

SPIRE VIEW HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Registered Housing Association Number: HAC 136
FCA Reference Number: 2295R (S)
Scottish Charity Registration Number: SC033266

SPIRE VIEW HOUSING ASSOCIATION LIMITED

CONTENTS

	Page.
MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS	3
REPORT FROM THE MANAGEMENT COMMITTEE	4
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	8
REPORT OF THE AUDITORS	9
INCOME AND EXPENDITURE ACCOUNT	11
BALANCE SHEET	12
STATEMENT OF CASH FLOWS	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE FINANCIAL STATEMENTS	15

SPIRE VIEW HOUSING ASSOCIATION LIMITED

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2017

MEMBERS OF THE MANAGEMENT COMMITTEE

Charlie Lunn	(Chairperson)	
Tilly McIlroy	(Vice Chairperson)	
Jean Lunn	(Secretary)	
Alan Brown	(Treasurer)	
Frances McEwan	(Committee Member)	
Hannah Simpson	(Committee Member)	(Deceased)
William Tibbs	(Committee Member)	
Andrew Samson	(Committee Member)	
Clare O'Donnell	(Committee Member)	
Stirling Wilson	(Committee Member)	
Lynda Mulholland	(Committee Member)	
Brian Mulholland	(Committee Member)	(Resigned 24/05/2016)
Adil Aziz	(Committee Member)	(Resigned 26/08/2016)
Philip McCartney	(Committee Member)	(Resigned 23/02/2017)
Donna Tibs	(Committee Member)	(Resigned 04/11/2016)
Isobel Heeps	(Committee Member)	(Co-opted 10/02/2017)
Eddie Heron	(Committee Member)	(Co-opted 30/05/2017)
Louise Irving	(Committee Member)	(Co-opted 30/05/2017)

EXECUTIVE OFFICERS

Fiona Murphy (Director)

REGISTERED OFFICE

43 Tharsis Street
Roystonhill
Glasgow
G21 2JF

AUDITORS

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

BANKERS

Santander
Bridle Road
Bootle, Merseyside
L30 4GB

Clydesdale Bank plc
66 Queen Street
Glasgow
G31 3DS

Nationwide Building Society
Caledonia House, Carnegie Avenue
Dunfermline
KY11 8PJ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

BTO Solicitors
40 St Vincent Street
Glasgow
G2 5HS

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017**

The Management Committee presents their 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. 2295R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC033266.

Principal Activities

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

Review of business and future developments

Current Year

The Committee is satisfied with the Association's performance during the year. The surplus for the year was £729,487 (2016 - £449,865). The Association's net current assets at 31 March 2017 were £1,074,442 (2016- £1,636,237).

The Future

The Association plan to continue to provide good quality, affordable accommodation and take advantage of opportunities as they present themselves.

Management Committee and Executive Officers

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

SPIRE VIEW HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017 (continued)

Statement of Management Committee's responsibilities

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

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

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

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

In so far as the Management Committee are aware:

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

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

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

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

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

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

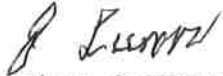
SPIRE VIEW HOUSING ASSOCIATION LIMITED

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Auditors

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

By order of Management Committee



Jean Lunn, Secretary
18 September 2017

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF SPIRE VIEW 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 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



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

18 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPIRE VIEW HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Spire View Housing Association Limited for the year ended 31 March 2017 which comprise an income and expenditure account, balance sheet, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

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

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

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 31 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 2010 and the Determination of Accounting Requirements 2014.

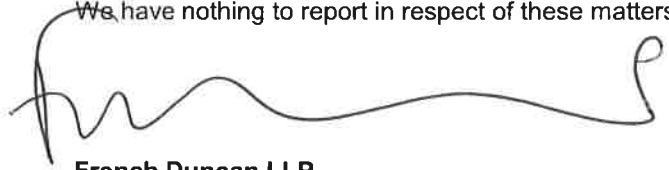
SPIRE VIEW HOUSING ASSOCIATION LIMITED

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 Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters



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

18 September 2017

SPIRE VIEW HOUSING ASSOCIATION LIMITED**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
REVENUE	2.	2,027,816	1,993,975
Operating Costs	2.	(1,597,445)	(1,445,877)
OPERATING SURPLUS		<u>430,371</u>	<u>548,098</u>
Gain on Sale of Housing Stock		(3,294)	-
Interest Receivable and Other Income		1,180	1,690
Interest Payable and Similar Charges	7.	(52,770)	(81,923)
Other Finance Charges	21.	(18,000)	(18,000)
		<u>(72,884)</u>	<u>(98,233)</u>
SURPLUS FOR THE YEAR	8.	357,487	449,865
OTHER COMPREHENSIVE INCOME			
Pension remeasurement	21.	372,000	-
TOTAL INCOME FOR THE YEAR		<u><u>729,487</u></u>	<u><u>449,865</u></u>

The notes on pages 15 to 29 form part of these financial statements.

SPIRE VIEW HOUSING ASSOCIATION LIMITED

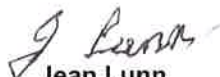
**BALANCE SHEET
AS AT 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £
FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		9,985,813		9,535,942
Other Fixed Assets	10.(b)		361,470		377,715
			10,347,283		9,913,657
CURRENT ASSETS					
Debtors	12.	480,508		321,070	
Cash at bank and in hand		1,520,064		1,911,553	
		2,000,572		2,232,623	
CREDITORS: Amounts falling due within one year	13.	(610,448)		(596,386)	
NET CURRENT ASSETS			1,390,124		1,636,237
TOTAL ASSETS LESS CURRENT LIABILITIES			11,737,407		11,549,894
CREDITORS: Amounts falling due after more than one year					
Housing Property Loans	14.		(2,816,042)		(3,184,482)
Retirement Benefit Scheme Deficit	14.		(348,332)		(743,100)
Government Grant	15.		(221,242)		-
NET ASSETS			8,351,791		7,622,312
EQUITY					
Share Capital	17.		402		410
Revenue Reserves			8,351,389		7,621,902
			8,351,791		7,622,312

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 18 September 2017.



Charlie Lunn
Chairperson



Jean Lunn
Secretary



Alan Brown
Treasurer

The notes on pages 15 to 29 form part of these financial statements.

SPIRE VIEW HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	16		379,316		618,946
Investing Activities					
Acquisition and Construction of Properties		(886,079)	-	-	-
Sale of tangible fixed assets		214,148	-	-	-
Purchase of Other Fixed Assets		-	(18,415)	-	-
Social Housing Grant Received		225,000	-	-	-
Interest received		1,180	1,690	-	-
Net Cash Outflow from Investing Activities			(445,751)		(16,725)
Financing Activities					
Interest Paid on Loans		(52,770)	(81,923)		
Movement in short term borrowings		96,143	(54,956)		
Movement in long term borrowings		(368,440)	(195,655)		
Share Capital Issued		13	9		
Net Cash (Outflow) from Financing			(325,054)		(332,525)
(Decrease)/increase in Cash			(391,489)		269,696
Opening Cash & Cash Equivalents			1,911,553		1,641,857
Closing Cash & Cash Equivalents			1,520,064		1,911,553

The notes on pages 15 to 29 form part of these financial statements.

SPIRE VIEW HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	410	7,621,902	7,622,312
Issue of Shares	13	-	13
Cancellation of Shares	(21)	-	(21)
Surplus for Year	-	357,487	357,487
Pension deficit adjustment	-	372,000	372,000
Balance as at 31 March 2017	<u>402</u>	<u>8,351,389</u>	<u>8,351,791</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015 as restated	451	7,172,037	7,172,488
Issue of Shares	9	-	9
Cancellation of Shares	(50)	-	(50)
Surplus for Year	-	449,865	449,865
Balance as at 31 March 2016	<u>410</u>	<u>7,621,902</u>	<u>7,622,312</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operation and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102

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.

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

The following principal accounting policies have been applied:

Going Concern

The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

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

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

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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 10. 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>
Land	Not depreciated
Structure	60 years
Boilers	15 years
Bathrooms	20 years
Windows	30 years
Kitchens	15 years
Heating Systems	30 years
Roofs	60 years

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 building	- 2% straight line
Furniture	- 15% straight line
Commercial equipment	- 33.33% straight line
CCTV systems	- 10% straight line

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

Social Housing Grant and Other Grants in Advance/Arrears

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

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

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

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

Sales of Housing Properties

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

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

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

Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

Pension Liabilities

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

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 scheme in which it manages its housing property for asset management purposes.

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

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

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

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

	Notes	2017			2016		
		Revenue	Operating Costs	Operating Surplus / (Deficit)	Revenue	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	1,727,634	(1,309,263)	418,371	1,663,127	(1,127,079)	536,048
Other Activities	4.	300,182	(288,182)	12,000	330,848	(318,798)	12,050
Total		<u>2,027,816</u>	<u>(1,597,445)</u>	<u>430,371</u>	<u>1,993,975</u>	<u>(1,445,877)</u>	<u>548,098</u>

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	2017 Total £	2016 Total £
Revenue from Lettings			
Rent Receivable Net of Identifiable Service Charges	1,680,241	1,680,241	1,657,309
Gross Rents Receivable	1,680,241	1,680,241	1,657,309
Less: Rent losses from voids	(5,846)	(5,846)	(2,673)
Net Rents Receivable	1,674,395	1,674,395	1,654,636
Amortisation of Capital Grant	3,758	3,758	-
Revenue Grants From Scottish Ministers	49,481	49,481	8,491
Total Income From Social Letting	1,727,634	1,727,634	1,663,127
Expenditure on Social Letting Activities			
Management and maintenance administration costs	592,824	592,824	547,984
Reactive Maintenance	230,684	230,684	141,046
Bad Debts - Rents and Service Charges	290	290	975
Planned and Cyclical Maintenance, including Major Repairs	266,413	266,413	239,458
Depreciation of Social Housing	219,052	219,052	197,616
Operating Costs of Social Letting	1,309,263	1,309,263	1,127,079
Operating Surplus on Social Letting Activities	418,371	418,371	536,048
2016	536,048	536,048	

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2017 £	Operating Surplus / (Deficit) 2016 £
Wider Role Activities	232,896	-	-	-	232,896	-	(232,896)	-	-
Contracted out services undertaken for RSL's	-	-	-	55,286	55,286	-	(55,286)	-	-
Factoring Services	-	-	-	-	-	-	-	-	12,050
Other activities	12,000	-	-	-	12,000	-	-	12,000	-
Total From Other Activities	244,896	-	-	55,286	300,182	-	(288,182)	12,000	12,050
2016	273,115	-	-	57,733	330,848	-	(318,798)	12,050	

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

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

2017	2016
£	£

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

Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pension contributions)	<u>79,769</u>	<u>75,088</u>
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Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>79,769</u>	<u>75,088</u>
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Pension contributions paid on behalf of the Director	<u>8,336</u>	<u>8,447</u>
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Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-

There was £881 paid to board members during the year for reimbursement of expenses (2016 - £848)

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>10</u>	<u>9</u>
The average total number of Employees employed during the year was	<u>10</u>	<u>9</u>
Staff Costs were:	£	£
Wages and Salaries	327,406	289,155
Social Security Costs	33,187	26,322
Pension Costs	8,696	21,615
Other Pension Costs – impact of change in assumptions	11,000	(4,000)
	<u>380,289</u>	<u>333,092</u>

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans and Overdrafts	<u>52,770</u>	<u>81,923</u>

8. SURPLUS FOR THE YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	235,297	213,861
Auditors' Remuneration - Audit Services	7,731	7,000
- Other Services	700	700
Loss on sale of fixed assets	<u>3,294</u>	<u>-</u>

9. 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.

SPIRE VIEW HOUSING ASSOCIATION LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017****NOTES TO THE FINANCIAL STATEMENTS****10. FIXED ASSETS**

a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Properties £	Total £
COST			
As at 1 April 2016	9,663,846	267,328	9,931,174
Additions	886,079	-	886,079
Disposals	(3,580)	(213,862)	(217,442)
As at 31 March 2017	<u>10,546,345</u>	<u>53,466</u>	<u>10,599,811</u>
DEPRECIATION			
As at 1 April 2016	395,232	-	395,232
Charge for Year	219,052	-	219,052
Disposals	(286)	-	(286)
As at 31 March 2017	<u>613,998</u>	<u>-</u>	<u>613,998</u>
NET BOOK VALUE			
As at 31 March 2017	<u>9,932,347</u>	<u>53,466</u>	<u>9,985,813</u>
As at 31 March 2016	<u>9,268,614</u>	<u>267,328</u>	<u>9,535,942</u>

Additions to housing properties includes capitalised development administration costs of £Nil (2016 - £Nil) and capitalised major repair costs to existing properties of £584,430 (2016 - £nil).

All land and housing properties are heritable.

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

10. FIXED ASSETS (Continued.)

b) Other Tangible Assets	Office Premises £	Office Furniture £	Office Equipment	CCTV System £	Total £
COST					
As at 1 April 2016	515,641	43,664	96,209	30,948	686,462
As at 31 March 2017	515,641	43,664	96,209	30,948	686,462
DEPRECIATION					
As at 1 April 2016	152,360	42,742	82,698	30,947	308,747
Charge for Year	10,313	115	5,817	-	16,245
As at 31 March 2017	162,673	42,857	88,515	30,947	324,992
NET BOOK VALUE					
As at 31 March 2017	352,968	807	7,694	1	361,470
As at 31 March 2016	363,281	922	13,511	1	377,715

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

11. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-	2017	2016
	£	£
Not later than one year	4,068	4,412
Later than one year and not later than five years	4,016	8,804
Later than five years	-	-

12. RECEIVABLES

	2017	2016
	£	£
Arrears of Rent & Service Charges	55,608	70,332
Less: Provision for Doubtful Debts	(5,536)	(5,536)
	<u>50,072</u>	<u>64,796</u>
Other Receivables	430,436	256,274
	<u>480,508</u>	<u>321,070</u>

13. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	286,694	190,552
Trade Payables	106,287	131,113
Rent in Advance	48,169	44,510
Other Taxation and Social Security	10,477	7,828
Other Payables	22,827	148,486
Accruals and Deferred Income	101,326	11,997
Liability for Past Service Contribution arrangements	34,668	61,900
	<u>610,448</u>	<u>596,386</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

14. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contribution Arrangements	348,332	743,100
Housing Loans	2,816,042	3,184,482
Government Grants	221,242	-
	<u>3,385,616</u>	<u>3,927,582</u>

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans. Loans are secured by specific charges on the Association's properties. Loans are repayable in instalments as follows:

	2017	2016
	£	£
Between one and two years	288,794	194,970
Between two and five years	879,138	612,458
In five years or more	<u>1,648,110</u>	<u>2,377,054</u>
	<u>2,816,042</u>	<u>3,184,482</u>

15. DEFERRED INCOME

	2017	2016
	£	£
Balance as at 1 April 2016	-	-
Additions in the year	225,000	-
Amortisation in the year	<u>(3,758)</u>	<u>-</u>
	<u>221,242</u>	<u>-</u>

16. STATEMENT OF CASHFLOWS

Reconciliation of operating surplus to balance as at 31 March 2017

	2017	2016
	£	£
Operating Surplus	430,371	548,098
Depreciation	235,011	213,861
Amortisation of grant income	(3,758)	-
Increase in debtors	(159,438)	(164,257)
(Decrease)/increase in creditors	(54,849)	91,294
Deficit contributions	(68,000)	(66,000)
Actuarial gains on Pension Liability	-	(4,000)
Share Capital Write Off	<u>(21)</u>	<u>(50)</u>
	<u>379,316</u>	<u>618,946</u>

SPIRE VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1 April 2016	410
Issued in year	13
Cancelled in year	(21)
	<hr/>
At 31 March 2017	402

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

18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017 No.	2016 No.
General Needs	557	554
Shared Ownership	1	3
	<hr/>	<hr/>
	558	557

19. RELATED PARTY TRANSACTIONS

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

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

- 15 Members are tenants of the Association
- No members are factored owners
- Those members that 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 Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Governing Body members were as follows:

Rent Received from Tenants on the Committee	£ 37,541
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At the year end total rent arrears owed by the tenant members of the Committee were £1,446.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

20. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 43 Tharsis Street, Roystonhill, Glasgow, G21 2JF.

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

21. RETIREMENT BENEFIT OBLIGATIONS

General

The Association participates in the Scottish Housing Association Pension Scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027: £26,304,000 per annum (payable monthly, increasing by 3% each 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022: £25,735,092 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 30 June 2025: £727,217 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 31 October 2026: £1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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 £810m and indicated an increase in the shortfall of assets compared to liabilities to approximately £210m, equivalent to a past service funding level of 79%.

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 employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £383,000 (2016 - £805,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%. A reconciliation of the obligation is detailed below:

	2017	2016
	£	£
Provision at start of period	805,000	857,000
Unwinding of the discount factor	18,000	18,000
Deficit contribution paid	(68,000)	(66,000)
Remeasurements – impact of any change in assumption	11,000	(4,000)
Remeasurements – amendments to the contribution schedule	<u>(383,000)</u>	<u>-</u>
Provision at end of period	<u>383,000</u>	<u>805,000</u>

The Association made payments totalling £87,615 (2016: £87,615) to the pension scheme during the year.

22. CAPITAL COMMITMENTS

Capital commitments contracted but not provided for in the financial statements are as follows:

	2017	2016
	£	£
Fixed assets additions	<u>315,682</u>	<u>-</u>

