



SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2016

SHETTLESTON HOUSING ASSOCIATION LIMITED

**Report and Financial Statements
For the year ended 31 March 2016**

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Registration information

Financial Conduct Authority

Co-operative and Community Benefit Societies
Act 2014
Registered number SP1884RS

The Scottish Housing Regulator

Housing (Scotland) Act 2010
Registered number 183

Scottish Charity Number

SC036687

**Report and Financial Statements
For the year ended 31 March 2016**

Members, Executives and Advisers

Management Committee

Gillian Johnston	(Chairperson)
James Tominey	(Vice Chairperson)
Morag Allan	(Secretary)
John Hastie	
Mary Thomas	
Betty Finnen	
Mary Hain	
Patrick McDonagh	Until 12 May 2016
Grace Barbour	
Patricia McLeish	
John Morrison	
Graham Jamieson	Appointed 17 September 2015
Annie McAllister	Resigned 17 September 2015
Nan Sangster	Resigned 17 September 2015
Margaret Russell	Resigned 3 May 2016
Donna McGill	Resigned 3 November 2015

Executive Officers

Chris Cunningham	(Director)
Jim Hempsey	(Finance Manager)
June Macfarlane	(Housing Manager)
Margaret Paton	(Performance and Development Manager)
Jannette Rawls	(Corporate Services Manager)
Joe Whitley	(Maintenance Manager)

Registered Office

Helen McGregor House
65 Pettigrew Street
Glasgow
G32 7XR

Auditor

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Bankers

Royal Bank of Scotland plc
1304 Duke Street
Glasgow
G31 5PZ

Solicitors

T C Young LLP
7 West George St
Glasgow
G2 1BA

Brodies LLP
2 Blythswood Square
Glasgow
G2 4AD

Shepherd & Wedderburn LLP
191 West George Street
Glasgow
G2 2LB

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

The Management Committee presents its Report (incorporating the Strategic Report) and audited financial statements for the year ended 31 March 2016.

Principal Activity

The principal activity of the Association is the provision of social rented accommodation.

Review of the Business and Future Developments

At the commencement of the 2015/16 financial year the Association adopted the following strategic objectives for the forthcoming and subsequent two years:

1. To improve the Association's service delivery and investigate the expansion and diversification of services following customer feedback;
2. To expand the housing stock of SHA through the development of houses;
3. To ensure the growth of the organisation is properly and adequately funded through robust financial planning;
4. To maintain all stock to a good standard through a sustainable programme of planned repairs and maintenance;
5. To achieve effective tenant involvement in the Association and engage fully with the community in all activities, especially the regeneration of the area;
6. To develop staff and committee as a fundamental resource to the organisation;
7. To work to achieve the housing standard for all stock;
8. To support the operation of existing Wider Action initiatives and encourage the investigation and development of new initiatives;
9. To continuously review the performance of the organisation, the risks of all activities, the organisational structure and context and ensure that all statutory requirements are met timeously and in full; and
10. To meet the standards set out in the Scottish Social Housing Charter.

Operational objectives to fit with these strategic objectives were also agreed and were reported on at the end of each quarter.

In considering the progress made against these objectives, the following key achievements can be noted:

- The Association adopted the Housing Options model as part of our allocation process. Training and mentoring was provided by the Glasgow Housing Options team to our staff during August and September 2015 and the system became fully operational in September, 2015. This new approach offers personal advice to anyone who needs housing advice or assistance. The aim is to help applicants make informed choices about their future housing and prevent homelessness within our community.
- The Association developed partnership arrangements with the Community Connectors Team for the Association to act as the Hub for the North East of the city. Two team members were welcomed into the Association in June 2015. This is a new service which aims to support people over the age of 60 and carers of people over 60 living in the Association's area of operation. The service is funded by Glasgow's Health and Social Care Integrated Care Fund, and is delivered in partnership with Glasgow Council for the Voluntary Sector and Glasgow and West of Scotland Forum of Housing Associations (GWSF).

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Review of the Business and Future Developments

- As part of the Association's objective to support our vulnerable tenants and develop better linkage with other key services a "Supporting our Tenants" strategy was adopted. This included collating information on non-statutory support agencies in our community and developing a data base of tenant characteristics. The Association developed a draft survey questionnaire in order to obtain more accurate information about our tenants so that we can better respond to individual needs and better shape our services to tenants as a whole. The Shettleston Profile of Tenants (SPOT Check) pilot was carried out between October 2015 and January 2016 to test the survey process.
- The Association continues to regenerate the Shettleston area by building new affordable homes for our community to rent. This work is in accordance with our Survey carried out in 2014, whereby our tenants identified their top three priorities as building new affordable homes, improving the quality of the wider environment and regenerating local communities.
 - Fernan Street – work commenced on site in November 2014 as part of a £3 million pound investment by the Association in building 29 amenity new build flats with two flats fully equipped for wheelchair use.
 - Carntyne Parish Church - planning and building warrant for the proposed development was obtained in 2015 and Development and Regeneration Services (DRS) at Glasgow City Council accepted proposal for the future scheme of 19 amenity houses.
 - Fenella Street - the Association continued negotiations to acquire the whole site for the future development of 34 units.
 - St Marks school - we continued to progress site acquisition, a design team was appointed and plans are under review for the proposed development of 40-60 units.
 - Springboig Recladding Phase 8 was completed in May 2015. Four hundred and ninety two homes were modernised over eight phases of work. The improvements to the properties have resulted in more attractive, energy efficient homes and contributed to the regeneration of the area.
- Our regeneration work extended to our existing stock, involving work to:
 - Ninety nine replacement timber double glazed windows were fitted during 2015 which completed Phase 3 of a £921,000 contract.
 - One hundred and sixty seven tenement homes were fitted with external render and loft insulation in the Association's interwar stock. Over £88,000 in HEEPs grant funding was received to ensure the Association was able to complete mixed tenure blocks within the interwar stock.
 - Twenty three main door properties at the Ram Street development were fitted with new, timber double glazed windows and new, secure by design, timber external doors.
 - The final 15 bathrooms of the Phase 2 Bathroom Replacement contract were completed in May 2015.
 - Seventy one replacement boilers were fitted under Phase 1 of our Central Heating upgrade contract.
 - Two pilot studies to fit underfloor insulation in 10 steel estate properties and 6 main door properties were carried out during 2015. This work was fully grant funded and results of the pilot study showed a minimum of 25% reduction in energy bills for tenants.

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Review of the Business and Future Developments

- For a second year the Association took the opportunity offered by the Glasgow City Council's Acquisition strategy. We acquired 6 owner occupied tenement flats. These properties will now be offered for social rent. The Council covered 100% of the acquisition costs and the properties will be upgraded to offer improved living conditions for tenants within our community. As at the end of March 2016 the Association now owns 10 flats which were acquired via the scheme.
- All financial targets and covenant requirements were met, or improved on, during 2015/16.
- The numbers and attendance on the Management Committee remained positive throughout 2015/16. In line with Scottish Housing Regulator Standard 6 requirements, Committee appraisals were carried out and training plans agreed.
- The Association received its second Landlord Report from the Scottish Housing Regulator (SHR) on 31 August 2015. The Association surpassed the Scottish average in the vast majority of the key performance indicators.
- A focus group of interested residents was formed to participate in the formation of the Association's annual Performance Report. The group's feedback was incorporated into the production of the report format which was then published and sent to all residents prior to 31 October 2016, as per Regulatory requirements.
- The Association carried out a postal survey during August/September 2015 to gauge tenant satisfaction with a range of services in accordance with the requirements specified by the Scottish Housing Regulator. In summary, since 2013 satisfaction with the Association's our overall service delivery was up (90%, up from 89%) our repairs service and maintenance service (89%, up from 84%), management of the neighbourhood (85%, up from 84%) and percentage of tenants who feel their property represents good value for money (83%, up from 79%).
- During 2015/16 we continued to monitor the levels of satisfaction of our new tenants. All new tenants are provided with a survey form which asks for feedback on all aspects of our service delivery including the application process, their experience of being allocated the property and their overall satisfaction with the standard of the home. A response rate of 68% was achieved and satisfaction with the overall standard of the home at allocation during 2015/16 was 96%. This is an increase of 10% from the previous year.
- Performance improved throughout 2015/16 in areas including gas safety i.e. the number of safety checks carried out by the anniversary date, re-let times and repair response times, especially for emergency and routine repairs.
- Throughout 2015/16 the Association reviewed a number of policies and wished to secure feedback from our residents on proposed changes to our service delivery. All tenants were consulted on the Rent Arrears policy (June 2015), Anti-social Behaviour policy (September 2015), Gas Safety Policy (September 2015), Tenancy Sustainment Policy (December 2015) and the review of our Emergency Repair Response time (January 2016). The Association was very pleased to secure over 400 responses from residents to these policy consultation exercises and to note that each policy review secured on average 95% resident agreement to the policy proposals.
- As part of the Association's commitment to providing quality services that are responsive to our customers' needs the Association continued to use our 'How well did we do' feedback cards for residents to provide feedback on the level of service, note complaints, request we get in touch or inform the Association if they are interested in becoming more involved in the work of the Association. The level of responses continued to improve throughout 2015/16 and in total 1,073 feedback cards were received.

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Review of the Business and Future Developments

- The Association continues to promote contact with our community and wider audience via social media. During 2015/16 a total of 1,269 users connected to our Twitter and Facebook accounts. Social media is an effective way for the Association to keep our followers updated on issues and services on a daily basis and also facilitates feedback to the Association
- The Association introduced an SMS text messaging service within the organisation to improve communication with our residents and our service delivery. The messaging service was incorporated into our IT system in January, 2016.
- The Association maintained SHQS standards for all stock excluding exemptions and abeyances. We also managed to reduce abeyances from 22 as at 1 April 2015 to 15 as at 31 March 2016. We continue to report 129 exemptions where the kitchen size is too small and the extent of work involved is disproportionate in terms of cost.
- An academic study has commenced in association with Glasgow Caledonian University to investigate insulating traditional sandstone tenement properties to allow the Association to increase energy efficiency in this property type. Four pilot flats have been identified and the effectiveness of the insulation solution will be monitored until March 2017.
- A formal repairs appointment system was introduced in September 2015 and data collection/reporting is in place to monitor contractor performance.
- Strategies were in place to respond to the Welfare Reform Act. Availability and uptake of DHP allowed the impact of the Bedroom Tax to be mitigated against and reduced the risk of rent loss to the Association. Welfare rights officers were available to assist all those single claimants migrating onto Universal Credit. Computer facilities were made available in the office to allow claimants IT access to claim Universal Credit.
- Our two financial inclusion officers are part of the Shettleston Money Advice Service (SHAMAS) which was developed during last year and the officers now hold outreach drop in sessions at the Trussel Trust Foodbank, Fuse Youth Café and local library in order to reach and support residents within the wider community. The financial inclusion team underwent the relevant Money Advice Scotland Approved DAS Money Advisor training and attained full accreditation. Our staff are now approved Money Advisors and we can offer residents assistance with applications for Debt Payment Plans under the Debt Arrangement Scheme. Links have also been developed with Scotcash who have a twice weekly surgery in our office helping tenants with banking and access to affordable credit.
- Our subsidiary, Upkeep Recycling, received funding from the Big Lottery and Connect funds which allowed them to open the first Upkeep Appliance store in 2015 to offer good quality, keenly priced, white goods and electrical items in the East End of Glasgow. All items are fully checked and certified to "Revolve National Standards" and come with a guarantee.
- The Shettleston Community Growing Project (SCGP) held its fifth annual Family Fun Day in partnership with the Association. Over three hundred people attended the community event held in August 2015. The allotments are run and managed by a committee of local people who have transformed a redundant piece of ground into a community asset. The Association continues to support the project.

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Review of the Business and Future Developments

- The Association continued to support the Fuse community project, through our Wider Role Manager. Significant refurbishment of the premises were completed during 2015 thanks to the support from the Big Lottery, Land Aid, Woodenspoon, Clothworks Foundation, Glasgow City Council and the Association. An additional annex was created and the bigger and better facilities at the Fuse Youth Café allowed the project to expand its programme to include the whole community – not just children and young people. Activities now also include fitness, money advice, job clubs and cooking classes.
- In conjunction with local residents the Association was successful in securing funding from Glasgow City Council's East Area Committee to help contribute to the development of a Men's Shed project. The project was formally opened in August 2015 with the aim of reducing social isolation, mainly among retired men in the Shettleston area.
- Shettleston Energy Advice (SEA) project was launched in September 2012 and funding was made available to allow the Association to employ two energy advisors. The SEA team continued to assist tenants with difficult energy issues, however, during 2015 the service was extended to offer energy advice to the wider community including draught proofing workshops and home visits to owners.
- The Association was awarded the 2015/16 title of 'Tenant Participation Champion of the Year' by the Tenant Participation Advisory Service (TPAS) and we were awarded the runner up in the category "Best Practice in Developing Communities" at the awards ceremony held in November, 2015.
- Our subsidiary company The East End Development Company acquired two properties for market rent.

In addition to these main achievements, the Association carried out standard functions to ensure;

- All statutory compliance requirements were met on time.
- Financial Management was robust and audited.
- Sound and consistent governance by the governing body.

Attainment Outstanding in 2015/16

Although SHA met the majority of its targets for 2015/16, and fulfilled its actions, there were a number of areas where work has either not been completed within target timescales or performance was below target. The main issues where there has been a lack of attainment were:

- Gas safety checks did not achieve 100% within legal and regulatory timescales throughout 2015/16. However, performance significantly improved during 2015/16 following a review of policy and procedures. The Association failed to meet its target as two tenants withheld access to enable the Association to carry out the inspection by the due date. The Association pursues court action in all no access cases.
- Not all complaints were responded to within the 5 and 20 day targets. 80% Stage 1 complaints were resolved within target (5 days) and 93% Stage 2 complaints were resolved within the 20 day target.

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Review of the Business and Future Developments

- Performance against the void targets were not fully met throughout 2015/16. Cumulatively 89% of 5 day voids were completed within timescale against a target of 95%. In terms of the voids requiring more work, 95% were completed within the 15 day void period against a target of 100%.
- The number of repairs completed right first time and on time accounted for 88.7% of all reactive repairs. This result was below the Key Performance target of 90% set by the Association.
- Although progress was made, the revision and updating of all policies was not completed. The Allocations policy was held over until 2016/17 as we awaited guidance on the Housing (Scotland) Act 2014.
- The reduction of ECO funding prevented the Association completing Phase 6 & 7 of the steel estate render contract.

Proposals to address all these outstanding issues are included in the actions for the year 2016/17.

Related Party Transactions

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage. Transactions with the Management Committee are included in note 26.

Statement on Internal Financial Control

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

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

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

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- (c) Forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate.
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members.
- (e) The Association has appointed a firm of accountants, on a consultancy basis, as internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Corporate Services Sub-Committee.

**The Report of the Management Committee (incorporating the Strategic Report)
For year ended 31 March 2016**

Statement on Internal Financial Control (continued)

- (f) The Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed.
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor and the internal auditor.

The Management Committee have reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2016. 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.

Statement of Management Committee's Responsibilities

Housing Association legislation 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 income and expenditure of the Association for the year ended on that date. In preparing those financial statements the committee are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make 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; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association.

The Management Committee is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

Auditor

A resolution to reappoint Scott-Moncrieff, Chartered Accountants, as auditor will be brought to the members at the Annual General Meeting.

By order of the Committee



Morag Allan
Secretary

Dated: 5 July 2016

**Report of the Auditor to the members of Shettleston Housing Association Limited
For the year ended 31 March 2016**

We have audited the financial statements of Shettleston Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Group and Association's Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice for Social Housing Providers issued in 2014.

This report is made solely to the Association's members as a body, in accordance with the Co-operative and Community Benefit Society 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 Management Committee and the Auditor

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 8, the Management Committee is responsible for the preparation of financial statements which 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 Financial Reporting Council's web-site at 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 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers issued in 2014; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Society Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

**Report of the Auditor to the members of Shettleston Housing Association Limited
For the year ended 31 March 2016**

Matters on which we are required to report by exception

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

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

Scott-Moncrieff

Scott- Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 5 July 2016

Report of the Auditor to the Management Committee of Shettleston Housing Association Limited on Corporate Governance Matters**For the year ended 31 March 2016**

In addition to our audit of the Financial Statements, we have reviewed your statements on pages 7 and 8 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.

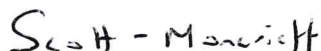
Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 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 pages 7 and 8 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 our 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.



Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Dated: 5 July 2016

**Statement of Comprehensive Income
For the year ended 31 March 2016**

	Notes	2016 £	Restated 2015 £
Turnover	4	8,499,864	8,342,130
Operating expenditure	4	6,939,612	6,873,012
Operating surplus	4	1,560,252	1,469,118
Gain/loss on disposal of property, plant & equipment		142,014	44,605
Movement in value of investment properties		-	(751,974)
Grant recognised in respect of investment properties		-	815,968
Interest receivable and other income	9	27,361	47,510
Interest payable and similar charges	10	(1,453,899)	(1,245,338)
Gift aid	27	50,000	20,000
Surplus for the year		325,728	399,889
Other comprehensive income			
Actuarial gain/(loss) recognised in the pension liability		119,000	(106,000)
Total Comprehensive Income		444,728	293,889

The results for the year relate wholly to continuing activities.


The notes form part of these financial statements

Statement of Financial Position
As at 31 March 2016

	Notes	2016 £	Restated 2015 £
Tangible fixed assets			
Housing properties	12	52,298,044	47,520,513
Other fixed assets	12	3,171,553	3,181,923
		<u>55,469,597</u>	<u>50,702,436</u>
Investments			
Investments in subsidiaries	13	2	2
Current assets			
Debtors due in more than one year	14	569,031	461,698
Debtors due in less than one year	14	1,521,188	799,289
Cash at bank and in hand	15	584,282	436,437
		<u>2,674,501</u>	<u>1,697,424</u>
Creditors: amounts falling due within one year	16	<u>(2,123,079)</u>	<u>(1,812,707)</u>
Net current assets		<u>551,422</u>	<u>(115,283)</u>
Total assets less current liabilities		<u>56,021,021</u>	<u>50,587,155</u>
Creditors: amounts falling due after more than one year	17	<u>(37,154,379)</u>	<u>(32,070,254)</u>
Retirement benefit scheme liability	22	<u>(76,000)</u>	<u>(171,000)</u>
Net assets		<u><u>18,790,642</u></u>	<u><u>18,345,901</u></u>
Capital and reserves			
Share capital	20	262	266
Revenue reserve		18,865,837	18,516,109
Pension reserve		(76,000)	(171,000)
Capital redemption reserve		543	526
		<u>18,790,642</u>	<u>18,345,901</u>

The financial statements were authorised for issue by the Management Committee on 5 July 2016 and were signed on its behalf by:

Gillian Johnston



Chairperson

James Tominey



Vice Chairperson

Morag Allan



Secretary

The notes form part of these financial statements

Statement of Changes in Equity and Reserves as at 31 March 2016

	Share Capital £	Pension Reserves £	Revenue Reserves £	Capital Redemption Reserves £	Total Reserves £
Balance at 1 April 2015 restated	266	(171,000)	18,516,109	526	18,345,901
Issue of share capital	13	-	-	-	13
Cancellation of share capital	(17)	-	-	17	-
Total comprehensive income	-	119,000	325,728	-	444,728
Transfers	-	(24,000)	24,000	-	-
Balance at 31 March 2016	<u>262</u>	<u>(76,000)</u>	<u>18,865,837</u>	<u>543</u>	<u>18,790,642</u>

Statement of Changes in Capital and Reserves as at 31 March 2015

	Share Capital £	Pension Reserves £	Revenue Reserves £	Capital Redemption Reserves £	Total Reserves £
Balance at 1 April 2014 restated	271	(73,000)	18,124,220	519	18,052,010
Issue of share capital	2	-	-	-	2
Cancellation of share capital	(7)	-	-	7	-
Total comprehensive income	-	(106,000)	399,889	-	293,889
Transfers	-	8,000	(8,000)	-	-
Balance at 31 March 2015 restated	<u>266</u>	<u>(171,000)</u>	<u>18,516,109</u>	<u>526</u>	<u>18,345,901</u>

SHETTLESTON HOUSING ASSOCIATION LIMITED
Statement of Cash Flows
For the year ended 31 March 2016

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	Notes	2016 £	Restated 2015 £
Net cash generated from operating activities	1	1,948,967	4,183,031
Cashflows from investing activities			
Purchase of tangible fixed assets		(6,290,053)	(6,699,719)
Proceeds from sale of tangible fixed assets		402,545	191,593
Grants received		914,411	1,849,469
Interest received		27,361	33,510
Cashflows from financing activities			
Interest paid		(1,367,899)	(1,124,338)
New secured loans		4,512,500	1,000,000
Repayment of borrowings		-	-
Arrangement fee		-	(112,500)
Issue of share capital		13	2
Cancelled shares			
Net changes in cash and cash equivalents		<u>147,845</u>	<u>(678,952)</u>
Cash and cash equivalents at 1 April 2015		<u>436,437</u>	<u>1,115,389</u>
Cash and cash equivalents at 31 March 2016		<u><u>584,282</u></u>	<u><u>436,437</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
For the year ended 31 March 2016

1) Reconciliation of Surplus for year to Net Cash Inflow from Operating Activities

	2016 £	2015 £
Surplus for the year	325,728	399,899
<u>Adjustments for non-cash items</u>		
Impairment of fixed assets	-	208,687
Depreciation	1,262,361	1,304,584
Impairment of investment properties	-	751,974
(Increase)/(decrease) in debtors	(829,232)	1,118,033
Increase / (decrease) in creditors	269,689	110,553
Release of deferred Government capital grants	(75,190)	(34,944)
Strathclyde Pension Scheme – non cash movements	24,000	(8,000)
SHAPS Pension Scheme – non cash movements	67,000	388,000
Carrying audit of tangible fixed asset disposals	260,531	146,988
Grant recognised in respect of investment properties	-	(815,968)
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of tangible fixed assets	(402,545)	(191,593)
SHAPS past service deficit payment	(293,913)	(286,000)
Interest received	(27,361)	(33,510)
Interest payable	1,367,899	1,124,338
Grant recognised in respect of investment properties	-	(815,968)
	1,948,967	4,183,031
	1,948,967	4,183,031

**Notes on the Financial Statements
For the year ended 31 March 2016****1. General Information**

The Association is registered under The Co-operative & Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Housing SORP 2014: the Statement of Recommended Practice for Social Housing Providers issued in 2014.

This is the first year the accounts have been prepared under FRS 102 and the new SORP. The impact of this transition is detailed in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Association's accounting policies (see note 3).

The presentation currency is pound sterling and the financial statements are rounded to the nearest whole number.

The Association is a registered social landlord in Scotland and its registered number is 183. The registered address is included in page 1.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Accounting policies**(a) Introduction and accounting basis**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. However please note that on transition to FRS102, an existing use value has been used as deemed cost for housing properties. The accounting policies of the Association are set out in paragraphs (c) to (w) below.

(b) Going concern

The Management Committee anticipates that a surplus will be generated in the year to 31 March 2017 and the year to 31 March 2018. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government. Also included is any income from first tranche shared ownership disposals.

(d) Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

**Notes on the Financial Statements
For the year ended 31 March 2016**

2. Accounting policies (continued)

(e) Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

(f) Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(g) Lessor

The Association rents out commercial property under formal leases. The rental income is recognised within other activities (note 6) on an accruals basis.

(h) Fixed assets – housing properties

Housing properties are stated at deemed cost based on an Existing Use Value at 1 April 2014. From this date, housing properties have been accounted for under historical cost. The development cost of housing properties includes the following:

- cost of acquiring land and buildings;
- development expenditure; and
- internal administrative costs relating to the acquisition and development of housing properties.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant.

Refurbishment expenditure on existing properties is capitalised to the extent that the expenditure represents improvements to the properties or replacement of components.

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

(i) Fixed assets – investment properties

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

(j) Fixed assets – other fixed assets

Other fixed assets are stated at cost less accumulated depreciation.

(k) Development administration costs

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

**Notes on the Financial Statements
For the year ended 31 March 2016**

2. Accounting policies (continued)

(l) Depreciation

1. Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Structure	- over 50 years
Heating	- over 15 years
Digital	- over 15 years
Kitchen	- over 15 years
Bathroom	- over 30 years
Doors	- over 30 years
Windows	- over 30 years
Cladding	- over 50 years
Roof	- over 50 years
Gutters	- over 30 years
Electrical	- over 30 years

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Computer Equipment	- 33% on cost
Furniture & Fittings	- 20% on cost
Office Premises	- 2% on cost

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

(m) Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 14.

(n) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes on the Financial Statements
For the year ended 31 March 2016

2. Accounting policies (continued)

(o) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(p) Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

(q) Government Capital grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

(r) Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

(s) Non-Government grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**Notes on the Financial Statements
For the year ended 31 March 2016**

2. Accounting policies (continued)

(t) Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government.

(u) Pensions (note 22)

Strathclyde Pension Fund

In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Scottish Housing Association Pension Scheme (SHAPS)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. 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.

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.

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

(v) Financial commitments

Assets held under finance leases where substantially all the risks and rewards of ownership of the asset have passed to the Association, and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated in the Statement of Comprehensive Income over the period of their useful lives.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

(w) Consolidation

The Association and its subsidiary undertakings comprise a group. The accounts represent the results of the Association and not of the group. Consolidated group accounts have been prepared and are publicly available.

Notes on the Financial Statements
For the year ended 31 March 2016

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

<u>Estimate</u>	<u>Basis of estimation</u>
Valuation of Housing Properties	Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition. The assumptions used in the existing use value were reviewed and are considered reasonable.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.
The valuation of investment properties	The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

Notes on the Financial Statements
For the year ended 31 March 2016

4. Particulars of Turnover, Operating Expenditure and Operating Surplus

	Turnover £	2016 Operating Expenditure £	Operating Surplus £	Turnover £	Restated 2015 Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	7,963,731	5,524,165	2,439,566	7,761,260	5,737,514	2,023,746
Other activities (Note 6)	536,133	1,415,447	(879,314)	580,870	1,135,498	(554,628)
	<u>8,499,864</u>	<u>6,939,612</u>	<u>1,560,252</u>	<u>8,342,130</u>	<u>6,873,012</u>	<u>1,469,118</u>

Notes to the financial statements
For the year ended 31 March 2016

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2016 Total £	Restated 2015 Total £
5. Particulars of turnover, operating expenditure and operating surplus from social letting activities					
Income from rent and service charges					
Rent receivable net of service charges	7,563,721	-	103,368	7,667,089	7,472,326
Service charges	278,461	-	7,042	285,503	292,686
Gross income from rents and service charges	<u>7,842,182</u>	<u>-</u>	<u>110,410</u>	<u>7,952,592</u>	<u>7,765,012</u>
Less voids	(64,051)	-	0	(64,051)	(38,696)
Net income from rents and service charges	<u>7,778,131</u>	<u>-</u>	<u>110,410</u>	<u>7,888,541</u>	<u>7,726,316</u>
Grants from the Scottish Ministers	-	-	-	-	-
Amortisations of deferred government capital grants	75,190	-	-	75,190	34,944
Total turnover from social letting activities	<u>7,853,321</u>	<u>-</u>	<u>110,410</u>	<u>7,963,731</u>	<u>7,761,260</u>
Expenditure					
Management and maintenance administration costs	1,754,891	-	32,449	1,787,340	1,807,568
Service charges	667,809	-	9,479	677,288	728,995
Planned cyclical maintenance including major repairs	896,975	-	12,122	909,097	791,192
Reactive maintenance costs	731,778	-	10,388	742,166	743,020
Bad debts – rents and service charges	56,237	-	-	56,237	17,992
Depreciation	1,160,682	-	24,990	1,185,672	1,293,332
Property Insurance	164,037	-	2,328	166,365	146,728
Impairment Charge	-	-	-	-	208,687
Operating expenditure for social letting activities	<u>5,432,409</u>	<u>-</u>	<u>91,756</u>	<u>5,524,165</u>	<u>5,737,514</u>
Operating Surplus on letting activities, 2016	<u>2,420,912</u>	<u>-</u>	<u>18,654</u>	<u>2,439,566</u>	
Operating Surplus on letting activities, 2015	<u>1,989,298</u>	<u>-</u>	<u>34,448</u>		<u>2,023,746</u>

Notes to the financial statements
For the year ended 31 March 2016

6a. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating expenditure	Operating Surplus or (deficit)	
					2016 £	Restated 2015 £			2016 £	Restated 2015 £
Wider role activities #	£ -	£ 140,239	£ -	£ -	£ 140,239	£ 181,951	£ -	£ 500,303	£ (360,064)	£ (188,857)
Care and repair of property	-	-	-	-	-	-	-	500,303	(360,064)	(188,857)
Factoring	-	-	-	51,058	51,058	50,927	1,177	104,551	(54,670)	(46,877)
Development and construction of property activities	-	-	-	-	-	-	-	231,473	(231,473)	-
Support activities	-	-	107,832	-	107,832	121,093	-	426,091	(318,259)	(385,872)
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	20,000	20,000	-	-	-	20,000	-
Housing options	-	-	-	-	-	-	-	12,000	(12,000)	-
Furniture Packages	-	-	-	-	-	-	-	-	-	(14,818)
Adaptations	95,029	-	-	-	95,029	104,448	-	139,852	(44,823)	(40,655)
Commercial rent	-	-	-	121,975	121,975	122,451	-	-	121,975	122,451
Total from other activities, 2016	95,029	140,239	107,832	193,033	536,133	580,870	1,177	1,414,270	(879,314)	(554,628)
Total from other activities, 2015	104,448	181,951	121,093	173,378	580,870	580,870	-	1,135,498	(554,628)	(554,628)

Undertaken to support the community, other than the provision, construction, improvement and management of housing

Notes on the Financial Statements
For the year ended 31 March 2016

6b Grants Received

In 2014/15, 24 mid-market rented properties were completed and transferred to investment properties as those are leased to the Association's subsidiary, East End Housing Development Company Limited who then leases these out at mid-market rent. Therefore in substance, these are investment properties held by the Association. Government grant of £815,968 received in respect of the construction of these units has been recognised in income in 2014/15 as investment properties are held at their market value under FRS 102 and thus the Government Grant has been recognised under the performance method.

These investment properties were constructed at a cost of £3,085,649 and were valued in 2014/15 at £2,333,675. This impairment of £751,974 has been recognised in 2014/15.

7. Directors' Emoluments

The directors are defined as the members of the Management Committee, the Chief Executive and anyone who reports directly to the Chief Executive or the Management Committee. No emoluments were paid to any member of the Management Committee during the year. The Association considers key management personnel to be the Management Committee and Executive Officers (as listed on page 1).

	2016	Restated
	£	2015
		£
Emoluments (excluding pension contributions) of Chief Executive	81,637	76,933

The Chief Executive is an ordinary member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 21. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes. The Association's contribution for the Chief Executive in the year amounted to £7,674 (2015: £7,094). These contributions do not include past service deficit contributions.

	2016	2015
	Number	Number
Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-		
£60,001 - £65,000	3	2
£65,001 - £70,000	2	-
£75,001 - £80,000	-	1
£75,001 - £90,000	1	-

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £402,985 (2015: £201,641). The total pension contributions for those earning more than £60,000 were £32,713 (2015: £18,571).

Notes on the Financial Statements
For the year ended 31 March 2016

8. Employee Information	2016 Number	2015 Number
The average number of persons employed by the Association during the year on a full time equivalent basis is:		
Housing	15	14
Maintenance	11	10
Development	4	4
Finance	6	6
Administration	10	10
Factoring	1	1
Housing Support	3	5
Wider Role	7	6
Welfare Rights Officers	2	2
	59	58
	59	58
	2016	Restated
	£	2015
		£
Staff costs (including directors' emoluments):		
Wages and salaries	2,099,375	2,014,143
Social security costs	173,961	171,946
Pension costs	182,265	172,686
Defined benefit pension charge – Strathclyde Pension Fund (Note 22)	19,000	6,000
SHAPS re-measurements (Note 22)	(14,000)	267,000
	2,460,601	2,631,775
	2,460,601	2,631,775
9. Interest Receivable and Other Income	2016	Restated
	£	2015
		£
Interest receivable on deposits	2,574	10,425
Interest received on loans to subsidiaries	24,787	23,085
Defined benefit finance credit – Strathclyde Pension Fund (Note 22)	-	14,000
	27,361	47,510
	27,361	47,510
10. Interest Payable and Similar Charges	2016	Restated
	£	2015
		£
On private loans	1,367,899	1,124,338
Defined benefit finance charge – Strathclyde Pension Fund (Note 22)	5,000	-
SHAPS – unwinding of discount (Note 22)	81,000	121,000
	1,453,899	1,245,338
	1,453,899	1,245,338

Notes on the Financial Statements
For the year ended 31 March 2016

11. Operating Surplus

	2016	Restated
	£	2015
		£
Operating surplus is stated after charging:		
Depreciation – social housing	1,023,004	906,237
Depreciation – replaced components' net book value	162,668	387,095
Depreciation – other fixed assets	76,689	11,252
Auditor's remuneration (excluding VAT)		
- In their capacity as auditors	11,500	10,750
- In respect of other services	4,500	2,500
	<u> </u>	<u> </u>

Notes on the Financial Statements
For the year ended 31 March 2016

12. Tangible Fixed Assets	Housing stock for let		Shared Ownership		Investment Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
	Completed £	Under Construction £	Completed £	Under Construction £					
Cost									
At start of year as restated	43,911,058	3,062,692	1,453,000	-	2,333,675	760,000	236,233	364,759	52,121,417
Additions during year	4,057,541	2,166,193	-	-	10,000	22,176	9,730	24,413	6,290,053
Transfers	131,867	-	(131,867)	-	-	-	-	-	-
Disposals	(435,273)	-	-	-	-	-	-	-	(435,273)
Impairment	-	-	-	-	-	-	-	-	-
At end of year	47,665,193	5,228,885	1,321,133	-	2,343,675	782,176	245,963	389,172	57,976,197
Depreciation									
At start of year as restated	878,753	-	27,484	-	-	15,200	236,233	261,311	1,418,981
Charge for year	998,014	-	24,990	-	-	15,644	1,946	59,099	1,099,693
Transfers	2,494	-	(2,494)	-	-	-	-	-	-
On disposals	(12,074)	-	-	-	-	-	-	-	(12,074)
At end of year	1,867,187	-	49,980	-	-	30,844	238,179	320,410	2,506,600
Net Book Value									
At end of year	45,798,006	5,228,885	1,271,153	-	2,343,675	751,332	7,784	68,762	55,469,597
At beginning of year restated	43,032,305	3,062,692	1,425,516	-	2,333,675	744,800	-	103,448	50,702,436

Development Administration costs capitalised amount to £417,880 (2015: £587,326). £4,057,541 (2015: £3,308,136) of expenditure on new components was capitalised in the year. Eleven units (2015: Eight) were sold via right to buy in the year for net proceeds of £402,545 (2015: £191,593). The costs of the units were £265,608 (2015: £146,839) with a net book value of £260,530 (2015: £146,988).

Components with a cost of £169,665 (2015: £387,095) and accumulated depreciation of £6,997 (2015: £nil) were disposed of in the year.

Notes on the Financial Statements
For the year ended 31 March 2016

13. Investments

	2016 £	2015 £
Investment in subsidiary undertakings	2	2

Shettleston Housing Association Limited owns 1 ordinary £1 share in Upkeep Shettleston Community Enterprises Limited. The investment is held at cost. This represents a 100% shareholding in Upkeep Shettleston Community Enterprises Limited, a company registered in Scotland, whose principal activity is the provision of estate caretaker services. Upkeep Shettleston Community Enterprises Limited made a profit of £15,372 (2015: £8,685) for the year ended 31 March 2016 and had net assets of £131,297 (2015: £115,925).

Shettleston Housing Association Limited owns 1 ordinary £1 share in East End Housing Development Company Limited. The investment is held at cost. This represents a 100% shareholding in East End Housing Development Company Limited, a company registered in Scotland. This company rents out property. East End Housing Development Company Limited made a profit of £38,537 (2015: £8,503) for the year ended 31 March 2016 and had net assets of £18,503 (2015: net liabilities of £20,034).

Shettleston Housing Association Limited, by virtue of having common control, controls Upkeep Recycling, a charitable company limited by guarantee. This charitable company provides affordable second hand furniture. Upkeep Recycling made a deficit of £26,974 (2015: a surplus of £34,284) for the year ended 31 March 2016 and had net assets of £7,310 (2015: £34,284).

14. Debtors

	2016 £	Restated 2015 £
Amounts falling due within one year:		
Rental arrears	420,383	412,175
Less: provision for bad debts	(201,921)	(185,154)
	<u>218,462</u>	<u>227,021</u>
Amounts owed by subsidiaries	893,090	637,770
Grant receivable	524,469	-
Other debtors and prepayments	454,198	396,196
	<u>2,090,219</u>	<u>1,260,987</u>

Included in amounts owed by subsidiaries is £569,031 (2015: £461,698) which is due in more than one year.

15. Cash and cash equivalents

	2016 £	2015 £
Balances held in current accounts	51,359	6,783
Balances held in deposit accounts	532,923	429,654
	<u>584,282</u>	<u>436,437</u>

Notes on the Financial Statements
For the year ended 31 March 2016

16. Creditors – Amounts falling due within one year

	2016 £	Restated 2015 £
Trade creditors	385,283	299,356
Amounts owed to subsidiaries	266,517	120,375
Other creditors	592,136	596,901
Rent in advance	260,991	251,544
Capital works and retentions	166,450	138,570
Other taxes and social security	54,837	57,996
VAT Creditor	27,325	19,108
SHAPS past service deficit liability	299,864	293,913
Deferred government capital grants	69,676	34,944
	<u>2,123,079</u>	<u>1,812,707</u>

17. Creditors – Amounts falling due outwith one year

	2016 £	Restated 2015 £
Deferred government capital grants	5,533,733	4,729,244
SHAPS past service deficit liability	1,620,646	1,853,510
Loans	30,000,000	25,487,500
	<u>37,154,379</u>	<u>32,070,254</u>
Loans:		
Due between one and two years	-	-
Due between two and five years	-	-
Due in five years or more	30,000,000	25,487,500
	<u>30,000,000</u>	<u>25,487,500</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 0.81% and 5.36% in instalments. The loans are due to be repaid in full by 31 March 2040.

18. Deferred government capital grants

	2016 £	Restated 2015 £
At 1 April	4,764,188	3,767,425
Grants received in year	914,411	1,031,707
Released to income in year	(75,190)	(34,944)
	<u>5,603,409</u>	<u>4,764,188</u>
Loans:		
Due in less than one year	69,676	34,944
Due between one and two years	69,676	34,944
Due between two and five years	209,028	104,832
Due in five years or more	5,255,029	4,589,468
	<u>5,603,409</u>	<u>4,764,188</u>

Notes on the Financial Statements
For the year ended 31 March 2016

19. Financial Instruments	2016	2015
	£	£
Financial Assets		
Financial assets measured at amortised cost	2,090,219	1,260,987
	<u> </u>	<u> </u>
Financial Liabilities		
Financial liabilities measured at amortised cost	33,330,896	28,790,125
	<u> </u>	<u> </u>
Financial assets measured at amortised cost comprised amounts owed by subsidiaries, grant receivable and other debtors and prepayments.		
Financial liabilities measured at amortised cost comprised trade creditors, amounts owed to subsidiaries, other creditors, capital works and retentions, SHAPS scheme liability, Strathclyde Pension Fund liability and loans.		
20. Share Capital	2016	Restated
	£	2015
		£
At beginning of year	266	271
Shares of £1 each fully paid and issued during the year	13	2
Shares forfeited in year	(17)	(7)
	<u> </u>	<u> </u>
At end of year	262	266
	<u> </u>	<u> </u>
Each share entitles a member to one vote. There is no right to any distribution.		
21. Capital Commitments	2016	2015
	£	£
Contracted for but not provided in these accounts	200,477	1,399,351
This is to be funded by:		
HAG	-	-
Private Finance	200,477	1,399,351
Other grants	-	-
	<u> </u>	<u> </u>
	200,477	1,399,351
	<u> </u>	<u> </u>
Approved by the Management Committee but not contracted for	-	-
	<u> </u>	<u> </u>

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

Shettleston Housing Association Limited (the "Association") participates in the Scottish Housing Association Pension Scheme (SHAPS) (the "Scheme"). The Scheme is a multi-employer defined benefit scheme. There are six benefit structures available, namely:

- (a) Final salary with a 1/60th accrual rate;
- (b) Career average revalued earnings with a 1/60th accrual rate;
- (c) Career average revalued earnings with a 1/70th accrual rate;
- (d) Career average revalued earnings with a 1/80th accrual rate;
- (e) Career average revalued earnings with a 1/120th accrual rate, contracted-in; and
- (f) Defined contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Shettleston Housing Association Limited has elected to operate a 1/70th CARE scheme and Defined Contribution scheme from 1 April 2014 having previously operated a final salary scheme with a 1/60th accrual rate structure.

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

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the year, Shettleston Housing Association Limited paid contributions in respect of the CARE 1/70th Scheme at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%. Employer contributions to the Defined Contribution Scheme ranged from 2% to 9.45% and employees contributed at various levels from 1% upwards. There was an additional annual employer past service deficit contribution of £293,913 (net of administration costs) made in the year ended 31 March 2016 (2015 - £286,000).

As at the balance sheet date there were 46 (2015: 33) active members of the Scheme employed by Shettleston Housing Association Limited. The annual pensionable payroll in respect of these members was £1,543,038. Shettleston Housing Association Limited continues to offer membership of the Scheme to its employees.

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.

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

**Notes on the Financial Statements
For the year ended 31 March 2016**

22. Pensions (continued)

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 to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2012 are detailed below.

Financial Assumptions

The financial assumptions underlying the valuation were as follows:-	% pa
- Investment return pre-retirement	5.3
- Investment return post retirement – Non pensioners	3.4
Pensioners	3.4
- Rate of salary increases	4.1
- Rate of pension increases -pension accrued pre 6 April 2005	2.0
-pension accrued from 6 April 2005	1.7
(for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation	2.6

The valuation was carried out using the SAPS (S1PA). All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

The joint contribution rates required from employers and members to meet the cost of future benefit accrual for the 1/70th CARE benefit structure was assessed as 19.2%.

This is split between employers and members. Accordingly the contribution rates for the 1/70th CARE scheme are 9.6% employer contributions and 9.6% member contributions.

2015 valuation

As highlighted at the 2015 Employer Forums, the triennial valuation has been undertaken against a challenging economic backdrop for defined benefit (DB) schemes like SHAPS. That said, the deficit has reduced from £304m as at 30 September 2012 to £198m as at 30 September 2015; an improvement in the funding position from 56% to 76%.

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions (continued)

A summary of the headline provisional valuation results is set out in the table below:

Valuation	2016	2015
Assets (£ million)	394	612
(Liabilities) (£ million)	(698)	(810)
(Deficit) (£ million)	(304)	(198)*
Funding level	56%	76%
Aggregate annual deficit contributions for the year from 1 April 2017 (£ million)	28.7	28.7
	(26.3 on inception from 1 April 2014)	
Annual increases to deficit contributions	3.0%	3.0%
Proposed deficit contribution (recovery) plan) and date	30 September 2027	28 February 2022

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 Trustees have recently supplied Shettleston Housing Association Limited with an estimated updated contribution figure to the past service deficit. The net past service deficit contribution for 2016/17 is £302,983 (discounted = £299,863). From 1 April 2017 Shettleston Housing Association Limited will be required to pay £336,004 (net of administration costs) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liability recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 3 March 2016 by the Pensions Trust.

Past service deficit repayment liability

	2016	Restated
	£	2015
		£
Provision at start of period	2,147,423	2,045,423
Unwinding of the discount factor (interest expense)	81,000	121,000
Deficit contribution paid	(293,913)	(286,000)
Re-measurements – impact of any changes in assumptions	(14,000)	267,000
Re-measurements – amendments to the contributions schedule	-	-
Provision at end of period	<u>1,920,510</u>	<u>2,147,423</u>
Liability split as:		
< 1 year	299,863	293,913
1-2 years	325,097	299,863
2-5 years	988,894	982,078
> 5 years	306,656	571,569
	<u>1,920,510</u>	<u>2,147,423</u>

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions (continued)

Statement of Comprehensive Income Impact	2016 £	2015 £
Interest expense	81,000	121,000
Re-measurements – impact of any change in assumptions	(14,000)	267,000
Assumptions	2016	2015
Rate of discount	2.29%	2.22%

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate band yield curve to discount the same recovery plan contributions.

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

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

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2015 is £11,066,429 (2015:£9,735,997).

Strathclyde Pension Fund

Shettleston Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended. Six members of staff are members of the Scheme.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their 2016 valuations are as follows;

Assumptions as at	31 March 2016	31 March 2015
Pension increase rate	2.2%	2.4%
Salary increase rate	4.2%	4.3%*
Discount rate	3.5%	3.2%

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions (continued)

Mortality

Life expectancy for both current and future pensioners is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.5% per annum for males and 1.25% per annum for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	23.6 years
Future Pensioners	24.8 years	26.2 years

Reconciliation of defined benefit obligation

Year Ended:	31 Mar 2016	31 Mar 2015
	£(000)	£(000)
Opening Defined Benefit Obligation	1,358	1,052
Current Service Cost	69	63
Interest Cost	43	46
Contributions by Members	14	15
Actuarial (Gains)/Losses	(126)	226
Past Service (Gains)/Costs	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(85)	(44)
	<u>1,273</u>	<u>1,358</u>
Closing Defined Benefit Obligation	<u><u>1,273</u></u>	<u><u>1,358</u></u>

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions (continued)

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2016	31 Mar 2015
	£(000)	£(000)
Opening Fair Value of Employer Assets	1187	979
Expected Return on Assets	38	60
Contributions by Members	14	15
Contributions by the Employer	50	57
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	(7)	120
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(85)	(44)
	<u>1197</u>	<u>1,187</u>
Closing Fair Value of Employer Assets		
	<u>(76)</u>	<u>(171)</u>
Net pension liability		

Analysis of amounts included in Statement of Comprehensive Income

	2016	2015
	£(000)	£(000)
Expected return on pension scheme assets	38	60
Interest on pension scheme liabilities	(43)	(46)
	<u>(5)</u>	<u>14</u>
Net Return – finance (charge)/income		

	2016	2015
	£(000)	£(000)
Current service cost	69	63
Contribution by employers	(50)	(57)
	<u>19</u>	<u>6</u>
Charge/(Credit) to staff costs		

The expected Employer's contributions for the year to 31 March 2016 will be approximately £50,000.

Notes on the Financial Statements
For the year ended 31 March 2016

22. Pensions (continued)

Analysis of amount recognised in Statement of Comprehensive Income

	2016	2015
	£(000)	£(000)
Actual return less expected return on scheme assets	(7)	120
Changes in assumptions underlying the present value of scheme liabilities	126	(226)
	<u> </u>	<u> </u>
Actuarial loss recognised in statement of recognised gains and losses	119	(106)
	<u> </u>	<u> </u>

23. Housing Stock

The number of units of accommodation in management was as follows:-

	Units in Management	
	2016	2015
General Needs Housing	2,265	2,266
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	43	47
	<u> </u>	<u> </u>
	<u>2,308</u>	<u>2,313</u>

24. Other property

The other property held by the Association was as follows:-

	Units in Management	
	2016	2015
Commercial units	35	35
Garages	16	16
Main Office	1	1
	<u> </u>	<u> </u>
	<u>52</u>	<u>52</u>

25. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014.

**Notes on the Financial Statements
For the year ended 31 March 2016**

26. Transactions with Management Committee and Key Management

No member of the Association received any fee or remuneration during the year (2015: £Nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £1,399 (2015: £1,038).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £29,964 (2015: £26,525). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £23 (2015: £71). The total rent and service charge prepaid relating to tenant Board members included within creditors at the year end is £1,378 (2015: £984).

The total remuneration (including pension contributions (not including past service deficit payments) and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on page 1 was £436,279 (2015: £409,406).

27. Related Party Transactions

Upkeep Shettleston Community Enterprises Limited

During the year, Shettleston Housing Association Limited incurred salary costs of £186,723 (2015: £199,339) on behalf of Upkeep Shettleston Community Enterprises Limited. This was recharged by the Association to Upkeep Shettleston Community Enterprise Limited.

Shettleston Housing Association Limited received £30,000 (2015: £nil) in Gift Aid from Upkeep Shettleston Community Enterprises Limited.

Shettleston Housing Association Limited charged Upkeep Shettleston Community Enterprises Limited £10,500 (2015: £10,500) for the rental of a commercial office property.

The balance owed to the Association by Upkeep Shettleston Community Enterprises Limited at 31 March 2016 was £251,580 (2015: £133,206). This is included within amounts owed by subsidiaries in debtors.

Upkeep Shettleston Community Enterprises Limited provided services of £2,109,154 (2015: £2,107,159) in the year to Shettleston Housing Association Limited. These services included close and backcourt cleaning, void property clearance and environmental works. The balance owed by the Association to Upkeep Shettleston Community Enterprises Limited at 31 March 2016 was £256,994 (2015: £120,375) and is included in creditors.

East End Housing Development Company Limited

Shettleston Housing Association Limited has another subsidiary, East End Housing Development Company Limited. The Association made loans to East End Housing Development Company Limited during the year totalling £107,333 (2015: £55,120) to fund the purchase of two additional investment properties. The balance owed to the Association at 31 March 2016 in respect of this and previous loans was £569,031 (2015: £461,698). Interest charged on these loans during the year was £24,787 (2015: £23,085).

Shettleston Housing Association collected rental income on behalf of East End Housing Development Company Limited during the year. This was paid over to East End Housing Development Company Limited throughout the year.

Shettleston Housing Association leased 24 mid-market rental properties to East End Housing Development Company Limited during the year and charged rent of £65,433 (2015: £59,941).

Notes to the Financial Statements
For the year ended 31 March 2016

27. Related Party Transactions (cont'd)

Shettleston Housing Association received £20,000 (2015: £20,000) in gift aid from East End Housing Development Company Limited.

The balance owed by the Association at 31 March 2016 was £9,523 (2015: Debtor of £12,739). This is included within amounts owed to subsidiaries in creditors.

Upkeep Recycling

Upkeep Recycling is a company limited by guarantee that was incorporated on 10 April 2015. The Association has full control over Upkeep Recycling by virtue of the fact that all directors of Upkeep Recycling are employees of Shettleston Housing Association Limited or are members of its Management Committee.

During the year, Shettleston Housing Association Limited recharged salary and other running costs of £51,141 (2015: £44,351) on behalf of Upkeep Recycling. At the year end, £72,479 (2015: £30,127) is outstanding and is included in amounts owed by subsidiaries.

28. Taxation

As a charity, Shettleston Housing Association Limited's charitable activities are not subject to taxation. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due on non-charitable activities (2015: £nil).

29. Revenue commitment

	2016	Restated
	Office	2015
	Equipment	Office
Expires in less than 1 year	31,153	31,153
Expires in 1 to 2 years	31,153	31,153
Expires in 2 to 5 years	93,459	93,459
Expires in more than 5 years	-	31,153
	<hr/>	<hr/>
	155,765	186,918
	<hr/> <hr/>	<hr/> <hr/>

30. Transition to FRS 102

The Association has adopted Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS 102 the Association does not present an Income and Expenditure Account or a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements to 31 March 2015 as items that previously appeared in these statements are now included in the Statement of Comprehensive Income.

As permitted by FRS 102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

Notes to the Financial Statements
For the year ended 31 March 2016

30. Transition to FRS 102 (cont'd)

As prescribed by FRS 102 the Association now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.

Housing units have been valued on an existing use value at 1 April 2014 and this has been taken as deemed cost.

Investment properties have been revalued at the transition date of 1 April 2014.

Government Capital Grants were transferred to revenue reserves at 1 April 2014 as the Association opted to use an existing use value as deemed cost. This is in accordance with the SORP. From 1 April 2014, Government Capital Grants are now recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure and other components (excluding land).

All employee benefits not paid to the employee at the year end must be accrued. As such, the Association accrues a monetary value for all unused holidays at the year end based on the individual employee's salary.

Designated reserves are no longer shown separately in the financial statements and instead are combined with the revenue reserve.

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) pension scheme and makes annual contributions towards the deficit in line with the fund plan. Under FRS 102, the future discounted contributions in respect of the deficit must now be shown as a liability on the Statement of Financial Position with the actual payment being released to the Statement of Comprehensive Income as it falls due.

Office premises were restated to deemed cost at 1 April 2014 using a valuation of its market value at 1 April 2014 performed by a qualified valuer. The depreciation charges for 2014/15 was restated due to this change in the carrying cost.

Restated Surplus for the year ended 31 March 2015

	£
Surplus per signed financial statements for year ended 31 March 2015	816,221
Effect of adjustment to restate disposals due to the recognition of housing property at deemed cost	(431,307)
Effect of adjustment to restate depreciation on housing properties and shared ownership properties	(18,355)
Effect of adjustment to recognise government capital grants received in respect of investment properties	815,968
Effect of adjustment to amortise government capital grants	34,944
Effect of adjustment to impair investment properties	(751,974)
Effect of adjustment to recognise the movement in the holiday pay and TOIL accrual	(3,393)
Effect of adjustment to restate the depreciation of office premises	39,785
Effect of adjustment to recognise the movement in the SHAPS past service deficit liability	(102,000)

Restated Surplus for the year ended 31 March 2015

399,889

Notes to the Financial Statements
For the year ended 31 March 2016

30. Transition to FRS 102(cont'd)

Restated Statement of Financial Position as at 31 March 2015

	£
Capital and reserves as at 31 March 2015 per signed financial statements	15,433,920
<u>Adjustments at 1 April 2014</u>	
Effect of adjustment to recognise housing property at deemed cost	6,177,922
Effect of adjustment to recognise shared ownership property at deemed cost	1,404,066
Effect of adjustment to recognise investment properties at fair value	(410,989)
Effect of adjustment to recognise an accrual for holiday pay and TOIL	(38,384)
Effect of adjustment to recognise the SHAPS past service deficit liability	(2,045,423)
Effect of adjustment to restate office premises at valuation	(1,758,879)
<u>Adjustment in 2014/15</u>	
Effect of adjustment to restate disposals due to recognition of housing property held for letting at deemed cost	(431,307)
Effect of adjustment to restate depreciation on housing properties held for letting and shared ownership properties	(18,355)
Effect of adjustment to recognise government capital grants received in respect of investment properties	815,968
Effect of adjustment to amortise government capital grants	34,944
Effect of adjustment to impair investment properties	(751,974)
Effect of adjustment to recognise the movement in holiday pay and TOIL accrual	(3,393)
Effect of adjustment to restate depreciation of office premises	39,785
Effect of adjustment to recognise the movement SHAPS past service deficit liability	(102,000)
Restated capital and reserves as at 31 March 2015	18,345,901

Restated Statement of Financial Position as at 1 April 2014

	£
Capital and reserves as at 31 March 2014 per signed financial statements	14,723,697
Effect of adjustment to recognise housing property at deemed cost	6,177,922
Effect of adjustment to recognise shared ownership property at deemed cost	1,404,066
Effect of adjustment to recognise investment properties at fair value	(410,989)
Effect of adjustment to recognise an accrual for holiday pay and TOIL	(38,384)
Effect of adjustment to recognise the SHAPS past service deficit liability	(2,045,423)
Effect of adjustment to restate office premises at valuation	(1,758,879)
Restated capital and reserves as at 1 April 2014	18,052,010

