

Southside Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HCB186

FCA Reference No. 1694R (S)

Scottish Charity No. SCO36009

SOUTHSIDE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	7
REPORT OF THE AUDITORS	8
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF FINANCIAL POSITION	11
STATEMENT OF CASHFLOWS	12
STATEMENT OF CHANGES IN EQUITY	13
NOTES TO THE FINANCIAL STATEMENTS	14

SOUTHSIDE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2016

MANAGEMENT COMMITTEE

Dorothy Murray	Chairperson
Margaret McIntyre	Vice Chairperson
Iain Dyer	Secretary
Betty MacNeill	
Kenneth Ross	
Alison MacNeill	
Surjit Singh Chowdhary	
Alan Ferguson	
Hanif Mirza	
John Cogan	
Lucy A Cowan	
Parveen Mahmood	

EXECUTIVE OFFICERS

Patrick McGrath	Director
Norma Taylor	Head of Housing Support
Mandy Wright	Head of Finance, IT and Factoring
Allan Forfar	Head of Housing Management
Donna Reilly	Head of Investment & Development

REGISTERED OFFICE

135 Fifty Pitches Road
Glasgow
G51 4EB

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

BANKERS

Bank of Scotland
236 Albert Drive
Glasgow
G41 2NL

Royal Bank of Scotland
36 St Andrews Square
Edinburgh
EH2 2YB

Dunfermline Building Society
Carnegie Avenue
Dunfermline
KY11 5PS

SOLICITORS

Shepherd & Wedderburn
191 West George Street
Glasgow
G2 2LB

T.C. Young
7 West George Street
Glasgow
G2 1BA

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1694R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO36009.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation

Review of Business and Future Activities

The Association reported an operating surplus of £878,349 (2015 - £379,304).

The investment obligations from the major stock transfer that had distorted the financial reporting in recent years have now begun to taper off. The main outstanding work is the phased demolition of the St Andrews Drive deck access flats which will continue for the next two years. Phase 1 was completed in 2015/16 and new build replacement housing will start on the cleared site later in 2016. In terms of the refurbishment of the transfer stock almost all element renewal has been completed and the investment programme for this stock will now mirror the investment profile of the traditional stock guided by a whole stock condition survey and a developing asset management strategy.

The reserves balance of £38.7m reported in the Statement of Financial Position (page 11) is, in part earmarked to support the continued investment in transferred stock.

The Association's Governance arrangements remain sound, all meetings of the Governing Body were quorate and all places were filled at the AGM. The Association delegates some management functions to local Neighbourhood Committees and operates its Factoring and Mid Market business through a commercial subsidiary, Southside Factoring and Related Services Ltd.

The Association has a complex network of Regulators. The principal regulator, the Scottish Housing Regulator continued to classify the Association as requiring "Low Engagement". The Care Inspectorate, which regulates housing support services, continued to classify services as "Good" or "Very Good". Other regulatory bodies, the Financial Conduct Authority and the Office of the Scottish Charity Regulator, had no significant engagement with the Association.

The Association continues to show strong patterns of performance on key service areas. In May 2015 the Association submitted its second Annual Report on the Scottish Social Housing Charter (ARC) and this indicated strong performance on all areas of activity. Similarly the Association submitted the third year of statistical returns in May 2016, revealing continuing improvements. A summary of the key outputs for the past year compared with the previous two is produced in Table 1 below

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

Table 1 -Summary of Performance Outputs Reported in the ARC.

Indicators	2013/14	2014/15	2015/16	Scottish Average 2014/15
Gross rent arrears (Indicator 31)	5.70%	5.10%	4.82%	5.27%
Reactive repairs "right first time" (Indicator 13)	73.60%	90.20%	98.32%	90.24%
Satisfaction with repairs service (Indicator 16)	88.60%	90%	91.12%	89.31%
Average time to complete emergency repairs (Indicator 11)	1.67 hours	1.79 hours	1.4 hours	5.85 hours
Average time to complete non- emergency repairs (Indicator 12)	3.6 days	4.2 days	2.88 days	7.89 days
Annual gas safety inspections (Indicator 15)	99.85%	99.10%	100%	99.49%
Anti-social behavior cases resolved in target (Indicator 19)	76.50%	83.20%	87.23%	83.21%
New tenancies sustained for more than a year (Indicator 20)	90%	92%	92.11%	88.98%
Average time to re-let properties (Indicator 35)	8.2 days	13.1 days	14.51 days	36.88 days
Void Rent Loss (Indicator 34)	0.20%	0.70%	0.45%	1.11%
SHQS compliance	74.30%	79.50%	88.23%	90.96%
SHQS compliance deducting demolition stock, exemptions and abeyances		92%	100%	n/a

In addition to this general upward trend on performance outputs, the Association's social landlord division undertook a number of service improvements. The key changes over the past year included:

- The introduction of the Housing Options model to replace the traditional housing applications process
- A major tendering exercise to procure maintenance contractors
- The allocation of new homes at Mossbank Boulevard
- The development of an Asset Management Strategy

In addition to these workstreams that began in 2015/16, the Association continues to consolidate the rent restructuring that began in 2014/15.

The Association continues to have an active Development programme for new homes. Mossbank Boulevard was completed and all 34 homes were successfully let within days. In addition, the Association completed 16 new Mid Market Rent homes in Portman Street. Work began on new homes in Gleddoch Road in Penilee, and planning applications were submitted for the first phase of new build at St Andrews Drive, and for the conversion of the Association's former office at 553 Shields Road. Glasgow City Council continued its programme of funding the Association to purchase individual pre 1919 tenement flats and a further 45 properties were acquired in 2015/16.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

The Association's commercial subsidiary, Southside Factoring and Related Services Ltd. (SFARS), continues to deliver a factoring service to almost 900 owners. Growth in new factoring business slowed in 2015/16 as resources were diverted to support the private acquisition strategy supported by GCC, but SFARS has recruited a new marketing post to address this. In addition SFARS has continued to expand its Mid Market Renting (MMR) provision. The number of MMR homes expanded to 85, with further units in the pipeline from the acquisition programme. In addition new MMR development proposals are also being developed.

The Association continues to make significant investment in advice and tenancy sustainment services with five full time posts, two of which are funded by a Big Lottery Grant. The Association submitted a Planning Application for a new community centre in Pollokshields and this will be the subject of various funding submissions in the coming year. The Association successfully secured a second year of People and Communities Fund monies from the Scottish Government for both the ground maintenance apprenticeship scheme, and for the community support programme, "Southside Connects". Three of the initial six apprentices secured full time work and all six completed SVQ Level 3 in Horticulture.

The Association continued to manage Glasgow Care and Repair with funding support from Glasgow City Council. Similarly the Association received Council funding for its suite of Housing Support services. However all Council grant funded services suffered significant real cuts in grant levels.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations amounting to £2,700 (2015: £1,724).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



IAIN DYER

Secretary

28 July 2016

SOUTHSIDE HOUSING ASSOCIATION LIMITED

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



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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

A handwritten signature in cursive script that reads 'Alexander Sloan'.

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
28 July 2016

We have audited the financial statements of Southside Housing Association Limited for the year ended 31st March 2016 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom

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

Respective Responsibilities of Management Committee and Auditors

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

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

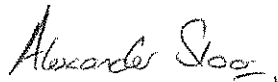
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SOUTHSIDE HOUSING ASSOCIATION LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
28 July 2016

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016	2015
		£	£
REVENUE	2.	11,464,810	10,979,268
Operating Costs	2.	(10,586,461)	(10,599,964)
OPERATING SURPLUS	9.	878,349	379,304
Gain On Sale Of Housing Stock	7.	-	98,892
Release of Negative Goodwill	25.	111,818	111,249
Exceptional Item	31.	-	(365,736)
Interest Receivable and Other Income		195,487	296,378
Interest Payable and Similar Charges	8.	(65,410)	(67,949)
Other Finance Charges	11.	(35,000)	32,000
		206,895	104,834
SURPLUS / (DEFICIT) FOR YEAR		1,085,244	484,138
Other Comprehensive Income	12.	494,000	(682,114)
TOTAL COMPREHENSIVE INCOME		1,579,244	(197,976)
Tax on surplus / (deficit) on ordinary activities	10.	-	-
SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		1,579,244	(197,976)

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.


SOUTHSIDE HOUSING ASSOCIATION LIMITED

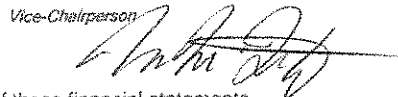
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

		2016	2015
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	14.(a)	74,042,158	64,702,178
Intangible Fixed Assets	14.(b)	22,066	-
Other Non Current Assets	14.(c)	2,584,459	2,776,065
		<u>76,648,683</u>	<u>67,478,243</u>
Negative Goodwill	25.	(4,943,008)	(5,054,826)
INVESTMENTS			
Investment in subsidiaries	32.	1	1
		<u>1</u>	<u>1</u>
CURRENT ASSETS			
Receivables	17.	2,671,415	2,978,877
Development Cost of Housing Property	29.	95,111	565,091
Investments	30.	9,108,505	9,053,850
Cash at bank and in hand		7,660,726	9,960,435
		<u>19,535,757</u>	<u>22,558,253</u>
CREDITORS: Amounts falling due within one year	18.	<u>(3,708,235)</u>	<u>(2,689,374)</u>
NET CURRENT ASSETS		<u>15,827,522</u>	<u>19,868,879</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>87,533,197</u>	<u>82,292,297</u>
CREDITORS: Amounts falling due after more than one year	19.	<u>(4,231,061)</u>	<u>(4,552,999)</u>
DEFERRED INCOME			
Social Housing Grants	21.	(43,831,670)	(39,429,456)
Other Grants	21.	(89,095)	(91,715)
		<u>(43,920,765)</u>	<u>(39,521,171)</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Pension Liability (Strathclyde Pension Scheme)	33.	(647,000)	(1,063,000)
		<u>(647,000)</u>	<u>(1,063,000)</u>
NET ASSETS		<u>38,734,372</u>	<u>37,155,127</u>
EQUITY			
Share Capital	22.	334	333
Revenue Reserves		38,734,038	37,154,794
		<u>38,734,372</u>	<u>37,155,127</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 July 2016.

Chairperson


Vice-Chairperson


Secretary


The notes on pages 14 to 34 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
Net Cash Inflow from Operating Activities	20.		2,625,770		580,464
Investing Activities					
Acquisition and Construction of Properties		(11,328,665)		(7,026,188)	
Purchase of Other Fixed Assets		(96,127)		(87,486)	
Social Housing Grant Received		6,678,959		3,089,733	
Social Housing Grant Repaid		-		(45,754)	
Changes on short term deposits with banks		(54,655)		3,978,725	
Proceeds on Disposal of Properties		-		216,694	
Proceeds on Disposal of Shared Equity				426,700	
Net Cash (Outflow) / Inflow from Investing Activities			(4,800,488)		552,424
Financing Activities					
Interest Received on Cash and Cash Equivalents		195,487		296,378	
Interest Paid on Loans		(65,410)		(67,949)	
Loan Principal Repayments		(255,069)		(231,174)	
Share Capital Issued		1		4	
Net Cash Outflow from Financing			(124,991)		(2,741)
(Decrease) / Increase in Cash			(2,299,709)		1,130,147
Opening Cash & Cash Equivalents			9,960,435		8,830,288
Closing Cash & Cash Equivalents			<u>7,660,726</u>		<u>9,960,435</u>
Cash and Cash equivalents as at 31 March 2016.					
Cash			7,660,726		9,960,435
			<u>7,660,726</u>		<u>9,960,435</u>

The notes on pages 14 to 34 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014- previously stated	329	37,352,770	37,353,099
Prior year adjustment		(80,114)	(80,114)
Balance as at 1st April 2014- after prior year restatement	329	37,272,656	37,272,985
Issue of Shares	4		4
Surplus for Year		484,138	484,138
Other comprehensive income- pension scheme		(602,000)	(602,000)
Balance as at 31st March 2015	333	37,154,794	37,155,127
Balance as at 1st April 2015	333	37,154,794	37,155,127
Issue of Shares	1		1
Surplus for Year		1,085,244	1,085,244
Other comprehensive income- pension scheme		494,000	494,000
Balance as at 31st March 2016	334	38,734,038	38,734,372

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102. The reserves balance shown above is, in part earmarked to support the continued investment in transferred stock.

The notes on pages 14 to 34 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Revenue

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

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

Retirement Benefits

The Association participates in the Strathclyde Pension Fund 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association previously participated in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association accounts for amounts that it has agreed to pay towards the Scottish Housing Association Defined Benefit Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

The Association participates in both the Scottish Widows and the Scottish Housing Associations defined contribution pension schemes. The pension costs charged in the financial statements for these schemes represent the contribution payable by the Association during the year.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 14. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Windows	30 Years
Kitchen	15 Years
Bathroom	20 Years
Central Heating	20 Years
Boilers	15 Years
Rewiring	25 Years
Lift Installation	25 Years
Structure	50 Years
CCTV	10 Years

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises	- 2% Straight Line
Furniture and Fittings	- 33% Straight Line
Computer Equipment	- 33% Straight Line
Motor Vehicles	- 20% Straight Line
Office Equipment	- 20% Straight Line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Statement of comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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

Sales Of Housing Properties

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

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

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

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

Pension Liability

In March 2016 the Association received details from the Pension Trust of the provisional valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Board feel this is the best available estimate of the past service liability.

Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

Leases/Leased Assets

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

Works to Existing Properties

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

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Development Interest

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

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

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

- i) The Association has not revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

b) The Categorisation of Housing Properties

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

c) Identification of cash generating units

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

Financial Instruments - Basic

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

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

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

Notes	2016			2015			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3.	9,999,789	8,996,167	1,003,622	9,689,174	9,190,262	498,912
Other Activities	4.	1,465,021	1,590,294	(125,273)	1,290,094	1,409,702	(119,608)
Total		11,464,810	10,586,461	878,349	10,979,268	10,599,964	379,304

3. PARTICULARS OF TURNOVER, EXPENDITURE AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing			Supported Housing	Shared ownership	2016 Total £	2015 Total £
	£	£	£				
Revenue from Lettings							
Rent Receivable Net of Service Charges	7,594,867	863,053	172,611			8,630,531	8,207,127
Service Charges	180,287	11,626	2,325			194,238	442,546
Gross income from rent and service charges	7,775,154	874,679	174,936			8,824,769	8,649,673
Less: Rent losses from voids	54,207	-	-			54,207	27,190
Net Rents Receivable	7,720,947	874,679	174,936			8,770,562	8,622,483
Grants released from deferred income	1,115,629	-	64,697			1,180,326	1,032,167
Revenue grants from Scottish Ministers	-	-	-			-	34,524
Other revenue grants	48,901	-	-			48,901	-
Total turnover from affordable letting activities	8,885,477	874,679	239,633			9,999,789	9,689,174
Expenditure on affordable letting activities							
Management and maintenance administration costs	2,807,884	347,142	111,399			3,266,425	2,971,919
Service Costs	1,383,891	138,788	27,758			1,550,437	1,608,462
Planned and cyclical maintenance, including major repairs	1,184,088	76,962	15,392			1,276,442	1,125,930
Reactive maintenance costs	718,428	80,823	16,165			815,416	1,282,918
Bad Debts - rents and service charges	109,981	-	-			109,981	2,194
Depreciation of affordable let properties	1,887,870	-	89,595			1,977,466	2,198,839
Impairment of affordable letting activities	-	-	-			-	-
Operating costs of affordable letting activities	8,092,142	643,715	260,310			8,996,167	9,190,262
Operating surplus on affordable letting activities	793,335	230,964	(20,677)			1,003,622	498,912
2015		824,603	(226,927)		(98,764)		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES									
	2015		2014		2015		2014		
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	184,659	-	8,050	172,909	-	252,287	(79,378)	(4,033)
Care and Repair	-	180,000	-	58,136	238,136	-	224,620	13,516	(13,221)
Development and construction of property act	-	-	-	22,429	22,429	-	259,477	(237,048)	(240,550)
Support Activities	-	-	142,798	2,255	145,053	-	195,133	(50,080)	15,024
Shared Equity (First Tranche Sales)	-	-	-	406,578	406,578	-	406,578	-	-
Commercial Rents	-	-	-	233,724	233,724	-	125,262	107,462	156,362
Other activities	-	263,849	-	42,343	246,192	-	125,837	120,255	(31,130)
Total From Other Activities	-	548,708	142,798	773,515	1,465,021	-	1,990,294	(125,273)	(119,608)
2015	-	466,363	174,216	619,515	1,290,094	-	1,409,702	(119,608)	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 OFFICERS' EMOLUMENTS

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

	2016	2015
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>77,737</u>	<u>76,965</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>14,328</u>	<u>10,835</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>77,737</u>	<u>76,965</u>
Total Compensation paid to key management personnel	<u>294,901</u>	<u>321,891</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£70,001 to £80,000	<u>1</u>	<u>1</u>

6 EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>101</u>	<u>92</u>
The average total number of Employees employed during the year was	<u>110</u>	<u>107</u>
Staff Costs were:	£	£
Wages and Salaries	2,520,966	2,380,844
Social Security Costs	205,818	202,086
Other Pension Costs	389,508	300,386
Temporary, Agency and Seconded Staff	27,990	71,327
	<u>3,144,282</u>	<u>2,954,643</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	-	216,694
Cost of Sales	-	117,802
Gain On Sale Of Housing Stock	<u>-</u>	<u>98,892</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>65,410</u>	<u>67,949</u>

9. SURPLUS / (DEFICIT) FOR YEAR

	2016	2015
	£	£
Surplus / (Deficit) is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,232,100	2,580,538
Auditors' Remuneration - Audit Services	11,340	11,922
Auditors' Remuneration - Other Services	11,502	5,264
Operating Lease Rentals - Other	21,373	21,129
Gain on sale of fixed assets	<u>-</u>	<u>98,892</u>

10. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

		2016	2015
		£	£
Finance Charge/ (Income)	33.	<u>35,000</u>	<u>(32,000)</u>

12. OTHER COMPREHENSIVE INCOME

		£	£
Actuarial gain/(loss)	33.	494,000	(602,000)
Prior Year Adjustment	13.	-	(80,114)
		<u>494,000</u>	<u>(682,114)</u>

13. PRIOR YEAR ADJUSTMENT

During the prior year, Management took a decision to revisit the capitalisation policy applied to works relating to the construction of the Office Premises. As a result of this, £260,038 was reclassified from Office Premises to Office Furniture and Equipment. In addition, as a result of this change in policy, the depreciation was updated through a Prior Year Adjustment resulting in a net decrease in the Reserves of £80,114. The effect of this is to decrease the surplus in the prior year by £80,114.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2015	82,472,835	9,858,750	4,406,264	96,737,849
Additions	2,288,007	8,967,134	73,524	11,328,665
Disposals	(38,200)	-	-	(38,200)
Schemes Completed	3,966,618	(3,966,618)	-	-
As at 31st March 2016	<u>88,689,260</u>	<u>14,859,266</u>	<u>4,479,788</u>	<u>108,028,314</u>
DEPRECIATION				
As at 1st April 2015	31,751,160	-	284,511	32,035,671
Charge for Year	1,887,870	-	89,596	1,977,466
Disposals	(26,981)	-	-	(26,981)
As at 31st March 2016	<u>33,612,049</u>	<u>-</u>	<u>374,107</u>	<u>33,986,156</u>
NET BOOK VALUE				
As at 31st March 2016	<u>55,077,211</u>	<u>14,859,266</u>	<u>4,105,681</u>	<u>74,042,158</u>
As at 31st March 2015	<u>50,721,675</u>	<u>9,858,750</u>	<u>4,121,753</u>	<u>64,702,178</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £890,039 (2015 £951,623).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £3,569,375. The amount capitalised is £890,039, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £171,456 and improvement of £718,583.

The Association's Lenders have standard securities over Housing Property with a carrying value of £13580158 (2015 - £11420009).

b) Intangible Assets	Website and Software Costs	Total
COST		
As at 1st April 2015	-	-
Additions	33,099	33,099
As at 31st March 2016	<u>33,099</u>	<u>33,099</u>
DEPRECIATION		
As at 1st April	-	-
Amortisation	11,033	11,033
As at 31st March 2016	<u>11,033</u>	<u>11,033</u>
NET BOOK VALUE		
At 31st March 2016	<u>22,066</u>	<u>22,066</u>
At 31st March 2015	<u>-</u>	<u>-</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. NON-CURRENT ASSETS (Continued)					
c) Other Tangible Assets	Motor Vehicles	Commercial Property	Office Premises	Furniture & Equipment	Total
	£	£	£	£	£
COST					
As at 1st April 2015	70,151	422,495	2,565,300	874,974	3,932,920
Additions	17,447	-	9,528	36,053	63,028
As at 31st March 2016	87,598	422,495	2,574,828	911,027	3,995,948
AGGREGATE DEPRECIATION					
As at 1st April 2015	42,365	132,505	300,712	681,273	1,156,855
Charge for year	15,328	8,450	51,497	179,359	254,634
As at 31st March 2016	57,693	140,955	352,209	860,632	1,411,489
NET BOOK VALUE					
As at 31st March 2016	29,905	281,540	2,222,619	50,395	2,584,459
As at 31st March 2015	27,786	289,990	2,264,588	193,701	2,776,065

15. CAPITAL COMMITMENTS		
	2016	2015
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	1,400,000	8,392,113

The above commitments will be financed by a mixture of public grant, and the Association's own resources.

16. COMMITMENTS UNDER OPERATING LEASES		
	2016	2015
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	4,493	-
Later than one year and not later than five years	30,450	56,071

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	366,910	348,725
Less: Provision for Doubtful Debts	(242,961)	(205,920)
	123,949	142,805
Social Housing Grant Receivable	1,035,403	1,939,095
Other Receivables	1,415,978	896,977
Amounts Due from Group Undertakings	96,085	-
	2,671,415	2,978,877

18. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	209,670	214,012
Trade Payables	1,680,061	1,296,053
Rent in Advance	283,092	266,707
Social Housing Grant in Advance	345,399	152,686
Other Taxation and Social Security	62,569	56,375
Amounts Due to Group Undertakings	-	24,662
Other Payables	52,811	35,705
Liability for Past Service Contributions	130,282	125,749
Accruals and Deferred Income	944,351	517,425
	3,708,235	2,689,374

At the balance sheet date there were pension contributions outstanding of £46521 (2015 £35,357)

19. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	657,761	728,972
Housing Loans	3,573,300	3,824,027
	4,231,061	4,552,999
Housing Loans		
Amounts due within one year	209,670	214,012
Amounts due in one year or more but less than two years	212,873	215,954
Amounts due in two years or more but less than five years	622,120	659,753
Amounts due in more than five years	2,738,307	2,948,320
	3,782,970	4,038,039
Less: Amount shown in Current Liabilities	209,670	214,012
	3,573,300	3,824,027
Liability for Past Service Contributions		
Amounts due within one year	130,282	125,749
Amounts due in one year or more but less than two years	125,039	115,275
Amounts due in two years or more but less than five years	398,080	341,954
Amounts due in more than five years	134,642	271,293
	788,043	854,271

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Interest Rate	Maturity	Variable/Fixed
Bank of Scotland	Standard Security over 26 properties	0.80%	2029	Variable
Nationwide Building Society	Standard Security over 150 properties	0.90%	2034	Variable
Nationwide Building Society	Standard Security over 82 properties	1.43%	2038	Variable
Royal Bank of Scotland	Standard Security over 19 properties	6.06%	2026	Fixed
Royal Bank of Scotland	Standard Security over 102 properties	2.06%	2040	Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised on a monthly basis. The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	878,349	379,304
Depreciation	2,251,718	2,560,808
Change in properties developed for resale	469,980	(565,091)
Amortisation of Capital Grants	(1,180,326)	(1,032,167)
Change in debtors	(596,230)	(428,492)
Change in creditors	825,957	(284,600)
Unwinding of Discount on Pension Liability	(66,678)	(76,298)
Defined benefit pension adjustments (Strathclyde Pension Fund)	43,000	27,000
Balance as at 31st March 2016	<u>2,625,770</u>	<u>580,464</u>

21 DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	39,429,456	35,887,608
Additions in year	5,582,554	4,601,568
Released / Repaid as the result of property disposa	(2,634)	(30,173)
Amortisation in Year	(1,177,706)	(1,029,547)
Balance as at 31st March 2016	<u>43,831,670</u>	<u>39,429,456</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	91,715	94,335
Additions in year	-	-
Released / Repaid as the result of property disposa	-	-
Amortisation in Year	(2,620)	(2,620)
Balance as at 31st March 2016	<u>89,095</u>	<u>91,715</u>
Total	<u>43,920,765</u>	<u>39,521,171</u>

This is expected to be released to the Statement of Comprehensive Income in the following years

	2016 £	2015 £
Amounts due within one year	1,180,326	1,032,167
Amounts due in one year or more	42,740,439	38,489,004
	<u>43,920,765</u>	<u>39,521,171</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	333
Issued in year	1
Cancelled in year	-
At 31st March 2016	<u>334</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

23. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016 No.	2015 No.
General Needs - New Build	29	29
General Needs - Rehabilitation	1,977	2,017
Shared Ownership	57	61
Supported Housing	163	156
	<u>2,226</u>	<u>2,263</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RELATED PARTY TRANSACTIONS

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

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent Received from Tenants on the Committee	24,891
Factoring Charges received from owners on the Committee	1,450

At the year end total rent arrears owed by the tenant members of the Committee were £111

At the year end total factoring arrears owed by the factored owners of the Committee were £115

26. RELATED PARTY BALANCES

	2016 £	2015 £
Balance as at 1st April 2015	5,054,826	5,166,075
Release during the year	(111,818)	(111,249)
As at 31st March 2016	<u>4,943,008</u>	<u>5,054,826</u>

26. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 135 Fifty Pitches Road, Glasgow, G51 4EB.

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

27. GOVERNING BODY MEMBERS' REMUNERATION

Board members received £nil in the year by way of reimbursement of expenses (2015 - £nil). No remuneration is paid to Board members in respect of their duties in the Association.

28. COST OF HOUSING PROPERTY HELD FOR SALE

	2016 £	2015 £
Shared Equity Properties		
Completed Properties Unsold	488,807	1,146,294
	<u>488,807</u>	<u>1,146,294</u>
Less: Grants Received from Scottish Ministers	(393,696)	(581,203)
	<u>95,111</u>	<u>565,091</u>
Shared Equity Properties Sold		
Shared Equity Cost	2,148,808	1,270,805
Shared Equity Grant	2,148,808	1,270,805
	<u>-</u>	<u>-</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Short Term Deposits	<u>9,108,505</u>	<u>9,053,850</u>

11. EXCEPTIONAL ITEM

In 2011 and 2012 the Association received a total of £37 million from Glasgow Housing Association (GHA) under an agreement to transfer properties from GHA to the Association. These monies were required to fund a future programme of planned maintenance work on these properties. Under accounting requirements the monies were credited to the Income and Expenditure Account through the write-off of negative goodwill.

Due to the extent of the planned maintenance work required, some of the transferred properties had negative valuations (as determined by independent surveyors). These properties had been carried in the Statement of Financial Position at nil value (within Housing Properties note 13).

The planned maintenance work on these properties continued during the year. The cost of this work has been capitalised under component accounting (note 13), as required by the association's accounting policy (note 1).

As a result it has been necessary to make an impairment adjustment to the Property Cost (note 13) in the previous year to ensure that the assets are not overstated. Due to the significance of this charge it has been treated as an exceptional item within the Statements of Comprehensive Income.

In addition, in 2015, a valuation was carried out on the Office Building occupied and leased out by Southside Housing Association. This valuation indicated an Impairment in the carrying value of the building of £140,000 which is included within the Exceptional Item costs in the previous year.

12. INVESTMENTS

	2016	2015
	£	£
Investments in Subsidiaries		
As at 31st March 2016 & 31st March 2015	<u>1</u>	<u>1</u>

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Southside Factoring and Related Services Ltd. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The Association has taken advantage of the exemption available in FRS 102 from disclosing transactions with 100% owned Subsidiaries

The aggregate amount of capital and reserves and the results of Southside Factoring and Related Services Ltd for the year ended 31st March 2016 were as follows:

	2016	2015
	£	£
Capital & Reserves	<u>73,541</u>	<u>69,106</u>
Profit for the year	<u>4,435</u>	<u>7,478</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 RETIREMENT BENEFIT OBLIGATIONS

General

Southside Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

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

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

The last provisional valuation of the Scheme was performed as at 30th 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 £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £114,429 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £788,043 (2015 - £854,721). This was calculated by reference to the terms of the provisional valuation and funding plan and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.64% (2014: 3.58%).

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Scheme

Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there were 21 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £122,150. This includes £nil of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £574,114.

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 17 - 'Retirement Benefits' (FRS 17) and Guidance Note 36: Accounting for Retirement Benefits under Financial Reporting Standard 17 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at 31st March	2016 %p.a.	2015 %p.a.	2014 %p.a.
Price increases	2.2	2.4	2.9
Salary increases	4.2	4.3	5.1
Expected return on assets	3.5	3.2	6.0
Discount rate	3.5	3.2	4.3

The defined benefit obligation is estimated to comprise of the following:

	2016 £	2015 £
Employee members	4,358,000	4,573,000
	<u>4,358,000</u>	<u>4,573,000</u>
Net Pension Liability		
	2016 £	2015 £
Fair value of employer's assets	3,711,000	3,510,000
Present value of scheme liabilities	4,358,000	4,573,000
	<u>4,358,000</u>	<u>4,573,000</u>
Present value of unfunded liabilities	(647,000)	(1,063,000)

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2016 £	2015 £
Charged to operating costs:		
Service cost	<u>179,000</u>	<u>165,000</u>
	<u>179,000</u>	<u>165,000</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(114,000)	(187,000)
Losses/(Gains) on curtailments/settlements	-	-
Interest on pension scheme liabilities	<u>149,000</u>	<u>155,000</u>
	<u>35,000</u>	<u>(32,000)</u>
Net Charge to the Income and Expenditure Account	<u>214,000</u>	<u>133,000</u>
Actual Return on Plan Assets	<u>408,000</u>	<u>408,000</u>

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2016 % p.a.	2015 % p.a.	2014 % p.a.
Equities	3.5	3.2	6.6
Bonds	3.5	3.2	3.7
Property	3.5	3.2	4.8
Cash	3.5	3.2	3.7

Other Assumptions

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	22.1	23.6
Future Pensioners	24.8	26.2

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2016	2015
	(Number)	(Number)
Actives	21	21
Deferreds	-	2
Pensioners	6	6
Fair Value of employer assets	2016	2015
	£	£
Opening fair value of employer assets	3,510,000	3,065,000
Expected Return on Assets	114,000	187,000
Contributions by Members	33,000	33,000
Contributions by the Employer	136,000	138,000
Actuarial Gains / (Losses)	(22,000)	145,000
Estimated Benefits Paid	(60,000)	(58,000)
Closing fair value of employer assets	<u>3,711,000</u>	<u>3,510,000</u>
Fair value of scheme assets by category	2016	2015
	£	£
Equities	2,671,920	2,633,000
Bonds	593,760	456,000
Property	445,320	386,000
Cash	-	35,000
	<u>3,711,000</u>	<u>3,510,000</u>
Reconciliation of defined benefit obligations	2016	2015
	£	£
Opening defined benefit obligation	4,573,000	3,531,000
Current Service Cost	179,000	165,000
Interest Cost	149,000	155,000
Contributions by members	33,000	33,000
Actuarial Losses/(Gains)	(516,000)	747,000
Past service costs	-	-
Estimated Benefits Paid	(60,000)	(58,000)
	<u>4,358,000</u>	<u>4,573,000</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 RETIREMENT BENEFIT OBLIGATIONS

Amounts for the current and previous accounting periods:

	2016	2015
	£	£
Fair value of employer assets	3,711,000	3,065,000
Present value of defined benefit obligations	(4,358,000)	(3,531,000)
(Deficit) / Surplus	(647,000)	(466,000)
Experience (losses) / Gains on assets		42,000

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2016	2015
	£	£
Actuarial gain / (loss) recognised in year	494,000	(602,000)
Cumulative actuarial gains / (losses)	(457,000)	(951,000)

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

TRANSITION TO THE FINANCIAL REPORTING STANDARD

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

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

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

Reconciliation of Capital & Reserves						
At 31 March 2015			At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated
	£	£	£	£	£	£
Non Current Assets (i)	25,537,075	41,941,168	67,478,243	25,010,318	38,443,600	63,453,918
Investment	1	-	1	1	-	1
Debtors due after more than a year	-	-	-	-	-	-
Negative Goodwill	(5,054,826)	-	(5,054,826)	(5,166,075)	-	(5,166,075)
Current Assets	22,558,354	(101)	22,558,253	23,217,957	-	23,217,957
Current Liabilities (ii)	(2,510,405)	(178,969)	(2,689,374)	(2,744,670)	(151,503)	(2,896,173)
Non Current Liabilities (ii)	(3,824,027)	(728,972)	(4,552,999)	(4,059,780)	(828,920)	(4,888,700)
Provision for Liabilities	(1,063,000)	-	(1,063,000)	(466,000)	-	(466,000)
Deferred Income (i)	-	(39,521,171)	(39,521,171)	-	(35,981,943)	(35,981,943)
Net Assets	35,643,172	1,511,955	37,155,127	35,791,751	1,481,234	37,272,985
Capital & Reserves	(35,643,172)	(1,511,955)	(37,155,127)	(35,791,751)	(1,481,234)	(37,272,985)

Reconciliation of Retained Surplus for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue (i)	9,947,101	1,032,167	10,979,268
Operating Costs (i) & (ii)	(9,598,518)	(1,001,446)	(10,599,964)
Other Income	210,141	-	210,141
Exceptional item	(365,736)	-	(365,736)
Interest Receivable	296,378	-	296,378
Interest Payable	(67,949)	-	(67,949)
Change in Fair Value of Financial Inst.	-	-	-
Other Finance Income / Costs	32,000	-	32,000
	453,417	30,721	484,138
Other Comprehensive Income	(682,114)	-	(682,114)
Total Comprehensive Income	(228,697)	30,721	(197,976)

Notes to the Reconciliations

(i) - Social Housing Grants and Other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) - As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) - The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A