

SHETTLESTON HOUSING ASSOCIATION LIMITED

Group Accounts

Report and Financial Statements

For the year ended 31 March 2017

SHETTLESTON HOUSING ASSOCIATION LIMITED

Report and Financial Statements For the year ended 31 March 2017

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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 2017**

Members, Executives and Advisers

Management Committee

Gillian Johnston	Chairperson
James Tominey	Vice- Chairperson
Morag Allan	Secretary
Mary Thomas	
Mary Hain	
Grace Barbour	
Patricia McLeish	
John Morrison	
Graham Jamieson	
Iris Jamieson	
Duncan McLeary	Co-opted
Kirsty Morrison	Co-opted
Frank Quinn	Co-opted
Lesley Scoffield	Co-opted
John Hastie	Retired 22 September 2016
Patrick McDonagh	Resigned 12 May 2016
Betty Finnen	Retired 22 September 2016
Margaret Russell	Resigned 3 May 2016

Executive Officers

Chris Cunningham	Director
Jim Hempsey	Finance Manager
Jannette Rawls	Corporate Services Manager
Joe Whitley	Maintenance Manager
Anne McAlpine	Performance Manager
	Appointed April 2017
Avril Stewart	Housing Manager
	Appointed May 2017
June Macfarlane	Housing Manager
	Retired February 2017
Margaret Paton	Performance and Development Manager
	Retired August 2016

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

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

The Management Committee presents its Report (incorporating the Strategic Report) and audited financial statements for the year ended 31 March 2017.

Principal Activity

The principal activity of the Group is the provision of social rented accommodation, the provision of estate caretaking services, the acquisition and letting of properties at market rents and to obtain furniture, white goods and other household consumables that can be re-used and to provide these by gift or low affordable cost to persons in financial hardship.

Review of the Business and Future Developments

At the commencement of the 2016/17 financial year the Group 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 new 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 maintain the SHQS housing standard for all stock and to work towards the EESSH standard for 2020.
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.
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 should be noted:

- Our Development programme continues 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: Completed in May 2016. This £3.2m development provides 29 high quality amenity properties for an older tenant group with two flats fully equipped for wheelchair use. The scheme has won a number of awards for design, construction and specification.
- Carntyne Parish Church: Work commenced on site in March 2017 as part of a £3.6 million pound investment by the Association to redevelop a local landmark, bringing 19 new amenity flats to Shettleston. This site is due to complete in early 2018.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

Review of the Business and Future Developments (continued)

- Fenella Street: this scheme will be developed in two phases. Work commenced on Phase 1 in March 2017 for the development of 34 units of which 26 will be available for social rent and eight units for mid-market rent. A further 12 units for social rent will be developed in Phase 2. This £6.3 million pound development is expected to be fully complete around June 2018.
- St Marks School: A design team was appointed and the site obtained outline planning permission for maximum 41 units.
- 41 Wellshot Road (old telephone exchange): The site was purchased in March 2017. A feasibility study was carried out and outline plans are in place for the development of 12 units.
- Wellshot Halls: The Association developed plans to purchase this site.
- The 4th phase of a major window replacement contract was completed during 2016. Over the past two years the Association has replaced over 2,500 windows with new timber double glazed replacements.
- Thirty four steel estate properties were fully insulated and rendered during 2016. The Association invested £462,000 of which £250,000 was grant funded by the Energy Savings Trust. Towards the end of 2016 we were able to secure funding from HEEPS and Private Sector Grant funding from Glasgow City Council to offer owner occupiers financial assistance to have the render work completed and in so doing be able to improve the properties for our tenants in these mixed tenure blocks. Work on the remaining phase of the steel estate render project commenced in January 2017 and was completed in May 2017.
- Twenty one new close entry doors were fitted in our inter-war properties.
- £404,000 was spent upgrading central heating boilers in 126 properties with new energy efficient models.
- One hundred and thirty two homes in Denbeck Street, Darleith Street, Fernan Street and Old Shettleston Road benefited from a partial or full rewiring upgrade.
- Phase 1 of a Kitchen and Bathroom project commenced in November 2016 and completed in April 2017. Sixty four properties in the Steel Estate were upgraded.
- An academic study 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.
- The Association provided its second return to the Regulator on our compliance with working towards meeting the Energy Efficiency Standard for Social Housing (EESH) required by 2020. As at the 31 March 2017, 78.7% of our stock met the standard.
- For a third year the Association took the opportunity offered by the Glasgow City Council's Acquisition strategy to acquire six owner occupied tenement flats. These properties will now be offered for social rent. The Council covered 100% of the acquisition costs, with further grant subsidy to fund 50% of the follow-on renovation costs.
- All financial targets and covenant requirements were met, or improved on, during 2016/17.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

Review of the Business and Future Developments (continued)

- Following the AGM in September 2016 and the departure of some longstanding members of committee the Association took the decision, for the first time, to recruit two external co-optees to committee. This change to the committee structure was also made as the Association recognised as a primary risk the potential for major change at a senior staff level during 2016/17. The numbers and attendance on the Management Committee remained positive throughout 2016/17. In line with the Scottish Housing Regulator Standard 6 requirements, Committee appraisals were carried out and training plans agreed.
- The Association received its third Landlord Report from the Scottish Housing Regulator (SHR) on 31 August 2016. 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 content and layout 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 face to face survey during January/February 2017 to gauge tenant satisfaction with a range of services in accordance with the requirements specified by the Scottish Housing Regulator. The survey was carried out by an independent research company and a response rate of over 40% was achieved. In summary, since 2015 satisfaction with the Association's overall service delivery remained consistent at 90%, our repairs service and maintenance service (90%, up from 89%), management of the neighbourhood (90%, up from 85%), percentage of tenants who feel their property represents good value for money (85%, up from 82%) and percentage of tenants satisfied with opportunities given to them to participate in the Association's decision making process (89%, up from 85%).
- During 2016/17 we continued to monitor the levels of satisfaction of our new tenants. All new tenants were asked about their experience of being allocated the property and their overall satisfaction with the standard of the home. A response rate of 63% was achieved and satisfaction with the overall standard of the home at allocation during 2016/17 was 98%. This is an increase of 2% from the previous year.
- The Association also carried out a predominately face to face survey to monitor owners' satisfaction with our factoring service (postal surveys were sent to non-resident owners). Prior to commissioning this survey a factored owners' forum meeting was held mid-November 2016. Satisfaction has increased in the majority of service areas since 2014. The overall level of satisfaction with the factoring service increased from 43% in 2014 to 81% in 2017. Following the 2014 survey the Association developed an action plan to cover a variety of issues raised in this first survey with a view to improving the factoring service.
- In terms of improving our communication with factored owners the Association published its first Factoring newsletter in Autumn 2016.
- Overall performance improved throughout 2016/17 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.
- 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. In total 804 feedback cards were received.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

Review of the Business and Future Developments (continued)

- The Association introduced an SMS text messaging service within the organisation to improve communication with our residents and our service delivery. From September 2016 the text messaging service was used to send out satisfaction questionnaires to all service users who had a repair carried out and had provided a mobile number.
- The Association continues to promote contact with our community and wider audience via social media. During 2016/17 a total of 1,610 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's IT software was fully upgraded during 2016. As part of this upgrade two new modules (Open Contractor & Total Mobile) were incorporated into our IT system to reduce manual processing of repairs and improve monitoring of the service delivery by our subsidiary contractor Upkeep (Upkeep Shettleston Community Enterprises Limited).
- The Association also developed a Service Level Agreement (SLA) between the Association and Upkeep to ensure a high quality service was delivered to our service users. This agreement will commence from April 2017.
- Availability and uptake of DHP allowed the impact of the Bedroom Tax to be mitigated 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. The migration to this benefit was monitored in an attempt to support tenants and also minimise the risk of a loss of rental income to the Association.
- Our two financial inclusion officers continue to provide advice to local residents. The service is fully licenced by the Financial Conduct Authority and both officers are fully accredited DAS Money Advisors, which means they can offer residents assistance with Debt payment Plans under the Debt Arrangement Scheme. As well as offering debt advice the service reaches out into the community by holding drop in sessions at the Trussel Trust Foodbank, Parkhead Foodbank, Fuse Youth Café and local library. Financial Education workshops were also held with a young carers' group in partnership with the Fuse Youth Café during 2016/17.
- A Digital Inclusion strategy was developed during the course of 2016/17 to reach out to our tenants to improve their computer skills. As part of this strategy the financial inclusion team worked in partnership with the FUSE community project to offer residents free access to computers and assistance to help develop digital skills and knowledge.
- The Association celebrated its 40th Anniversary in 2016 and held various events to celebrate this achievement with our community, committee and staff. A short film entitled "A Place of Your Own" was commissioned to reflect the transformational work of the Association. The film is about the community and spirit of Shettleston and its people.
- The Shettleston Community Growing Project (SCGP) held its fifth annual Family Fun Day in partnership with the Association. A record 350+ visitors attended and as part of the Association's 40th Anniversary additional funding was provided to the project. Staff were very much involved in this highly successful community event.
- The Association continued to support the Fuse community project and in our anniversary year donated £1,500 towards the running of the summer programme. Over 100 local young people took part in the various activities which ran over the summer holidays.
- The Men's Shed held its first AGM in April 2016 and since opening membership has continued to grow.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

Review of the Business and Future Developments (continued)

- The Shettleston Energy Advice (SEA) project worked on a programme to help tenants' transition into a new tenancy with regard to metering issues, energy supply and energy behaviours. The team also worked with tenants at risk of missing annual gas servicing or having meters capped. Assistance was also provided with re-connections, fuel debt and general advice was also given to help tenants reduce their home energy usage.
- The Association signed up to the Glasgow Living Wage Campaign in November 2016 endorsing Glasgow City Council's ambition to tackle poverty and in particular rising in-work poverty experienced by low income households.
- Our subsidiary company The East End Development Company acquired one property for market rent.
- Our subsidiary company Upkeep Recycling continued to supply used furniture, white goods and other household consumables at low affordable cost to persons in financial hardship from its shops in Shettleston, Parkhead, Bridgeton and Rutherglen.
- During the year, Upkeep Shettleston Community Enterprises made a Gift Aid payment of £50,000 to its fellow subsidiary Upkeep Recycling which alleviated that company's struggle to pay market value costs from charitable income.
- East End Housing Development Company Limited has made provision in its accounts for a Gift Aid payment of £40,000 to the Association.

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.

Although SHA met the majority of its targets for 2016/17, 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:

- The review of the Allocations Policy scheduled to commence during 2016/17 has been held over until next year. This was due, in part, to awaiting statutory guidance on the legal framework for social housing allocations in line with the Housing (Scotland) Act 2014 which did not become available until November 2016. Progress on the review of policy was also held over due to the retirement of the Housing Manager in February 2017.
- An exit survey was due to be carried out to ascertain the satisfaction of applicants who had received a Housing Options interview in the office. This action to review satisfaction with the application process will be carried forward into next year.
- With regard to the Factoring service, the Association is still working towards ensuring it is properly appointed as factor for all properties and estates for which it provides a factoring service. Despite efforts of staff calling meetings the attendance of owners in some areas has not been sufficient to conclude its appointment.
- The 2016/17 targets set for staff to survey tenants to build a current data base of tenants' characteristics to inform future provision and services were not fully achieved. This process will be rolled over into next year and new targets agreed.
- As at 31 March 2017 the KPI targets for void target repair timescales were unmet.

Proposals to address all these outstanding issues are included in the actions for the year 2017/18.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

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 29.

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 auditors 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.
- (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 has reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2017. 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.

**Report of the Management Committee (incorporating the Strategic Report)
For the year ended 31 March 2017**

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: 4 July 2017

Report of the Auditor to the members of Shettleston Housing Association Limited

We have audited the financial statements of Shettleston Housing Association Limited for the year ended 31 March 2017 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Changes in Capital and Reserves, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2017 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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

Matters on which we are required to report by exception

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

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

Scott-Moncrieff

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

Dated: 4 July 2017

**Report of the Auditor to the Management Committee of Shettleston Housing Association Limited on Corporate Governance Matters
For the year ended 31 March 2017**

In addition to our audit of the Financial Statements, we have reviewed your statements on page 7 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 page 7 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

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

Dated: 4 July 2017

Group Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 £	Restated 2016 £
Turnover	4	9,203,631	9,087,716
Operating expenditure	4	(7,632,593)	(7,457,490)
Operating surplus	4, 11	1,571,038	1,630,226
Gain on disposal of property, plant and equipment		136,789	142,014
Movement in value of investment properties		-	35,985
Interest receivable and other income	9	1,813	2,574
Interest payable and similar charges	10	(1,450,697)	(1,453,899)
Surplus on ordinary activities before taxation		258,943	356,900
Tax on surplus on ordinary activities	12	(6,704)	(4,237)
Surplus for the year		252,239	352,663
<u>Other comprehensive income</u>			
Actuarial (loss)/gain recognised in the pension liability	25	(100,000)	119,000
Total Comprehensive Income		<u>152,239</u>	<u>471,663</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

Association Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover	4	8,650,591	8,499,864
Operating expenditure	4	(7,157,735)	(6,939,612)
Operating surplus	4	1,492,856	1,560,252
Gain on disposal of property, plant and equipment		136,789	142,014
Interest receivable and other income	9	30,368	27,361
Interest payable and similar charges	10	(1,450,697)	(1,453,899)
Gift aid from subsidiaries		40,000	50,000
Surplus for the year		249,316	325,728
<u>Other comprehensive income</u>			
Actuarial (loss)/gain recognised in the retirement benefit scheme	25	(100,000)	119,000
Total Comprehensive Income		<u>149,316</u>	<u>444,728</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements

Group Statement of Financial Position
As at 31 March 2017

	Notes	2017 £	2016 £
Tangible fixed assets			
Housing properties	14a	54,867,457	52,298,044
Other fixed assets	14b	3,956,861	3,843,643
		<u>58,824,318</u>	<u>56,141,687</u>
Current assets			
Stock		107,970	60,414
Debtors	16	1,837,862	1,283,784
Cash at bank and in hand	17	4,093,566	738,007
		<u>6,039,398</u>	<u>2,082,205</u>
Creditors: amounts falling due within one year	18	<u>(2,042,341)</u>	<u>(2,039,943)</u>
Net current assets		<u>3,997,057</u>	<u>42,262</u>
Total assets less current liabilities		<u>62,821,375</u>	<u>56,183,949</u>
Creditors: amounts falling due after more than one year	19	(43,524,764)	(37,154,379)
Retirement benefit scheme liability	25	(189,000)	(76,000)
Provision for Liabilities	13	(7,618)	(5,820)
		<u>19,099,993</u>	<u>18,947,750</u>
Net assets		<u>19,099,993</u>	<u>18,947,750</u>
Capital and reserves			
Share capital	22	258	262
Revenue reserve	22	19,099,184	18,946,945
Capital redemption reserve	22	551	543
		<u>19,099,993</u>	<u>18,947,750</u>

The financial statements were authorised for issue by the Management Committee on 4 July 2017 and were signed on its behalf by:

Gillian Johnston



Chairperson

James Tominey



Vice Chairperson

Morag Allan



Secretary


Regulated Number: SP1884RS

The notes form part of these financial statements

Association Statement of Financial Position
As at 31 March 2017

	Notes	2017 £	2016 £
Tangible fixed assets			
Housing properties	14a	54,867,457	52,298,044
Other fixed assets	14c	3,262,179	3,171,553
		<u>58,129,636</u>	<u>55,469,597</u>
Investments			
Investments in subsidiaries	15	2	2
Current assets			
Debtors due in more than one year	16	619,215	569,031
Debtors due in less than one year	16	2,091,069	1,521,188
Cash at bank and in hand	17	3,907,986	584,282
		<u>6,618,270</u>	<u>2,674,501</u>
Creditors: amounts falling due within one year	18	<u>(2,094,182)</u>	<u>(2,123,079)</u>
Net current assets		<u>4,524,088</u>	<u>551,422</u>
Total assets less current liabilities		<u>62,653,726</u>	<u>56,021,021</u>
Creditors: amounts falling due after more than one year	19	(43,524,764)	(37,154,379)
Retirement benefit scheme liability	25	<u>(189,000)</u>	<u>(76,000)</u>
Net assets		<u>18,939,962</u>	<u>18,790,642</u>
Capital and reserves			
Share capital	22	258	262
Revenue reserve	22	18,939,153	18,789,837
Capital redemption reserve	22	551	543
		<u>18,939,962</u>	<u>18,790,642</u>

The financial statements were authorised for issue by the Management Committee on 4 July 2017 and were signed on its behalf by:

Gillian Johnston  Chairperson

James Tominey  Vice Chairperson

Morag Allan  Secretary

Regulated Number: SP1884RS

The notes form part of these financial statements

Group Statement of Changes in Capital and Reserves as at 31 March 2017

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserves £
Balance at 1 April 2016	262	18,946,945	543	18,947,750
Issue of share capital	4	-	-	4
Cancellation of share capital	(8)	-	8	-
Total comprehensive income	-	152,239	-	152,239
	<u>258</u>	<u>19,099,184</u>	<u>551</u>	<u>19,099,993</u>
Balance at 31 March 2017	<u>258</u>	<u>19,099,184</u>	<u>551</u>	<u>19,099,993</u>

Group Statement of Changes in Capital and Reserves as at 31 March 2016

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserves £
Balance at 1 April 2015 restated	266	18,475,282	526	18,476,074
Issue of share capital	13	-	-	13
Cancellation of share capital	(17)	-	17	-
Total comprehensive income	-	471,663	-	471,663
	<u>262</u>	<u>18,946,945</u>	<u>543</u>	<u>18,947,750</u>
Balance at 31 March 2016	<u>262</u>	<u>18,946,945</u>	<u>543</u>	<u>18,947,750</u>

The notes form part of these financial statements

Association Statement of Changes in Capital and Reserves as at 31 March 2017

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserve £
Balance at 1 April 2016	262	18,789,837	543	18,790,642
Issue of share capital	4	-	-	4
Cancellation of share capital	(8)	-	8	-
Total comprehensive income	-	149,316	-	149,316
	<u>258</u>	<u>18,939,153</u>	<u>551</u>	<u>18,939,962</u>
Balance at 31 March 2017	<u>258</u>	<u>18,939,153</u>	<u>551</u>	<u>18,939,962</u>

Association Statement of Changes in Capital and Reserves as at 31 March 2016

	Share Capital £	Revenue Reserve £	Capital Redemption Reserve £	Total Reserves £
Balance at 1 April 2015	266	18,345,109	526	18,345,901
Issue of share capital	13	-	-	13
Cancellation of share capital	(17)	-	17	-
Total comprehensive income	-	444,728	-	444,728
	<u>262</u>	<u>18,789,837</u>	<u>543</u>	<u>18,790,642</u>
Balance at 31 March 2016	<u>262</u>	<u>18,789,837</u>	<u>543</u>	<u>18,790,642</u>

The notes form part of these financial statements

Group Statement of Cash Flows
For the year ended 31 March 2017

	Notes	2017 £	2016 £
Net cash generated from operating activities	1	1,886,987	2,119,671
Cashflows from investing activities			
Purchase of property, plant and equipment		(4,408,492)	(6,463,516)
Proceeds from sale of property, plant and equipment		426,325	402,545
Grants received		2,318,619	914,411
Interest received		1,813	2,574
Cashflows from financing activities			
Interest paid		(1,369,697)	(1,367,899)
New secured loans		4,500,000	4,500,000
Repayment of borrowings		-	-
Issue of share capital		4	13
Net changes in cash and cash equivalents		<u>3,355,559</u>	<u>107,799</u>
Cash and cash equivalents at 1 April 2016		<u>738,007</u>	<u>630,208</u>
Cash and cash equivalents at 31 March 2017		<u><u>4,093,566</u></u>	<u><u>738,007</u></u>

The notes form part of these financial statements

Notes to the Group Statement of Cash Flows
For the year ended 31 March 2017

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

	2017 £	2016 £
Surplus for the year	252,239	352,663
<u>Adjustments for non-cash items</u>		
Depreciation	1,436,325	1,306,748
Movement in valuation of investment properties	-	(35,985)
(Increase) in debtors	(554,078)	(550,063)
(Decrease)/increase in creditors	(107,356)	118,336
Release of deferred Government capital grants	(140,382)	(75,190)
Strathclyde Pension Scheme – non cash movements	13,000	24,000
SHAPS Pension Scheme – non cash movements	89,490	67,000
Carrying value of tangible fixed asset disposals	289,536	260,531
(Increase)/decrease in stock	(47,556)	(28,398)
Taxation charge	6,704	4,237
<u>Adjustments for investing or financing activities</u>		
Proceeds from sale of tangible fixed assets	(426,325)	(402,545)
SHAPS past service deficit payment	(303,000)	(293,913)
Interest received	(1,813)	(2,574)
Interest payable	1,369,697	1,367,899
Taxation paid	(1,994)	(5,575)
Amortisation of arrangement fee	12,500	12,500
	<u>1,886,987</u>	<u>2,119,671</u>

**Notes on the Financial Statements
For the year ended 31 March 2017**

1. General Information

The Group is registered under The Co-operative & Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 (FRS 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 Housing SORP 2014: Statement of Recommended Practice for Social Housing Providers issued in 2014.

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 Group'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 was used as deemed cost for housing properties. The accounting policies of the Association are set out in paragraphs (c) to (v) below.

(b) Going concern

The Management Committee anticipates that a surplus will be generated in the year to 31 March 2018 and the year to 31 March 2019. The Group 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

Association

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.

**Notes on the Financial Statements
For the year ended 31 March 2017**

2. Accounting policies (continued)

(c) Turnover (continued)

Upkeep Shettleston Community Enterprises Limited and East End Housing Development Company Limited

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Upkeep Recycling

All incoming resources are included in the Statement of Comprehensive Income when the charitable company is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Donations are received by way of grants, donations and gifts and is included in full in the Statement of Comprehensive Income when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when the charitable company becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charitable company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Income from charitable activities is recognised when the goods are sold.

(d) Apportionment of management expenses

Direct employee, administration and operating costs 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.

(e) Government revenue grants

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

(f) Interest Receivable

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

(g) 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.

(h) Lessor

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

**Notes on the Financial Statements
For the year ended 31 March 2017**

2. Accounting policies (continued)

(i) 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.

(j) 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.

(k) Fixed assets – other fixed assets

Other fixed assets are stated at cost less accumulated depreciation.

(l) 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.

(m) Depreciation

Housing properties

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

Notes on the Financial Statements
For the year ended 31 March 2017

2. Accounting policies (continued)

(m) Depreciation (continued)

Housing properties

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
Motor Vehicles	- 25% 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.

(n) 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 16.

(o) 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.

(p) 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.

(q) Financial Instruments

The Group 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.

**Notes on the Financial Statements
For the year ended 31 March 2017**

2. Accounting policies (continued)

(r) Government capital grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Group 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 Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

(s) Non-government capital and revenue 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.

(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 25)

Strathclyde Pension Fund

The Strathclyde Pension Fund is accounted for as a defined benefit scheme. 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.

**Notes on the Financial Statements
For the year ended 31 March 2017**

2. Accounting policies (continued)

(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.

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:

Estimate

Valuation of Housing Properties

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs Pension Scheme and Strathclyde Pension Scheme

The valuation of investment properties

Development costs capitalised

Basis of estimation

Housing Properties are held at deemed cost which is based on an existing use valuation at the date of transition of 1 April 2014. The assumptions used in the existing use value were reviewed and are considered reasonable.

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 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.

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.

These have relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

100% of the payroll cost of the development staff is capitalised whilst a proportion (ranging from 25% to 100%) of the payroll cost of maintenance staff is capitalised based on an estimate of the time spent by maintenance staff on managing capital additions (i.e. new components).

Notes on the Financial Statements
For the year ended 31 March 2017

4. Particulars of turnover, operating expenditure and operating surplus

Group	2017			2016		
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	8,229,399	5,902,711	2,326,688	7,963,731	5,524,165	2,439,566
Other activities (Note 6a)	355,287	1,252,061	(896,774)	460,200	1,415,447	(955,247)
Upkeep Shettleston Community Enterprises Limited	322,632	286,003	36,629	344,665	275,261	69,404
East End Housing Development Company Limited	186,594	23,309	163,285	178,566	15,089	163,477
Upkeep Recycling	109,719	168,509	(58,790)	140,554	227,528	(86,974)
	<u>9,203,631</u>	<u>7,632,593</u>	<u>1,571,038</u>	<u>9,087,716</u>	<u>7,457,490</u>	<u>1,630,226</u>
Association						
Income and Expenditure From lettings						
Social Lettings (Note 5)	8,229,399	5,902,711	2,326,688	7,963,731	5,524,165	2,439,566
Other activities (Note 6b)	421,192	1,255,024	(833,832)	536,133	1,415,447	(879,314)
	<u>8,650,591</u>	<u>7,157,735</u>	<u>1,492,856</u>	<u>8,499,864</u>	<u>6,939,612</u>	<u>1,560,252</u>

Notes to the Financial Statements
For the year ended 31 March 2017

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2017 Total £	2016 Total £
Income from rent and service charges					
Rent receivable net of service charges	7,786,891	-	92,780	7,879,671	7,667,089
Service charges	294,681	-	2,406	297,087	285,503
Gross income from rents and service charges	8,081,572	-	95,186	8,176,758	7,952,592
Less voids	(86,708)	-	(1,033)	(87,741)	(64,051)
Net income from rents and service charges	7,994,864	-	94,153	8,089,017	7,888,541
Grants from the Scottish Ministers	-	-	-	-	-
Amortisation of deferred government capital grants	140,382	-	-	140,382	75,190
Total turnover from social letting activities	8,135,246	-	94,153	8,229,399	7,963,731
Expenditure					
Management and maintenance administration costs	1,885,164	-	21,350	1,906,514	1,787,340
Service charges	880,788	-	9,389	890,177	677,288
Planned cyclical maintenance including major repairs	905,415	-	9,683	915,098	909,097
Reactive maintenance costs	702,765	-	5,975	708,740	742,166
Bad debts – rents and service charges	40,699	-	-	40,699	56,237
Depreciation of social housing	1,279,526	-	23,264	1,302,790	1,185,672
Property insurance	138,152	-	541	138,693	166,365
Impairment charge	-	-	-	-	-
Operating costs for social letting activities	5,832,509	-	70,202	5,902,711	5,524,165
Operating Surplus on letting activities, 2017	2,302,737	-	23,951	2,326,688	-
Operating Surplus on letting activities, 2016	2,420,912	-	18,654	2,439,566	-

Notes to the Financial Statements
For the year ended 31 March 2017

6a. Particulars of turnover, operating costs and operating surplus from other activities

Group	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating Surplus or (deficit)	
					2017	2016			2017	2016
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	114,117	-	-	114,117	140,239	-	519,708	(405,591)	(360,064)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	49,411	49,411	51,058	807	66,654	(18,050)	(54,670)
Development and construction of property activities	-	-	-	-	-	-	-	213,116	(213,116)	(231,473)
Support activities	-	-	52,456	-	52,456	107,832	-	380,437	(327,981)	(318,259)
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	9,300	9,300	20,000	-	-	9,300	20,000
Housing options	-	-	-	-	-	-	-	-	-	(12,000)
Furniture packages	-	-	-	-	-	-	-	-	-	-
Adaptations	85,309	-	-	-	85,309	95,029	-	74,302	11,007	(44,823)
Commercial rent	-	-	-	44,694	44,694	46,042	-	(2,963)	47,657	46,042
Total from other activities, 2017	85,309	114,117	52,456	103,405	355,287	807	1,251,254	(896,774)		
Total from other activities, 2016	95,029	140,239	107,832	117,100	460,200	1,177	1,414,270	(955,247)		

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

Notes to the Financial Statements
For the year ended 31 March 2017

6b. Particulars of turnover, operating costs and operating surplus from other activities

Association	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover		Operating costs - bad debts	Other operating costs	Operating Surplus or (deficit)	
					2017	2016			2017	2016
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	114,117	-	-	114,117	140,239	-	519,708	(405,591)	(360,064)
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	49,411	49,411	51,058	807	66,654	(18,050)	(54,670)
Development and construction of property activities	-	-	-	-	-	-	-	213,116	(213,116)	(231,473)
Support activities	-	-	52,456	-	52,456	107,832	-	380,437	(327,981)	(318,259)
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	9,300	9,300	20,000	-	-	9,300	20,000
Furniture Packages	-	-	-	-	-	-	-	-	-	(12,000)
Adaptations	85,309	-	-	110,599	85,309	95,029	-	74,302	11,007	(44,823)
Commercial rent	-	-	-	-	110,599	121,975	-	-	110,599	121,975
Total from other activities, 2017	85,309	114,117	52,456	169,310	421,192		807	1,254,217	(833,832)	
Total from other activities, 2016	95,029	140,239	107,832	193,033	536,133		1,177	1,414,270		(879,314)

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 2017**

7. Directors' Emoluments

Group and Association

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).

	2017	2016
	£	£
Emoluments (excluding pension contributions) of Chief Executive	83,998	81,637

The Chief Executive is an ordinary member of the Scottish Housing Association Pension Scheme (SHAPS) described in note 25. 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 £7,890 (2016: £7,674). These contributions do not include past service deficit contributions.

	2017	2016
	Number	Number
Numbers of Directors whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-		
£60,001 - £65,000	2	3
£65,001 - £70,000	2	2
£75,001 - £80,000	-	-
£80,001 - £85,000	1	1

The total emoluments (excluding pension contributions) for those earning more than £60,000 were £342,627 (2016: £402,985). The total pension contributions (excluding past service deficit contributions) for those earning more than £60,000 were £26,800 (2016: £32,713).

The total emoluments (including pension contributions but excluding past service deficit contributions) paid to key management personnel was £398,035 (2016: £435,698).

Notes on the Financial Statements
For the year ended 31 March 2017

8. Employee Information

	2017	2016
	Number	Number
The average number of persons employed during the year on a full time equivalent basis was:		
Housing Management	15	15
Maintenance	11	11
Development	4	4
Finance	6	6
Administration	9	10
Factoring	1	1
Housing Support	3	3
Wider role	8	7
Welfare Rights Officers	2	2
	<hr/>	<hr/>
Association	59	59
Upkeep Shettleston Community Enterprises Limited	65	61
Upkeep Recycling	5	6
	<hr/>	<hr/>
	129	126
	<hr/> <hr/>	<hr/> <hr/>
Group staff costs	2017	2016
	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	3,411,614	3,453,085
Social security costs	328,230	286,668
Pension costs	282,049	219,793
Defined benefit pension charge – Strathclyde Pension Fund (Note 25)	10,000	19,000
SHAPS re-measurements (Note 25)	11,490	(14,000)
	<hr/>	<hr/>
	4,043,383	3,964,546
	<hr/> <hr/>	<hr/> <hr/>
Association staff costs	2017	2016
	£	£
Staff costs (including directors' emoluments):		
Wages and salaries	2,101,848	2,099,375
Social security costs	215,899	173,961
Pension costs	241,381	182,265
Defined benefit pension charge – Strathclyde Pension Fund (Note 25)	10,000	19,000
SHAPS re-measurements (Note 25)	11,490	(14,000)
	<hr/>	<hr/>
	2,580,618	2,460,601
	<hr/> <hr/>	<hr/> <hr/>

Notes on the Financial Statements
For the year ended 31 March 2017

9.	Interest Receivable and Other Income	Group		Association	
		2017 £	2016 £	2017 £	2016 £
	Interest received on deposits	1,813	2,574	1,813	2,574
	Interest received on loans to subsidiaries	-	-	28,555	24,787
		<u>1,813</u>	<u>2,574</u>	<u>30,368</u>	<u>27,361</u>
10.	Interest Payable and Similar Charges			2017	2016
	Group and Association			£	£
	On private loans			1,369,697	1,367,899
	Defined benefit finance charge – Strathclyde Pension Fund (Note 25)			3,000	5,000
	SHAPS – unwinding of discount (Note 25)			78,000	81,000
				<u>1,450,697</u>	<u>1,453,899</u>
11.	Operating Surplus			2017	2016
		2017	2016	2017	2016
		£	£	£	£
	Operating surplus is stated after charging:				
	Depreciation – social housing	1,179,591	1,023,004	1,179,591	1,023,004
	Depreciation – replaced components net book value	123,197	162,668	123,199	162,668
	Depreciation – other fixed assets	133,535	121,076	87,336	76,689
	Auditor's remuneration (excluding VAT)				
	- In their capacity as auditors	23,000	22,900	11,750	11,500
	- In respect of other services	3,200	6,440	2,000	4,500
		<u>1,439,423</u>	<u>1,336,088</u>	<u>1,403,876</u>	<u>1,388,369</u>
12.	Taxation			2017	2016
	Group			£	£
	Provision has been made for United Kingdom corporation tax at 20%			4,906	1,994
	Deferred tax (note 13)			1,798	2,243
				<u>6,704</u>	<u>4,237</u>
	Association				

As a charity, Shettleston Housing Association's charitable activities are not subject to taxation. However the surpluses from non-charitable activities are subject to taxation. No corporation tax was due in 2017 or 2016.

Notes on the Financial Statements
For the year ended 31 March 2017

13. Provision for Liabilities and Charges: Deferred Taxation	2017	2016
	£	£
Group		
Accelerated capital allowances	7,618	5,820
Provision at start of year	5,820	
Deferred tax charge in profit and loss account for the year (note 12)	1,798	
Provision at end of year	7,618	

14a. Tangible Fixed Assets – Housing Properties

Group and Association	Housing units for let		Shared Ownership		Total £
	Completed £	Under Construction £	Completed £	Under Construction £	
Cost					
At start of year	47,665,193	5,228,885	1,321,133	-	54,215,211
Additions during year	2,921,406	1,240,333	-	-	4,161,739
Transfers	4,017,468	(3,926,679)	(90,789)	-	-
Disposals	(437,842)	-	-	-	(437,842)
At end of year	54,166,225	2,542,539	1,230,344	-	57,939,108
Depreciation					
At start of year	1,867,187	-	49,980	-	1,917,167
Charge for year	1,156,327	-	23,264	-	1,179,591
Transfers	3,435	-	(3,435)	-	-
Disposals	(25,107)	-	-	-	(25,107)
At end of year	3,001,842	-	69,809	-	3,071,651
Net Book Value					
At end of year	51,164,383	2,542,539	1,160,535	-	54,867,457
At beginning of year	45,798,006	5,228,885	1,271,153	-	52,298,044

Development Administration costs capitalised amount to £453,260 (2016: £417,880). £2,286,161 (2016: £4,057,541) of expenditure on new components was capitalised in the year. Fourteen units (2016: Eleven) were sold via right to buy in the year for net proceeds of £426,325 (2016: £402,545). The costs of the units were £301,400 (2016: £265,608) with a net book value of £289,536 (2016: £260,531).

Components with a cost of £136,442 (2016: £169,665) and accumulated depreciation of £13,243 (2016: £6,997) were disposed of in the year.

Notes on the Financial Statements
For the year ended 31 March 2017

14b. Tangible Fixed Assets – Other Tangible Assets

Group	Investment Properties £	Motor Vehicles £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
Cost						
At start of year	2,923,675	134,240	782,176	403,137	394,960	4,638,188
Additions during year	81,485	-	18,370	60,327	86,571	246,753
Transfers	-	-	-	-	-	-
Disposals during year	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
At end of year	3,005,160	134,240	800,546	463,464	481,531	4,884,941
Depreciation						
At start of year	-	102,034	30,844	335,469	326,198	794,545
Charge for year	-	15,337	16,011	45,291	56,896	133,535
Transfers	-	-	-	-	-	-
Disposals during year	-	-	-	-	-	-
At end of year	-	117,371	46,855	380,760	383,094	928,080
Net Book Value						
At end of year	3,005,160	16,869	753,691	82,704	98,437	3,956,861
At beginning of year	2,923,675	32,206	751,332	67,668	68,762	3,843,643

Notes on the Financial Statements
For the year ended 31 March 2017

14c Tangible Fixed Assets – Other Tangible Assets

Association	Investment Properties £	Office Premises £	Furniture & Fittings £	Computer Equipment £	Total £
Cost					
At start of year	2,343,675	782,176	245,963	389,172	3,760,986
Additions during year	31,301	18,370	43,093	85,198	177,962
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,374,976	800,546	289,056	474,370	3,938,948
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At start of year	-	30,844	238,179	320,410	589,433
Charge for year	-	16,011	14,886	56,439	87,336
Transfers	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	46,855	253,065	376,849	676,769
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At end of year	2,374,976	753,691	35,991	97,521	3,262,179
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At beginning of year	2,343,675	751,332	7,784	68,762	3,171,553
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. Investments

Association	2017 £	2016 £
Investment in subsidiary undertakings	2	2
	<hr/>	<hr/>

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 £1,063 (2016: £15,372) for the year ended 31 March 2017 and had net assets of £132,360 (2016: £131,297).

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 £1,796 (2016: £38,537) for the year ended 31 March 2017 and had net assets of £20,299 (2016: net assets of £18,503).

Notes on the Financial Statements
For the year ended 31 March 2017

15. Investments (continued)

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 surplus of £64 (2016: a deficit of £26,974) for the year ended 31 March 2017 and had net assets of £7,374 (2016: £7,310).

16. Debtors < 1 year	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Amounts falling due within one year:				
Rental arrears	428,473	420,383	428,473	420,383
Less: provision for bad debts	(202,668)	(201,921)	(202,668)	(201,921)
	<u>225,805</u>	<u>218,462</u>	<u>225,805</u>	<u>218,462</u>
Trade debtors	20,188	56,062	-	-
Amounts owed by subsidiaries	-	-	305,414	324,059
Grant receivable	1,149,222	524,469	1,149,222	524,469
Other debtors and prepayments	442,647	484,791	410,628	454,198
	<u>1,837,862</u>	<u>1,283,784</u>	<u>2,091,069</u>	<u>1,521,188</u>
Debtors > 1 year				
Amounts owed by subsidiaries	-	-	619,215	569,031
	<u>-</u>	<u>-</u>	<u>619,215</u>	<u>569,031</u>

17. Cash and cash equivalents	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Balances held in current accounts	192,908	205,084	7,328	51,359
Balances held in deposit accounts	3,900,658	532,923	3,900,658	532,923
	<u>4,093,566</u>	<u>738,007</u>	<u>3,907,986</u>	<u>584,282</u>

18. Creditors	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Amounts falling due within one year				
Trade creditors	320,980	512,572	221,663	385,283
Amounts owed to subsidiaries	-	-	217,138	266,517
Other creditors	333,995	631,056	316,027	294,254
Rent in advance	323,078	260,991	323,078	260,991
Capital works and retentions	166,450	166,450	166,450	166,450
Accruals and deferred income	328,546	14,631	309,490	297,883
Corporation tax	4,906	1,994	-	-
Other tax and social security	88,004	82,709	63,954	82,162
Deferred government capital grants	140,382	69,676	140,382	69,676
SHAPS past service deficit liability	336,000	299,864	336,000	299,863
	<u>2,042,341</u>	<u>2,039,943</u>	<u>2,094,182</u>	<u>2,123,079</u>

Notes on the Financial Statements
For the year ended 31 March 2017

19. Creditors – Amounts falling due outwith one year	2017 £	2016 £
Group and Association		
Loans	34,512,500	30,000,000
Deferred government capital grants	7,641,264	5,533,733
SHAPS past service deficit liability	1,371,000	1,620,646
	<u>43,524,764</u>	<u>37,154,379</u>
Loans:		
Due between one and two years	-	-
Due between two and five years	-	-
Due in five years or more	34,512,500	30,000,000
	<u>34,512,500</u>	<u>30,000,000</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest between 0.63% and 6.23% in instalments. The loans are due to be repaid in full by 31 March 2040.

20. Deferred government capital grants	2017 £	2016 £
Group and Association		
At 1 April	5,603,409	4,764,188
Grants received in year	2,318,619	914,411
Released to income in year	(140,382)	(75,190)
As at 31 March	<u>7,781,646</u>	<u>5,603,409</u>
Deferred government capital grants:		
Due in less than one year	140,382	69,676
Due between one and two years	237,142	69,676
Due between two and five years	711,426	209,028
Due in five years or more	6,692,696	5,255,029
	<u>7,781,646</u>	<u>5,603,409</u>

Notes on the Financial Statements
For the year ended 31 March 2017

21. Financial Instruments	2017	2016
	£	£
Group		
Financial Assets		
Cash and cash equivalents	4,093,566	738,007
Financial assets measured at amortised cost	1,766,526	1,283,784
	<u> </u>	<u> </u>
Financial Liabilities		
Financial liabilities measured at amortised cost	37,455,817	33,245,219
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprised rental arrears, trade debtors, grant receivable and other debtors.

Financial liabilities measured at amortised cost comprised trade creditors, other creditors, capital works and retentions, accruals, SHAPS past service deficit liability and bank loans.

Association	2017	2016
	£	£
Financial Assets		
Cash and cash equivalents	3,907,986	584,282
Financial assets measured at amortised cost	2,652,113	2,090,219
	<u> </u>	<u> </u>
Financial Liabilities		
Financial liabilities measured at amortised cost	37,536,614	33,330,896
	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprised rental arrears, 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, accruals, SHAPS past service deficit liability and bank loans.

22. Share Capital and Reserves

Group and Association	2017	2016
	£	£
At beginning of year	262	266
Shares of £1 each fully paid and issued during the year	4	13
Shares forfeited in year	(8)	(17)
	<u> </u>	<u> </u>
At end of year	258	262
	<u> </u>	<u> </u>

Each share entitles a member to one vote. There is no right to any distribution.

The revenue reserve includes all current and prior year retained surpluses or deficits.

The capital redemption reserve includes all issued shares that have been cancelled.

Notes on the Financial Statements
For the year ended 31 March 2017

23. Capital Commitments

Group and Association	2017 £	2016 £
Contracted for but not provided in these accounts	9,562,000	200,477
This is to be funded by:		
Government grant	5,671,000	-
Private finance	3,891,000	200,477
Owners' grants	-	-
Owners' contributions	-	-
	<u>9,562,000</u>	<u>200,477</u>
Approved by the Management Committee but not contracted for	-	-
	<u>-</u>	<u>-</u>

24. Revenue commitments

Group

Operating Leases

The group's annual commitments for rental payments under non-cancellable operating leases at 31 March 2017 were as set out below:

	2017 Land and Buildings £	2017 Office Equipment £	2016 Land and Buildings £	2016 Office Equipment £
Operating leases which expire				
Within one year	23,400	31,153	54,000	31,153
1-2 years	45,000	31,153	54,000	31,153
2-5 years	-	62,306	14,400	93,459
In more than five years	-	-	-	-
	<u>68,400</u>	<u>124,612</u>	<u>122,400</u>	<u>155,765</u>

Association

	2017 Office Equipment £	2016 Office Equipment £
Operating leases which expire:		
Within one year	31,153	31,153
1-2 years	31,153	31,153
2-5 years	62,306	93,459
> 5 years	-	-
	<u>124,612</u>	<u>155,765</u>

**Notes on the Financial Statements
For the year ended 31 March 2017**

25. 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 £303,000 (net of administration costs) made in the year ended 31 March 2017 (2016 - £293,913).

As at the balance sheet date there were 42 (2016: 46) active members of the Scheme employed by Shettleston Housing Association Limited. The annual pensionable payroll in respect of these members was £1,435,135 (2016: £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 2017

25. Pensions (continued)

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £616 million. The valuation revealed a shortfall of assets compared to liabilities of £198 million, equivalent to a past service funding level of 75.7%.

Past service deficit repayment liability

	2017	2016
	£	£
Provision at start of period	1,920,510	2,147,423
Unwinding of the discount factor (interest expense)	78,000	81,000
Deficit contribution paid	(303,000)	(293,913)
Re-measurements – impact of any changes in assumptions	11,490	(14,000)
	<hr/>	<hr/>
Provision at end of period	1,707,000	1,920,510
	<hr/>	<hr/>
Liability split as:		
< 1 year	336,000	299,863
1-2 years	346,000	325,097
2-5 years	1,025,000	988,894
> 5 years	-	306,656
	<hr/>	<hr/>
	1,707,000	1,920,510
	<hr/>	<hr/>

Statement of Comprehensive Income Impact

	2017	2016
	£	£
Interest expense	78,000	81,000
Re-measurements – impact of any change in assumptions	11,490	(14,000)

Assumptions	2017	2016
Rate of discount	1.06%	2.29%

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.

**Notes on the Financial Statements
For the year ended 31 March 2017**

25. Pensions (continued)

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 2016 is £14,295,161 (2016:£ 11,066,429).

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 2017 valuations are as follows;

Assumptions as at	31 March 2017	31 March 2016
Pension increase rate	2.4%	2.2%
Salary increase rate	4.4%	4.2%
Discount rate	2.6%	3.5%

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 2017 £(000)	31 Mar 2016 £(000)
Opening Defined Benefit Obligation	1,273	1,358
Current Service Cost	55	69
Interest Cost	45	43
Contributions by Members	13	14
Actuarial (Gains)/Losses	340	(126)
Past Service (Gains)/Costs	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(25)	(85)
Closing Defined Benefit Obligation	<u>1,701</u>	<u>1,273</u>

Notes on the Financial Statements
For the year ended 31 March 2017

25. Pensions (continued)

Reconciliation of fair value of employer assets

Year Ended:	31 Mar 2017	31 Mar 2016
	£(000)	£(000)
Opening Fair Value of Employer Assets	1,197	1,187
Expected Return on Assets	42	38
Contributions by Members	13	14
Contributions by the Employer	45	50
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains/(Losses)	240	(7)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(25)	(85)
	<hr/>	<hr/>
Closing Fair Value of Employer Assets	1,512	1,197
	<hr/>	<hr/>
Net pension liability	(189)	(76)
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amounts included in Statement of Comprehensive Income

	2017	2016
	£(000)	£(000)
Expected return on pension scheme assets	42	38
Interest on pension scheme liabilities	(45)	(43)
	<hr/>	<hr/>
Net Return – finance charge	(3)	(5)
	<hr/> <hr/>	<hr/> <hr/>

	2017	2016
	£(000)	£(000)
Current service cost	(55)	(69)
Contribution by employers	45	50
	<hr/>	<hr/>
Charge to staff costs	(10)	(19)
	<hr/> <hr/>	<hr/> <hr/>

The expected Employer's contributions for the year to 31 March 2018 will be approximately £45,000.

Notes on the Financial Statements
For the year ended 31 March 2017

25. Pensions (continued)

Analysis of amount recognised in Statement of Comprehensive Income

	2017	2016
	£(000)	£(000)
Actual return less expected return on scheme assets	240	(7)
Changes in assumptions underlying the present value of scheme liabilities	(340)	126
	<u> </u>	<u> </u>
Actuarial (loss)/gain recognised in other comprehensive income	(100)	119
	<u> </u>	<u> </u>

26. Housing Stock

Group and Association

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

	Units in Management	
	2017	2016
General Needs Housing	2,289	2,265
Supported Housing Accommodation	-	-
Shared Ownership Accommodation	40	43
	<u> </u>	<u> </u>
	<u>2,329</u>	<u>2,308</u>

27. Other property

The other property held are as follows:-

	Group		Association	
	Units in Management	Units in Management	Units in Management	Units in Management
	2017	2016	2017	2016
Investment properties - EEHDC	12	11	-	-
Investment properties – mid-market units – Association	24	24	24	24
Commercial units – Association	10	9	10	9
Garages – Association	16	16	16	16
Main Offices- Association	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>63</u>	<u>61</u>	<u>51</u>	<u>50</u>

28. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014. Upkeep Shettleston Community Enterprises Limited, East End Housing Development Company Limited and Upkeep Recycling are incorporated under the Companies Act 2006.

Notes on the Financial Statements
For the year ended 31 March 2017

29. Transactions with the Management Committee

No member of the Association received any fee or remuneration during the year (2016: £Nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £1,903 (2016: £1,399).

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 receivable in the year relating to tenant Board members is £27,778 (2016: £29,964). The total rent and service charge arrears relating to tenant Board members included within debtors at the year end is £7 (2016: £23). The total rent and service charge prepaid relating to tenant Board members included within creditors at the year end is £912 (2016: £1,378).

30. Prior year adjustment

Turnover and operating expenditure were overstated by £343,939 in 2016. The 2016 comparative has been amended for this. This did not impact the 2016 previously stated total comprehensive income or net assets.

