



Alexander Sloan
Accountants and Business Advisers

Southside Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

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	6
REPORT OF THE AUDITORS	7
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CASHFLOWS	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13

SOUTHSIDE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

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
Allan Forfar	Head of Housing Management
Norma Taylor	Head of Housing Support
Mandy Wright	Head of Finance
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

BANKERS

Bank of Scotland
236 Albert Drive
Glasgow
G41 2NL

SOLICITORS

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 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 accomodation.

Review of Business and Future Developments

The Association reported an operating surplus of £976107.

The reserves balance of £39425074 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. 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. An Inter Company Agreement sets out the relationship between the parent and the subsidiary.

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 2016 the Association submitted its Annual Report on the Scottish Social Housing Charter (ARC) and this indicated strong performance on all areas of activity. A summary of the key outputs for the past year compared with the previous two is produced in Table 1 shown on the next page.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

Indicators	2014/15	2015/16	2016/17	Scottish Average 2015/16
Gross rent arrears (Indicator 31)	5.10%	4.82%	4.89%	5.26%
Reactive repairs "right first time" (Indicator 13)	90.20%	98.32%	94.09%	91.31%
Satisfaction with repairs service (Indicator 16)	90%	91.12%	90.23%	89.87%
Average time to complete emergency repairs (Indicator 11)	1.79 hours	1.4 hours	1.33 hours	5.14hours
Average time to complete non- emergency repairs (Indicator 12)	4.2 days	2.88 days	4.19 days	7.52days
Annual gas safety inspections (Indicator 15)	99.10%	100%	100%	99.75%
Anti-social behavior cases resolved in target (Indicator 19)	83.20%	87.23%	94.81%	86.63%
New tenancies sustained for more than a year (Indicator 20)	92%	92.11%	95.17%	88.4%
Average time to re-let properties (Indicator 35)	13.1 days	14.51 days	13.01 days	35.37 days
Void Rent Loss (Indicator 34)	0.70%	0.45%	0.42%	0.99%
SHQS compliance	79.50%	88.23%	89.02%	92.76%
SHQS compliance deducting demolition stock, exemptions and abeyances	92%	100%	100%	

In addition to this general positive trend on performance outputs, the Association's social landlord division addressed a number of key challenges over the past year including:

- Addressing the continuing threat from Welfare Reform
- Improving and allocating individual properties bought under a "Private Acquisition Programme"
- Implementing a new reactive repairs contract split between two main contractors, Mitie Ltd and Mears Ltd.
- Launching a new Tenant Involvement Strategy
- Allocating new homes built in Penilee
- Continuing a programme of rehousing households in the Pollokshields demolition stock

The Association continues to have an active Development programme for new homes. The new build scheme of 16 homes at Gleddoch Road, Penilee was completed in March. Work on conversion of the Association's old offices and adjoining former HMO is ongoing and due to finish in early 2017/18. The first phase of the new build properties in St Andrews Drive went on site in February. As noted above, the City Council continued its programme of funding the Association to purchase individual pre 1919 tenement flats and a further 51 properties were acquired in 2016/17. In addition, the Association continued its programme of investment in our tenants homes with over £381k spent on replacing kitchens, bathrooms and other elements. This programme will increase significantly in the next three years as we replace heating systems to meet the Government's EESSH standard for RSLs by 2020.

The Association continues to invest heavily in support to individual households and communities. Five full time advice workers help support households maximize their income and minimize the risks from household debt. Two of these posts are funded by the Big Lottery Fund. In addition the Association funds a team of Housing Support workers with funding from Glasgow City Council to provide Housing Support services to vulnerable older and younger households. This service is registered with the Care Inspectorate but the future funding of these services is very insecure and is likely to cease in 2017/18

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

The Association also employs Community Development staff to support the communities we work with and complements this revenue commitment with significant capital investment in new community resources. The Association is investing over £2m in a new Community Centre in Pollokshields including £400k of its own money. The balance of the funds is coming from the Big Lottery Fund and the Scottish Government's Regeneration Capital Fund. In Cardonald, the Association has secured over £900k from the Green Infrastructure Fund (European Funding) towards a new, £2.2m Community Park at Halfway. Negotiations are ongoing to secure £800k from GCC supplemented with £500k of the Association's monies.

The Association completed a second year of People and Communities Fund monies from the Scottish Government. This included a programme of Community support called "Southside Connections", across a range of community bases, and a traineeship scheme for young people interested in work experience and formal qualifications in horticulture.

The Association's commercial subsidiary, Southside Factoring and Related Services Ltd. (SFARS), continues to deliver a factoring service to almost 1000 owners. The Association continued its investment in this activity by recruiting additional staff to support the expansion of the factoring business, including a Marketing Officer. In addition SFARS has continued to expand its Mid Market Renting (MMR) provision. The number of MMR homes provided has expanded to 108, with further units in the pipeline from the acquisition programme. The majority of the new MMR units have come through the private acquisition programme with 100% acquisition grant from GCC, supplemented by repair grant of 50% with the balance coming from SHA. However 8 of the units in 2016/17 were an "Off the Shelf" tenement purchase in Niddrie Road. In addition new build MMR development proposals are also being progressed and phase two of Portman Street is due on site in 2017/18.

The Association continued to manage Glasgow Care and Repair with funding support from Glasgow City Council. The range of services was expanded from the basic advice work, the handyperson service and the Home from Hospital Service to include a new Scottish Government funded Equity Release scheme.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that 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 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 members of 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 2017

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 2017. 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.

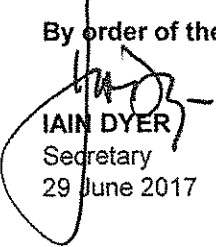
Donations

During the year the Association made charitable donations amounting to £550 (2015: £560).

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
29 June 2017

SOUTHSIDE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 5 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 issued by the Scottish Housing Regulator, in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
29 June 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Southside Housing Association Limited for the year ended 31st March 2017 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 standards 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 Financial Reporting Council's (FRC) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2017 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.

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.

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

Matters on which we are required to report by exception (contd.)

- 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

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
29 June 2017



Alexander Sloan
Accountants and Business Advisers

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
REVENUE	2.	11,334,524	11,464,810
Operating Costs	2.	(10,358,417)	(10,586,461)
OPERATING SURPLUS	9.	976,107	878,349
Gain On Sale Of Housing Stock	7.	21,533	-
Release of Negative Goodwill	23.	56,184	111,818
Interest Receivable and Other Income		248,489	195,487
Interest Payable and Similar Charges	8.	(46,428)	(65,410)
Other Finance Charges	11.	44,796	(35,000)
		<u>324,574</u>	<u>206,895</u>
Surplus on ordinary activities before taxation		1,300,681	1,085,244
Tax on surplus on ordinary activities	10.	-	-
SURPLUS FOR YEAR		<u>1,300,681</u>	<u>1,085,244</u>
Other Comprehensive Income		(610,000)	494,000
TOTAL COMPREHENSIVE INCOME		<u>690,681</u>	<u>1,579,244</u>

The notes on pages 14 to 28 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		79,661,131		74,042,158
Intangible Assets	12.(b)		11,393		22,066
Other Non Current Assets	12.(c)		2,488,126		2,584,459
			<u>82,160,650</u>		<u>76,648,683</u>
Negative Goodwill	23.		(4,886,824)		(4,943,008)
INVESTMENTS					
Investment in subsidiaries	26.	1		1	
			<u>1</u>		<u>1</u>
CURRENT ASSETS					
Receivables	14.	2,338,039		2,671,415	
Development Cost of Housing Property	26.	-		95,111	
Investments	26.	7,107,452		9,108,505	
Cash at bank and in hand		10,266,127		7,660,726	
		<u>19,711,618</u>		<u>19,535,757</u>	
CREDITORS: Amounts falling due within one year	15.	(3,066,571)		(3,708,235)	
NET CURRENT ASSETS			<u>16,645,047</u>		<u>15,827,522</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>93,918,874</u>		<u>87,533,198</u>
CREDITORS: Amounts falling due after more than one year	16.		(3,780,502)		(4,231,061)
PENSION LIABILITY					
Strathclyde Pension Scheme	28	(1,292,000)		(647,000)	
			<u>(1,292,000)</u>		<u>(647,000)</u>
DEFERRED INCOME					
Social Housing Grants	19.	(49,287,345)		(43,831,670)	
Other Grants	19.	(133,953)		(89,095)	
		<u>(49,421,298)</u>		<u>(43,920,765)</u>	
NET ASSETS			<u>39,425,074</u>		<u>38,734,372</u>
EQUITY					
Share Capital	20.		355		334
Revenue Reserves			39,424,719		38,734,038
			<u>39,425,074</u>		<u>38,734,372</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 29 June 2017.


Chairperson


Vice Chairperson


Secretary

The notes on pages 14 to 28 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	18.	2,489,397	2,625,770
Investing Activities			
Acquisition and Construction of Properties	(8,251,729)	(11,328,665)	
Purchase of Intangible Fixed Assets	(540)	(96,127)	
Purchase of Other Fixed Assets	(21,002)	-	
Social Housing Grant Received	6,225,819	6,678,959	
Changes on short term deposits with banks	2,001,053	(54,655)	
Proceeds on Disposal of Properties	158,838	-	
Net Cash Inflow / (Outflow) from Investing Activities		112,439	(4,800,488)
Financing Activities			
Interest Received on Cash and Cash Equivalents	296,116	195,487	
Interest Paid on Loans	(46,428)	(65,410)	
Loan Principal Repayments	(246,144)	(255,069)	
Share Capital Issued	21	1	
Net Cash Inflow / (Outflow) from Financing		3,565	(124,991)
Increase / (decrease) in Cash		2,605,401	(2,299,709)
Opening Cash & Cash Equivalents		7,660,726	9,960,435
Closing Cash & Cash Equivalents		<u>10,266,127</u>	<u>7,660,726</u>
Cash and Cash equivalents as at 31 March 2017.			
Cash		10,266,127	7,660,726
		<u>10,266,127</u>	<u>7,660,726</u>

The notes on pages 14 to 28 form part of these financial statements.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	333	37,154,794	37,155,127
Issue of Shares	1		1
Other comprehensive income - pension scheme		494,000	494,000
Surplus for Year		1,085,244	1,085,244
Balance as at 31 March 2016	334	38,734,038	38,734,372
Balance as at 1st April 2016	334	38,734,038	38,734,372
Issue of Shares	21		21
Other comprehensive income - pension scheme		(610,000)	(610,000)
Surplus for Year		1,300,681	1,300,681
Balance as at 31 March 2017	355	39,424,719	39,425,074

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102. The reserve balance shown above is, in part earmarked to support the continued investment in transferred stock.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The financial statements for Southside Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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 of the asset to which it relates.

Valuation Of Housing Properties

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

Component	Useful Economic Life
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 2017 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%
Furniture and Fittings	-33%
Computer Equipment	-33%
Motor Vehicles	-20%
Office Equipment	-20%

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.

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 Limited 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:

a) 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.

b) 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.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Estimation Uncertainty (Continued)

c) 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 assessment.

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.

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Derivative Financial Instruments

The Association uses an interest-rate swap to manage its exposure to interest-rate movements. The fair value of these contracts is recorded in the balance sheet and is determined by discounted future cash flows at the prevailing market rates at the balance sheet date.

The Association's interest rate swap is not designated as a hedging instrument.

Service Charge Sinking Funds

The Association deposits part of its service charge income in a sinking fund bank account in order to meet future obligations.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Key Judgements made in the application of Accounting Policies

a) 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.

b) 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.

c) 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 Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	10,422,204	9,267,743	1,154,461	9,999,789	8,996,167	1,003,622
Other Activities	4.	912,320	1,090,674	(178,354)	1,465,021	1,590,294	(125,273)
Total		11,334,524	10,358,417	976,107	11,464,810	10,586,461	878,349

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			2017 Total £	2016 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Revenue from Lettings					
Rent Receivable Net of Service Charges	7,810,349	887,540	177,508	8,875,396	8,630,531
Service Charges	232,489	8,565	1,713	242,767	194,238
Gross income from rent and service charges	8,042,838	896,104	179,221	9,118,163	8,824,769
Less: Rent losses from voids	60,754	-	-	60,754	54,207
Net Rents Receivable	7,982,084	896,104	179,221	9,057,409	8,770,562
Grants released from deferred income	1,267,696	-	73,514	1,341,210	1,180,326
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	23,585	-	-	23,585	48,901
Total turnover from affordable letting activities	9,273,364	896,104	179,221	10,422,204	9,999,789
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,125,554	334,388	66,878	3,526,819	3,266,425
Service Costs	1,140,841	129,047	25,809	1,295,698	1,550,437
Planned and cyclical maintenance, including major repairs	1,209,505	136,807	27,361	1,373,674	1,276,442
Reactive maintenance costs	554,665	62,742	12,548	629,955	815,416
Bad Debts - rents and service charges	183,035	-	-	183,035	109,981
Depreciation of affordable let properties	2,258,561	-	-	2,258,561	1,977,466
Operating costs of affordable letting activities	8,472,161	662,984	132,597	9,267,743	8,996,167
Operating surplus on affordable letting activities	801,203	233,120	46,624	1,154,461	1,003,622
2016	793,335	230,964	(20,677)		

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	140,267	-	5,162	145,429	-	228,055	(82,626)	(79,378)
Care and Repair	-	187,283	-	110,298	297,581	-	215,843	81,738	13,516
Support Activities	-	132,447	-	1,640	134,087	-	163,531	(29,444)	(50,080)
Care Activities	-	124,906	-	-	124,906	-	78,581	46,325	-
Development for sale to registered social landlords	-	-	-	-	-	-	185,461	(185,461)	(237,048)
Other activities	-	-	-	210,317	210,317	-	190,542	19,775	227,717
Total From Other Activities	-	584,903	-	327,417	912,320	-	1,090,674	(178,354)	(125,273)
2016	-	548,708	142,798	773,515	1,465,021	-	1,590,294	(125,273)	

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>78,988</u>	<u>78,160</u>
No Pension contributions were made to Officers receiving greater than £60,000		
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>14,471</u>	<u>14,328</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>78,988</u>	<u>78,160</u>
Total Emoluments paid to key management personnel	<u>347,026</u>	<u>345,002</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
£60,001 to £70,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>95</u>	<u>101</u>
The average total number of Employees employed during the year was	<u>106</u>	<u>110</u>
Staff Costs were:	£	£
Wages and Salaries	2,769,047	2,520,966
Social Security Costs	240,916	205,818
Other Pension Costs	416,830	389,508
Temporary, Agency and Seconded Staff	26,171	27,990
	<u>3,452,964</u>	<u>3,144,282</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	158,838	-
Cost of Sales	<u>137,305</u>	<u>-</u>
Gain On Sale Of Housing Stock	<u>21,533</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>46,428</u>	<u>65,410</u>
	<u>46,428</u>	<u>65,410</u>

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	2,362,481	3,954,932
Auditors' Remuneration - Audit Services	11,760	11,340
Auditors' Remuneration - Other Services	-	11,502
Operating Lease Rentals - Other	22,103	21,373
Gain on sale of fixed assets	<u>21,533</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>(44,796)</u>	<u>35,000</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Shared Ownership In course of Construction £	Total £
COST					
As at 1st April 2016	88,689,260	14,859,266	4,479,788	-	108,028,314
Additions	287,217	7,720,445	5,946	-	8,013,608
Disposals	(280,483)	-	-	-	(280,483)
Schemes Completed	10,543,175	(10,543,175)	-	-	-
As at 31st March 2017	99,239,169	12,036,536	4,485,734	-	115,761,439
DEPRECIATION					
As at 1st April 2016	33,612,049	-	374,107	-	33,986,156
Charge for Year	2,155,430	-	89,715	-	2,245,145
Disposals	(130,993)	-	-	-	(130,993)
As at 31st March 2017	35,636,486	-	463,822	-	36,100,308
NET BOOK VALUE					
As at 31st March 2017	63,602,683	12,036,536	4,021,912	-	79,661,131
As at 31st March 2016	55,077,211	14,859,266	4,105,681	-	74,042,158

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £287,217 (2016 - £890,039)

All land and housing properties are held under feudal tenure.

Total expenditure on existing properties in the year amounted to £2,290,846. The amount capitalised is £287,217, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £287,217 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £138,750,94 (2016 - £144,062,15).

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)		
b) Intangible Assets	Website & Software £	Total £
COST		
As at 1st April 2016	33,099	33,099
Additions	540	540
As at 31st March 2017	<u>33,639</u>	<u>33,639</u>
AGGREGATE DEPRECIATION		
As at 1st April 2016	11,033	11,033
Charge for year	11,213	11,213
As at 31st March 2017	<u>22,246</u>	<u>22,246</u>
NET BOOK VALUE		
As at 31st March 2017	<u>11,393</u>	<u>11,393</u>
As at 31st March 2016	<u>22,066</u>	<u>22,066</u>

12. NON CURRENT ASSETS (Continued)					
c) Other Tangible Assets	Motor Vehicles £	Computer Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2016	87,598	422,495	2,574,828	911,027	3,995,948
Additions	-	-	-	21,002	21,002
Eliminated on Disposals	(24,163)	-	-	(548,191)	(572,354)
As at 31st March 2017	<u>63,435</u>	<u>422,495</u>	<u>2,574,828</u>	<u>383,838</u>	<u>3,444,596</u>
AGGREGATE DEPRECIATION					
As at 1st April 2016	57,693	140,955	352,209	860,632	1,411,489
Charge for year	12,687	8,453	51,497	44,699	117,336
Eliminated on disposal	(24,163)	-	-	(548,192)	(572,355)
As at 31st March 2017	<u>46,217</u>	<u>149,408</u>	<u>403,706</u>	<u>357,139</u>	<u>956,470</u>
NET BOOK VALUE					
As at 31st March 2017	<u>17,218</u>	<u>273,087</u>	<u>2,171,122</u>	<u>26,699</u>	<u>2,488,126</u>
As at 31st March 2016	<u>29,905</u>	<u>281,540</u>	<u>2,222,619</u>	<u>50,395</u>	<u>2,584,459</u>

13. CAPITAL COMMITMENTS		
	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>8,903,592</u>	<u>1,400,000</u>

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

14. COMMITMENTS UNDER OPERATING LEASES		
	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	16,181	4,493
Later than one year and not later than five years	48,542	30,450
Later than five years	<u>16,181</u>	<u>-</u>

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	502,901	366,910
Less: Provision for Doubtful Debts	(356,456)	(242,961)
	146,445	123,949
Social Housing Grant Receivable	1,561,946	1,035,403
Other Receivables	564,255	1,415,978
Amounts Due from Group Undertakings	65,393	96,085
	<u>2,338,039</u>	<u>2,671,415</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank Overdrafts (secured)	-	-
Housing Loans	220,234	209,670
Trade Payables	691,654	1,680,061
Rent in Advance	267,447	283,092
Social Housing Grant in Advance	256,533	345,399
Other Taxation and Social Security	74,442	62,569
Other Payables	121,284	52,811
Liability for Past Service Contributions	117,558	130,282
Accruals and Deferred Income	1,317,419	944,351
	<u>3,066,571</u>	<u>3,708,235</u>

At the balance sheet date there were pension contributions outstanding of £3143 (2016 £46521).

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contributions	463,921	657,761
Housing Loans	3,316,581	3,573,300
	<u>3,780,502</u>	<u>4,231,061</u>
Housing Loans		
Amounts due within one year	220,234	209,670
Amounts due in one year or more but less than two years	221,398	157,028
Amounts due in two years or more but less than five years	668,931	471,081
Amounts due in more than five years	2,426,252	2,945,191
	3,536,815	3,782,970
Less: Amount shown in Current Liabilities	220,234	209,670
	<u>3,316,581</u>	<u>3,573,300</u>
Liability for Past Service Contributions		
Amounts due within one year	117,558	130,282
Amounts due in one year or more but less than two years	220,234	125,039
Amounts due in two years or more but less than five years	243,687	398,080
Amounts due in more than five years	-	134,642
	581,479	788,043
Less: Amount shown in Current Liabilities	117,558	130,282
	<u>463,921</u>	<u>657,761</u>

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

Lender	Security	Effective Interest		Maturity	Variable / Fixed
		Rate			
Bank of Scotland	Standard Security over 26 properties	0.55%		2029	Variable
Nationwide Bank	Standard Security over 150 properties	0.65%		2034	Variable
Nationwide Bank	Standard Security over 82 properties	0.72%		2038	Variable
Royal Bank of Scotland	Standard Security over 19 properties	1.92%		2029	Variable
Royal Bank of Scotland	Standard Security over 102 properties	2.00%		2040	Fixed

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31 march 2017</i>	2017 £	2016 £
Operating Surplus	976,107	878,349
Depreciation	2,381,339	2,240,685
Amortisation of Intangible Fixed Assets	11,213	11,033
Change in Provisions for liabilities and charges (Strathclyde Pension Fund)	35,000	43,000
Change in properties developed for resale	95,111	469,980
Amortisation of Capital Grants	(1,347,380)	(1,180,326)
Change in debtors	812,292	(596,230)
Change in creditors	(519,081)	825,957
Unwinding of Discount on Pension Liability	44,796	(66,678)
	<u>2,489,397</u>	<u>2,625,770</u>
Balance as at 31 March 2017		

19. DEFERRED INCOME

	Total £
Social Housing Grants	
Balance as at 1st April 2016	43,831,670
Additions in the year	6,871,228
Eliminated on disposal components and property	(106,932)
Amortisation in year	(1,308,621)
Balance as at 31st March 2017	<u>49,287,345</u>
Balance as at 31st March 2016	<u>43,831,670</u>
Other Grants	
Balance as at 1st April 2016	89,095
Additions in the year	44,858
Balance as at 31st March 2017	<u>133,953</u>
Balance as at 31st March 2016	<u>89,095</u>
Total grants net book value as at 31 March 2017	<u>49,421,298</u>

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

	2017 £	2016 £
Amounts due within one year	(1,308,621)	1,180,326
Amounts due after more than one year	50,729,919	42,740,439
	<u>49,421,298</u>	<u>43,920,765</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

	£
Shares of £1 each Issued and Fully Paid	
At 1st April 2016	334
Issued in year	21
Cancelled in year	-
	<u> </u>
At 31st March 2017	<u>355</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.

21. HOUSING STOCK

	2017	2016
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs - Built by Association	81	29
General Needs - Purchased by Association	2,015	1,977
Shared Ownership	53	57
Supported Housing	139	163
	<u> </u>	<u> </u>
	<u>2,288</u>	<u>2,226</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length is under normal commercial terms.

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

	£
Rent and factoring received from Tenants on the Committee and their close family members	63,033
Factoring Charges received from owners on the Committee	384

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £5012

One member of the Committee is a local councillor.

23. NEGATIVE GOODWILL

	2016
	£
Balance as at 1st April 2015	4,943,008
Release during the year	(56,184)
As at 31st March 2016	<u>4,886,824</u>

24. 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 South Glasgow: Cardonald, Pollokshields, Halfway, Govanhill, Penilee.

25. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £102 in the year by way of reimbursement of expenses. (2015 - £Nil). No remuneration is paid to Management Committee members in respect of their duties in the Association.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

	2017 £	2016 £
Investments in Subsidiaries		
As at 31st March 2017 & 31st March 2016	<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 aggregate amount of capital and reserves and the results of Southside Factoring and Related Services Ltd for the year ended 31st March 2017 were as follows:

	2017 £	2016 £
Capital & Reserves	<u>5,425</u>	<u>73,541</u>
Loss for the year	<u>(68,117)</u>	<u>4,435</u>

The Association participates in a shared equity arrangement at 31 March 2017. At this date the Association has expended £0 on unsold shared equity properties.

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 RETIREMENT BENEFIT OBLIGATIONS

SHA Pension Scheme

Southside Housing Association Limited participated 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. The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit 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 Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2016. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £581479 (2016 - £788043). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 2.6.%

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Fund 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 was 21 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £117,558. Gross pensionable salaries for the year were £459,000.

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	2017 %p.a.	2016 %p.a.	2015 %p.a.
Salary increases	4.4	4.2	4.3
Pension increases	2.4	3.2	3.2
Discount rate	2.6	3.5	3.2

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

	2017 £'000	2016 £'000
Employee members	4,626	3,209
Pensioners	1,315	1,149
	<u>5,941</u>	<u>4,358</u>

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 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2017	2016
	£'000	£'000
Equities	3,394	2,672
Bonds	558	594
Property	465	445
Cash	232	-
	<u>4,649</u>	<u>3,711</u>

Net Pension Liability

	2017	2016
	£'000	£'000
Fair value of employer's assets	4,649	3,711
Present value of scheme liabilities	5,941	4,358
	<u>10,590</u>	<u>8,069</u>

Reconciliation of fair value of employer assets

	2017	2016
	£'000	£'000
Opening fair value of employer assets	3,711	3,510
Current Service Cost	131	114
Interest Cost	30	33
Contributions by members	125	136
Actuarial Gains	739	(22)
Estimated Benefits Paid	(87)	(60)
	<u>4,649</u>	<u>3,711</u>

Reconciliation of defined benefit obligations

	2017	2016
	£'000	£'000
Opening defined benefit obligation	4,358	4,573
Current Service Cost	137	179
Interest Cost	154	149
Contributions by members	30	33
Actuarial Gains	1,349	(516)
Estimated Benefits Paid	(87)	(60)
	<u>5,941</u>	<u>4,358</u>

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2017 £'000	2016 £'000
Charged to operating costs:		
Service cost	137	179
Past service cost	-	-
	<u>137</u>	<u>179</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(131)	(114)
Interest on pension scheme liabilities	154	149
	<u>23</u>	<u>35</u>
	154	149
Net Charge to the Income and Expenditure Account	<u>160</u>	<u>214</u>

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

	2017 £'000	2016 £'000	2015 £'000
Actuarial gain/(loss) recognised in year	(610,000)	494,000	(602,000)
Cumulative actuarial gains	(1,067,000)	(457,000)	(951,000)

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

Analysis of projected amount to be charged to the Income & Expenditure Account for the

	£'000	% of pay
Projected current service cost	(192)	(0)
Interest on obligation	(156)	(0)
Expected return on plan assets	122	0
	<hr/>	<hr/>
	(226)	-49.3%
	<hr/>	<hr/>

Contributions made by the Association for the year ended 31 March 2018 are estimated to be approximately £126,000

SOUTHSIDE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 PROVISIONS FOR LIABILITIES AND CHARGES

Name of provision	2017 £	2016 £
Balance as at 1st April 2016	647,000	647,000
Increase in Provision	645,000	-
Balance as at 31st March 2017	<u>1,292,000</u>	<u>647,000</u>

30. 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 Balance Sheet at nil value (within Housing Properties note 12).

The planned maintenance work on these properties continued during the year. The cost of this work has been capitalised under component accounting (note 12), as required by the association's accounting policy (note 1).