380,217
Cash movement in liquid resources	-	-
	<hr/>	<hr/>
Change in net funds	125,305	432,909
Net funds at 1st April 2014	700,380	267,471
	<hr/>	<hr/>
Net funds at 31st March 2015	<u>825,685</u>	<u>700,380</u>



## REIDVALE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015

## 20. ANALYSIS OF CHANGES IN NET FUNDS

	As at 1st April 2014 £	Cash Flows £	Other Changes £	As at 31st March 2015 £
Debt due within 1 year	(25,718)	15,638	(13,375)	(23,455)
Debt due after 1 year	(218,563)	-	13,375	(205,188)
Cash at bank and in hand	587,293	66,813	-	654,106
Term deposits	357,368	42,854	-	400,222
	<u>700,380</u>	<u>125,305</u>	<u>-</u>	<u>825,685</u>

## 21. HOUSING STOCK

2015

2014

No

No

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

General needs - new build	131	131
- rehabilitation	731	732
Supported housing	44	44
	<u>906</u>	<u>907</u>

## REIDVALE HOUSING ASSOCIATION

### NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2015

#### 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 2014. 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 £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%.

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 2014. As of this date the estimated employer debt for Reidvale Housing Association Limited was £5,048,249.

During the accounting period the Association paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

**REIDVALE HOUSING ASSOCIATION****NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31ST MARCH 2015****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 2015

#### 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 2013. The market value of the Plan's assets at that date was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

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 2015****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). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 30 September 2013 the total deficit calculated on the buy-out basis was £219.9m.

**23. RELATED PARTIES**

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