

REIDVALE HOUSING ASSOCIATION

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Registered Housing Association Number: L1535
FCA Reference Number: 1825R (S)
Scottish Charity Registration Number: SC044023

REIDVALE HOUSING ASSOCIATION

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REIDVALE HOUSING ASSOCIATION

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2016

MEMBERS OF THE MANAGEMENT COMMITTEE

Ms Helen Moore	(Chairperson)
Mrs Jane Marley	(Vice Chair)
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)
Mr Edward Marley	(Committee Member)
Ms Davina Boyle	(Committee Member)
Ms Irene Ferguson	(Committee Member)
Mr John Lindsay	(Committee Member)
Mr Thomas Rannachan	(Committee Member)

EXECUTIVE OFFICERS

Linda Scott	(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 Bank plc
177 Ingram Street
Glasgow
G1 1DL

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2016

The Management Committee presents their report and the Financial Statements for the year ended 31st March 2016

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1825R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC044023.

Principal Activities

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

Review of business and future developments

Current Year

The Committee is satisfied with the Association's performance during the year. The surplus before taxation was £288,391 (2015 - £189,493). The Association's net current assets at 31 March 2016 were £838,005 (2015- £844,804). All figures have been stated (2015- restated) under the new FRS102 accounting format.

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 unforeseen events. The Committee is satisfied with the level of reserves to meet its longer term major repair work and future rent setting will continue to take account of both short and longer term commitments. 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 with both external and internal performance indicators being satisfactorily met by the organisation. The Association has now redeemed all loans and there are no plans to utilise debt finance over the coming years.

The Future

Long term goals of wider regeneration initiatives have always been and will continue to be one of the Association's main objectives. Reidvale Neighbourhood Centre, Reidvale Adventure Play Association and the Reidvale Allotments offer quality social opportunities and we continue to support and promote these and other regeneration initiatives. This, 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. The Association's future component replacement programme continues to include kitchen installation, central heating systems, stonework and window replacement

Meeting the above objectives puts a constant strain on the financial resources of the organisation but 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 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 40 years and it is in a healthy financial position with significant reserves and no debt. The Association has enjoyed a year of 40th anniversary celebrations but is not complacent. As the Association looks to the future there are plenty of challenges both internal and external to embrace.

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

Review of business and future developments (continued)

Priorities for the future include:

- Managing staff changes and the appointment of a new director.
- Energy efficiency improvements as required by the Energy Efficiency Standard for Social Housing (EESH).
- Complying with new procurement legislation.
- Complying with the Scottish Housing Charter.
- Maintaining and improving value for money and improvement in all areas of operation.

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 3.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

Statement on Internal Financial Control

- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

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; and
- The safeguarding of assets against unauthorised use or disposition.

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

REIDVALE HOUSING ASSOCIATION

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Management Committee



Irene McInnes, Secretary

27 June 2016

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF REIDVALE HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB
8 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION

We have audited the financial statements of Reidvale Housing Association for the year ended 31 March 2016 which comprise an income and expenditure account, balance sheet, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of the Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

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

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

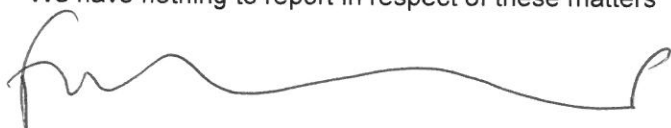
REIDVALE HOUSING ASSOCIATION

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters



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

8 July 2016

REIDVALE HOUSING ASSOCIATION

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016	Restated
		£	2015
		£	£
REVENUE	2.	3,549,155	3,481,358
Operating Costs	2.	(3,375,694)	(3,188,319)
OPERATING SURPLUS		<u>173,461</u>	<u>293,039</u>
Gain on Sale of Housing Stock	7.	111,809	35,897
Interest Receivable and Other Income		3,268	3,080
Interest Payable and Similar Charges	8.	(7,148)	(7,523)
Other Finance Charges	11	7,000	(135,000)
		<u>114,929</u>	<u>(103,546)</u>
SURPLUS FOR THE YEAR	9.	<u>288,391</u>	<u>189,493</u>
Other Comprehensive Income		-	-
TOTAL INCOME FOR THE YEAR		<u><u>288,391</u></u>	<u><u>189,493</u></u>

The notes on pages 15 to 30 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION

BALANCE SHEET AS AT 31 MARCH 2016

	Notes	£	2016 £	£	Restated 2015 £
FIXED ASSETS					
Housing Properties - Depreciated Cost	12.(a)		22,188,024		22,791,500
Other Fixed Assets	12.(b)		379,824		419,513
			<u>22,567,848</u>		<u>23,211,013</u>
CURRENT ASSETS					
Debtors	13.	313,549		286,588	
Cash at bank and in hand		1,060,440		1,054,328	
		<u>1,373,989</u>		<u>1,340,916</u>	
CREDITORS: Amounts falling due within one year	14.	(535,984)		(496,112)	
NET CURRENT ASSETS			838,005		844,804
			<u>23,405,853</u>		<u>24,055,817</u>
CREDITORS: Amounts falling due after more than one year					
Housing Property Loans	15.		-		(205,188)
Retirement Benefit Scheme Deficit	15.	(1,653,000)			(1,772,000)
DEFERRED INCOME					
Social Housing Grants	17.	(19,897,262)			(20,511,471)
NET ASSETS			1,855,591		1,567,158
EQUITY					
Share Capital	18.		1,406		1,364
Revenue Reserves			1,854,185		1,565,794
			<u>1,855,591</u>		<u>1,567,158</u>

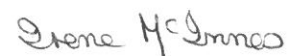
The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 27 June 2016.



Jane Marley
Vice Chair-person



Anne McKelvie
Committee Member



Irene McInnes
Secretary

The notes on pages 15 to 30 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	Restated 2015 £
Net Cash Inflow from Operating Activities	16.	347,668	403,210
Investing Activities			
Acquisition and Construction of Properties		(213,839)	(262,058)
Purchase of Other Fixed Assets		(20,901)	(43,008)
Social Housing Grant Received		-	-
Social Housing Grant Repaid		-	(22,260)
Proceeds on Disposal of Properties		125,664	57,989
Net Cash Outflow from Investing Activities		(109,076)	(269,337)
Taxation			
Tax paid		-	(4,159)
Financing Activities			
Interest Received on Cash and Cash Equivalents		3,268	3,080
Interest Paid on Loans		(7,148)	(7,523)
Loan Principal Repayments		(23,455)	(2,263)
Movement in long term borrowings		(205,188)	(13,375)
Share Capital Issued		42	33
Net Cash (Outflow) from Financing		(232,480)	(20,047)
Increase in Cash		6,112	109,667
Opening Cash & Cash Equivalents		1,054,328	944,661
Closing Cash & Cash Equivalents		1,060,440	1,054,328

REIDVALE HOUSING ASSOCIATION

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015	1,364	1,565,794	1,567,158
Issue of Shares	54		54
Cancellation of Shares	(12)		(12)
Surplus for Year		288,391	288,391
Balance as at 31 March 2016	<u>1,406</u>	<u>1,854,185</u>	<u>1,855,591</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2014	1,365	1,376,301	1,377,666
Issue of Shares	33	-	33
Cancellation of Shares	(34)	-	(34)
Surplus for Year	-	189,493	189,493
Balance as at 31 March 2015	<u>1,364</u>	<u>1,565,794</u>	<u>1,567,158</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Information on the impact of first-time adoption of FRS 102 is given in note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Revenue

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

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

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits 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 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 Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Balance Sheet. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Central heating	15 years
External windows	30 years
Kitchens	15 years
Structure	30 years

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- over 15 years
Commercial premises	- 15% Straight Line
Fixtures & fittings	- 6.67% Reducing balance
Office Equipment	- over 5 years

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

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

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Association has not revisited previous accounting estimates

b) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

c) Identification of cash generating units

The Association considers its cash-generating units to be the scheme in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2016			2015		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	3,423,677	(3,272,471)	151,207	3,351,851	(3,094,530)	257,321
Other Activities	4.	125,478	(103,223)	22,254	129,507	(93,789)	35,718
Total		3,549,155	(3,375,694)	173,461	3,481,358	(3,188,319)	293,039

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,574,788	121,125	-	2,695,913	2,646,768
Service Charges Receivable	8,227	74,778	-	83,005	82,876
Gross Rents Receivable	2,583,015	195,903	-	2,778,918	2,729,644
Less: Rent losses from voids	(14,562)	(3,178)	-	(17,740)	(20,491)
Net Rents Receivable	2,568,453	192,725	-	2,761,178	2,709,153
Amortisation of Social Housing Grants and Other Grants	584,413	29,796	-	614,209	614,208
Revenue Grants From Local Authorities and Other Agencies	48,290	-	-	48,290	28,490
Total Income From Social Letting	3,201,156	222,521	-	3,423,677	3,351,851
Expenditure on Social Letting Activities					
Service Costs	1,407	75,852	-	77,259	67,302
Management and maintenance administration costs	1,248,416	63,650	-	1,312,067	1,282,584
Reactive Maintenance	480,110	12,719	-	492,828	473,557
Bad Debts - Rents and Service Charges	18,602	212	-	18,814	3,713
Planned and Cyclical Maintenance, including Major Repairs	567,248	795	-	568,042	474,144
Depreciation of Social Housing	764,483	38,977	-	803,460	793,230
Impairment of Housing	-	-	-	-	-
Operating Costs of Social Letting	3,080,265	192,205	-	3,272,471	3,094,530
Operating Surplus on Social Letting Activities	120,891	30,316	-	151,207	257,321
2015	215,099	42,222	-	257,321	

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF REVENUE, 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		Operating Costs		Operating Surplus / (Deficit)	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Factoring	-	-	-	-	-	-	25,078	-	25,078	(10,420)	-	-	-	14,657	13,509	
Agency/management services for registered social landlords	-	-	-	-	-	-	64,000	-	64,000	(67,436)	-	-	(3,436)	4,037		
Commercial Rent	-	-	-	-	-	-	36,400	-	36,400	(25,367)	-	-	11,033	18,172		
Total From Other Activities	-	-	-	-	-	-	125,478	-	125,478	(103,223)	-	-	22,254	35,718		
2015	-	-	-	-	-	-	129,507	-	129,507	(93,789)	-	-	35,718			

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

2016	2015
£	£

No emoluments have been paid to any member of the Management Committee

Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)

<u>192,952</u>	<u>129,572</u>
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Emoluments payable to the Director/Chief Executive (excluding pension contributions)

<u>66,575</u>	<u>65,400</u>
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Pension contributions paid on behalf of the Director

<u>8,081</u>	<u>7,922</u>
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Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 - £70,000

3	2
---	---

£70,001 - £80,000

-	-
---	---

£80,001 - £90,000

<u>-</u>	<u>-</u>
----------	----------

There were no payments to board members during the year for reimbursement of expenses (2015-£nil)

6. EMPLOYEE INFORMATION

2016	2015
------	------

No.	No.
-----	-----

The average monthly number of full time equivalent persons employed during the year was

<u>19</u>	<u>19</u>
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The average total number of Employees employed during the year was

<u>19</u>	<u>19</u>
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Staff Costs were:

£	£
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Wages and Salaries

758,647	729,935
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Social Security Costs

65,581	67,620
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Other Pension Costs

82,599	72,623
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<u>906,827</u>	<u>870,178</u>
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REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	129,000	60,000
Cost of Sales	<u>(17,191)</u>	<u>(24,103)</u>
Gain on Sale of Housing Stock	<u>111,809</u>	<u>35,897</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
On Other Loans	<u>7,148</u>	<u>7,523</u>
	7,148	7,523
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>7,148</u>	<u>7,523</u>

9. SURPLUS FOR THE YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	864,050	852,524
Auditors' Remuneration - Audit Services	8,700	8,817
- Other Services	-	1,988
Gain on sale of fixed assets	<u>111,809</u>	<u>35,897</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2016	2015
	£	£
Actuarial (Gain)/Loss on Pension Scheme	<u>(7,000)</u>	<u>135,000</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1 April 2015	34,457,033	-	34,457,033
Additions	213,839	-	213,839
Disposals	(20,993)	-	(20,993)
As at 31 March 2016	<u>34,649,879</u>	<u>-</u>	<u>34,649,879</u>
DEPRECIATION			
As at 1 April 2015 (restated)	11,665,533	-	11,665,533
Charge for Year	803,460	-	803,460
Disposals	(7,138)	-	(7,138)
As at 31 March 2016	<u>12,461,855</u>	<u>-</u>	<u>12,461,855</u>
NET BOOK VALUE			
As at 31 March 2016	<u>22,188,024</u>	<u>-</u>	<u>22,188,024</u>
As at 31 March 2015	<u>22,791,500</u>	<u>-</u>	<u>22,791,500</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2015 - £Nil) and capitalised major repair costs to existing properties of £213,839 (2015 - £262,058).

All land and housing properties are heritable.

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS (Continued.)

b) Other Tangible Assets	Office Premises £	Land £	Commercial Premises	Fittings & Equipment £	Total £
COST					
As at 1 April 2015	1,108,219	5,288	211,256	285,822	1,610,585
Additions	-	-	-	20,901	20,901
Disposals	-	-	(36,180)	-	(36,180)
As at 31 March 2016	1,108,219	5,288	175,076	306,723	1,595,306
DEPRECIATION					
As at 1 April 2015	743,821	-	211,256	235,995	1,191,072
Charge for Year	47,212	-	-	13,378	60,590
Disposals	-	-	(36,180)	-	(36,180)
As at 31 March 2016	791,033	-	175,076	249,373	1,215,482
NET BOOK VALUE					
As at 31 March 2016	317,186	5,288	-	57,350	379,824
As at 31 March 2015	364,398	5,288	-	49,827	419,513

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

13. DEBTORS

	2016	2015
	£	£
Arrears of Rent & Service Charges	235,312	224,390
Less: Provision for Doubtful Debts	<u>(62,310)</u>	<u>(62,310)</u>
	173,002	162,080
Other Receivables	<u>140,547</u>	<u>124,508</u>
	<u>313,549</u>	<u>286,588</u>

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	As restated 2015
	£	£
Housing Loans	-	-
Trade Payables	91,387	23,678
Rent in Advance	20,705	22,783
Other Taxation and Social Security	-	-
Mortgages	-	23,455
Other Payables	204,942	205,018
Accruals and Deferred Income	65,950	73,178
Liability for Past Service Contribution arrangements	153,000	148,000
	<u>535,984</u>	<u>496,112</u>

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for past service contribution arrangements	1,653,000	1,772,000
Mortgages	<u>-</u>	<u>205,188</u>
	<u>1,653,000</u>	<u>1,977,188</u>

All of the Association's bank borrowings were repaid in full during the year.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2016 £	As restated 2015 £
Operating Surplus	173,461	293,039
Depreciation	864,050	852,524
Amortisation of Capital Grants	(614,209)	(614,208)
Change in debtors	(26,961)	8,382
Change in creditors	58,327	(53,527)
Gain on sale of fixed assets	-	-
Deficit contributions	(148,000)	(144,000)
Unwinding of Discount on Pension Liability	41,000	61,000
Share Capital Written Off	-	-
Net cash inflow from operating activities	347,668	403,210

17. DEFERRED INCOME

<i>Social Housing Grants</i>	2016 £	As restated 2015 £
Balance as at 1 st April 2015	20,511,471	21,147,939
Additions in year	-	-
Released / Repaid as the result of property disposal	-	22,260
Amortisation in Year	(614,209)	(614,208)
Balance as at 31 st March 2016	19,897,262	20,511,471

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1 April 2015	1,364
Issued in year	54
Cancelled in year	(12)
	<hr/>
At 31 March 2016	1,406

The Association's shares carry no rights to a dividend or other distributions and are not repayable.

19. HOUSING STOCK

	2016	Restated 2015
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs - New Build	129	129
- Rehabilitation	734	734
Shared Ownership	-	-
Supported Housing	44	43
	<hr/>	<hr/>
	907	906

20. RELATED PARTY TRANSACTIONS

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

The related party relationships of the members of the Management Committee are summarised as:

- 10 Members are tenants of the Association
- 3 Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

	£
Rent Received from Tenants on the Committee	28,875
Factoring Charges received from owners on the Committee	2,216

- At the year end total rent arrears owed by the tenant members of the Committee were £586

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

21. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 13 Whitevale Street, Glasgow, G31 1QW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow.

22. RETIREMENT BENEFIT OBLIGATIONS

General

Reidvale Housing Association participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

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

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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 62.2%)

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £1,806,000 (2015 - £1,920,000) This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 4%

The Association made payments totalling £324,314 (2015: £298,527) to the pension scheme during the year.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

23. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting year beginning on 1 April 2015. As a result of this the comparative figures for the year ending 31 March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

24. PRIOR YEAR ADJUSTMENTS

The following describes the differences between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting year ending 31 March 2016.

- (i) Previously capital grants received were netted off against the cost of housing properties. Social Housing Grants and Other Grants are now accounted for in accordance with FRS102 and Housing SORP 2014 which has meant that grants are no longer deducted from the cost of the capital asset, but instead are treated as deferred income which is recognised in income over the useful life of the related asset.
- (ii) As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. The liability was not previously recognised and payments made under this agreement were written off as operating costs.
- (iii) The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS102 para 28. 13A
- (iv) In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year-end. An adjustment is included in operating costs and accruals.

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

24. PRIOR YEAR ADJUSTMENTS (continued)

		Reconciliation of Capital & Reserves				At 31 March 2015
		At 1 April 2014		FRS 102		FRS 102
Note	As previously stated	Effect of Transition	(As Restated)	As previously stated	Effect of Transition	(As Restated)
	£	£	£	£	£	£
Non-Current Assets	(i) 3,336,954	20,460,407	23,797,361	3,389,617	19,821,396	23,211,013
Current Assets	1,222,867	-	1,222,867	1,340,916	-	1,340,916
Creditors: amounts falling due within one year	(408,060)	(144,000)	(552,060)	(348,112)	(148,000)	(496,112)
Total assets less current liabilities	4,151,761	20,316,407	24,468,168	4,382,421	19,821,396	24,055,817
Creditors: amounts falling due after more than one year	(218,563)	(1,724,000)	(1,942,563)	(205,188)	(1,772,000)	(1,977,188)
Deferred income	(i) -	(21,147,939)	(21,147,939)	-	(20,511,471)	(20,511,471)
Net Assets	<u>3,933,198</u>	<u>(2,555,532)</u>	<u>(1,377,666)</u>	<u>4,177,233</u>	<u>(2,610,075)</u>	<u>1,567,158</u>
Capital & Reserves	<u>3,933,198</u>	<u>(2,555,532)</u>	<u>(1,377,666)</u>	<u>4,177,233</u>	<u>(2,610,075)</u>	<u>1,567,158</u>

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS

24. PRIOR YEAR ADJUSTMENTS (continued)

Note	Reconciliation of Retained Surpluses for the Year Year Ended 31 March 2015	
	As previously Stated	Effect of Transition
	£	£
Revenue	2,867,150	614,208
Operating Costs	(2,654,602)	(533,717)
Interest receivable	212,548	80,491
Interest payable and similar income	3,080	-
Change in Fair Value of financial instruments	(7,523)	-
Gain on Sale	35,897	(135,000)
Surplus	244,002	(54,509)
		FRS 102 (As Restated)
		£
		3,481,358
		(3,188,319)
		293,039
		3,080
		(7,523)
		(135,000)
		35,897
		189,493