

Thenue Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HAL193

FCA Reference No. 1933R(S)

Scottish Charity No. SC032782

THENUE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE BOARD OF MANAGEMENT EXECUTIVES AND ADVISERS	1
REPORT OF THE BOARD OF MANAGEMENT	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

THENUE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

BOARD OF MANAGEMENT

George Alexander
Ian Campbell (Appointed 15 September 2015)
Lynne Carr (Resigned 15 September 2015)
Maureen Dowden
Robert J Kelly
Charlotte Levy
Filbert Masau
Howard Mole
Jane McCann (Appointed 15 September 2015, Resigned 22 March 2016)
Derek Quinn Vice Chairperson
William Redmond
Kinga Sobala (Resigned 6 June 2015)
Frank Soutar (Appointed 15 September 2015)
Owen Stewart Chairperson
Margaret Vass (Resigned 15 September 2015)

EXECUTIVE OFFICERS

Charles Turner Chief Executive
Brian Gannon Head of Housing & Community Regeneration
Elizabeth Reilly Head of Property Services
John Russell Head of Finance (IT & Corporate Services)

REGISTERED OFFICE

423 London Road
Glasgow
G40 1AG

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

TIAA Limited
53-55 Gosport Business Centre
Aerodrome Road
Gosport
Hampshire
PO13 0FQ

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

THENUE HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1933R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032782.

Principal Activities

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

Review of Business and Future Developments

The Association's aim is always to work together to create better homes and stronger communities...making people happy! That in effect means that we are committed to developing, managing and maintaining a range of affordable quality housing in sustainable communities. Working with our people we aim to improve all our services and grow deep community roots.

This year our business has been underpinned by our new core values. We are committed, determined and motivated, (passion); we aim to be the best in everything we do, (excellence); we treat everyone with courtesy and dignity recognising diversity, (respect); we listen, to engage with our customers and communities, (connection).

After the hiatus of last year, caused predominantly by the acquisition of our new family housing in what was the 2014 Commonwealth Games Athletes' Village in Dalmarnock, 2015/16 was a more 'normal' year. It was still as busy as ever, but we still managed to find the time to look ahead and assess the challenges and priorities we were facing. Our ultimate aim is maximum customer satisfaction delivered as effectively and efficiently as we can, whilst achieving value for money across our range of housing related services.

In overall financial terms the Association generated an operating surplus of £4.3 million from total turnover of £15.5 million. Our overall operating expenditure on running the Association was £11.2 million. After accounting for non operating items (interest paid, other finance charges, interest received and sale of houses under the right to buy), a net surplus of £1.9 million was made and added to reserves. The biggest proportion of our expenditure related to keeping all of our properties well maintained and in good condition for our tenants. Some £3.6 million overall was spent in this manner of which £1.1 million was capitalised at the year end.

The Financial Reporting Council published new financial reporting standards in 2013. The new standards take effect for accounting periods starting on or after 1 January 2015. The standards, (known as FRS 102) have therefore been applied to the Association's accounts for the year just ended with the comparative year's figures being restated accordingly. A more in depth explanation of the changes is set out later in these accounts.

Given that this year is by our own definition a more 'normal' one, then it seems sensible to quantify this. During a typical week we re-let 4.8 houses, (compared to 7.6 in 2014/15), with 69% going to applicants from our waiting list. With 2,300 people on our waiting list, we can never aspire to meet that overall demand, and with a bigger than ever proportion of younger people finding it impossible to leave the parental home and set up their own, this is only going to increase.

THENUE HOUSING ASSOCIATION LIMITED

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

Review of Business and Future Developments (Contd.)

Our stock base stands at 2,819 homes, 23 shared accommodation properties and 61 shared ownership properties. During the year we purchased 20 houses directly from residents that were finding it difficult to meet their mortgage commitments. In a typical week we complete over 207 reactive repairs, which means that on average we carry out 3.8 per property per year. Overall repairs satisfaction is high at 95%, but we are determined to achieve a higher figure next year. 2015/16 saw us achieve 100% in our quest to ensure that all our properties had an up-to-date gas safety certificate. Our efforts to tackle and resolve complaints associated with anti-social behaviour have achieved 97% success, and for the fifth consecutive year our tenancy sustainment figure increased from a base of 83% to the current figure of 93%.

Universal Credit has started to affect us, but not to the degree which we first thought, largely because of the mitigating effects brought in by the newly elected Scottish Government, and the hard conscientious work of the Association's staff team in helping our tenants to maximise their income. There is still however some £592k tied up in overall levels of rent arrears, but this is down from the £660k in the previous year. A lower than inflationary rent increase in April 2016 now means that our average rent is just over £80 a week, (ranging from £60.22 to £96.30, depending on the size and the amenities).

The community regeneration side of the work of the Association continues to exceed aspirations. During the year, we secured some £566k of grant income to enhance our award winning Learning Works programme and our Smart Communities and Urban Fox projects which have now been supplemented by our new Volunteer Co-ordinator programme.

The Association has loans with three lenders, (Royal Bank of Scotland, Nationwide Building Society and The Housing Finance Corporation). The combined outstanding cash balance on the loans due to lenders at the year end totalled £42.8 million. Consistently throughout the year the Association has satisfied all relevant financial covenants.

Looking forward, Thenue are on a quest to constantly improve all services, all levels of satisfaction and offer good value for money at all times. Wherever these levels are lower than 100%, then a priority will be to learn how to do things better and work together to create better homes and stronger communities.

Our new Digital Strategy aims to maximise our residents' access to the internet through supporting and encouraging residents to go online whilst at the same time drive forward our business objectives of efficiently delivering more of our services and processes in a digital and online way. Key to our success here is our Smart Communities project, as this means that we can release staff to help our customers with tablet and other mobile device support, job support clubs, coding clubs for children with the new trial of a tablet lending scheme. This staff team will have a big role to play in promoting our tenant app when it goes live later in 2016. This will allow customers access to key aspects of our housing services 24/7.

On the development side of things we will shortly start to build around 70 houses on two sites in Bridgeton and in Castlemilk. Castlemilk has special significance, because earlier in 2016 we lodged a funding application with the Big Lottery, which if successful will mean that at the same time we can build a Youth & Community Centre for the benefit of all our Netherholm residents. This is a demonstration of our commitment to delivering value for money across our range of services.

Value for money is not a straightforward concept, especially from the perspective of our customers. Outcomes can often be intangible as a broad range of stakeholders benefit from the value created. Whilst our tenants are our primary focus that means that as a socially responsible landlord we have to be crystal clear about our purpose and our role in our different communities. There is a strong relationship between service costs and service levels and we aim to show this relationship in a transparent way. That therefore puts that emphasis back onto our core values of passion, excellence, respect and connection, and as we live those values we aim to enhance our overall value for money.

THENUE HOUSING ASSOCIATION LIMITED

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

Board of Management and Executive Officers

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

Each member of the Board of Management 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 Board of Management.

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

Statement of Board of Management's Responsibilities

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

The Board of Management must in determining how amounts are presented within items in the statement of comprehensive income and the statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management 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 Board of Management 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.

THENUE HOUSING ASSOCIATION LIMITED

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

Statement on Internal Financial Control

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

Donations

During the year the Association made charitable donations amounting to £Nil (2015 £Nil).

Auditors

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

By order of the Board of Management


CHARLES TURNER

Secretary

16 August 2016

THENUE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE BOARD OF MANAGEMENT OF THENUE 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 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 Board of Management and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board of Management'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

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
16 August 2016

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

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 Board of Management and Auditors

As explained more fully in the Statement of Board of Management's Responsibilities the Association's Board of Management, 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 Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board of Management report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

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

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

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
16 August 2016

THENUE HOUSING ASSOCIATION LIMITED

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

	Notes	2016		2015	
		£	£	£	£
REVENUE	2.		15,501,101		13,897,592
Operating Costs	2.		(11,220,298)		(10,930,900)
OPERATING SURPLUS	9.		4,280,803		2,966,692
(Loss) / Gain On Sale Of Housing Stock	7.	(29,068)		1,867,115	
Release of Negative Goodwill	22.	27,486		27,486	
Interest Receivable and Other Income		15,646		12,110	
Interest Payable and Similar Charges	8.	(2,346,417)		(1,849,888)	
Other Finance Charges	11.	(69,038)		(246,584)	
			(2,401,391)		(189,761)
SURPLUS FOR YEAR			<u>1,879,412</u>		<u>2,776,931</u>
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			<u>1,879,412</u>		<u>2,776,931</u>

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

The notes on pages 13 to 28 form part of these financial statements.

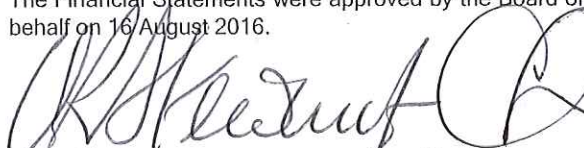
THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		138,066,469		138,594,284
Other Non Current Assets	12.(b)		3,852,629		4,023,369
			<u>141,919,098</u>		<u>142,617,653</u>
Negative Goodwill	22.		(761,815)		(789,301)
INVESTMENTS					
Investment in subsidiaries	26	100		100	
			<u>100</u>		<u>100</u>
CURRENT ASSETS					
Receivables	14.	1,921,651		1,305,590	
Cash at bank and in hand		2,390,244		1,893,499	
			<u>4,311,895</u>		<u>3,199,089</u>
CREDITORS: Amounts falling due within one year	15.	(3,269,703)		(3,153,831)	
NET CURRENT ASSETS			<u>1,042,192</u>		<u>45,258</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			142,199,575		141,873,710
CREDITORS: Amounts falling due after more than one year	16.		(45,862,991)		(47,640,653)
PROVISIONS FOR LIABILITIES AND CHARGES					
Furniture & Flooring Replacement	25.	(561,641)		(598,172)	
			<u>(561,641)</u>		<u>(598,172)</u>
DEFERRED INCOME					
Social Housing Grants	18.	(78,173,139)		(77,826,132)	
Other Grants	18.	(2,663,620)		(2,750,010)	
			<u>(80,836,759)</u>		<u>(80,576,143)</u>
NET ASSETS			<u>14,938,184</u>		<u>13,058,743</u>
EQUITY					
Share Capital	19.		186		157
Revenue Reserves			14,937,998		13,058,586
			<u>14,938,184</u>		<u>13,058,743</u>

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

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 16 August 2016.


Chairperson


Vice-Chairperson


Secretary

The notes on pages 13 to 27 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

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

	Notes	2016		2015	
		£	£	£	£
Net Cash Inflow from Operating Activities	17.		5,749,693		4,007,080
Investing Activities					
Acquisition and Construction of Properties		(3,624,476)		(40,813,069)	
Purchase of Other Fixed Assets		(17,323)		45,689	
Social Housing Grant Received		1,986,265		25,214,154	
Social Housing Grant Repaid		(87,878)		(28,119)	
Other Grants Received		-		25,685	
Proceeds on Disposal of Properties		132,330		1,927,290	
Net Cash Outflow from Investing Activities			(1,611,082)		(13,628,370)
Financing Activities					
Loan Advances Received		-		11,300,000	
Interest Received on Cash and Cash Equivalents		15,646		12,110	
Interest Paid on Loans		(1,776,393)		(1,489,362)	
Loan Principal Repayments		(1,881,161)		(272,286)	
Share Capital Issued		42		21	
Net Cash (Outflow) / Inflow from Financing			(3,641,866)		9,550,483
Increase / (decrease) in Cash			496,745		(70,807)
Opening Cash & Cash Equivalents			1,893,499		1,964,306
Closing Cash & Cash Equivalents			2,390,244		1,893,499
Cash and Cash equivalents as at 31 March 2016.					
Cash			2,390,244		1,893,499
			2,390,244		1,893,499

The notes on pages 13 to 28 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2014	151	10,281,655	10,281,806
Issue of Shares	21		21
Cancellation of Shares	(15)		(15)
Surplus for Year		2,776,931	2,776,931
Balance as at 31st March 2015	157	13,058,586	13,058,743
Balance as at 1st April 2015	157	13,058,586	13,058,743
Issue of Shares	42		42
Cancellation of Shares	(13)		(13)
Surplus for Year		1,879,412	1,879,412
Balance as at 31st March 2016	186	14,937,998	14,938,184

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Revenue

The Association recognises rent receivable and service charges net of losses from voids.

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 Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

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.

<i>Component</i>	<i>Useful Economic Life</i>
Bathrooms	30 years
Boilers	15 years
Cladding	20 years
Door	30 years
Heating System	30 years
Kitchens	20 years
Structure	50 years
Windows	30 years
Wiring	30 years

THENUE HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Office Premises:

- Bathroom	30 years
- Boiler	15 years
- Cladding	20 years
- Door	30 years
- Heating System	30 years
- Kitchens	20 years
- Structure	50 years
- Windows	30 years
- Wiring	30 years
Furniture and Fittings	5 years
Computer Equipment	5 years
Office Equipment	5 years
Commercial Premises	30-50 years
Calton Heritage & Learning Centre	50 years

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.

When components are replaced remaining deferred Social Housing Grant on these components is written off to the Statement of Comprehensive Income.

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.

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.

Development Interest

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

THENUE HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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.

Property developments that are intended for resale are included in current assets until disposal.

Negative Goodwill

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

Provisions

In accordance with FRS102 provision is made for the following items in the accounts: The Association receives service charge income from supported accommodation tenants in relation to the costs of furniture and flooring replacement. The balance of unspent service charge income relating to furniture and flooring is included as a liability where amounts are repayable or contributions are reduced.

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

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

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

b) The Categorisation of Housing Properties

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

c) Identification of cash generating units

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

Estimation Uncertainty

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

Useful life of properties, plant and equipment

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

Costs of shared ownership

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

Pension Liability

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

Financial Instruments - Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard The Association's debt instruments are measured at amortised cost using the effective interest rate method

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Notes	2016			2015			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3.	14,548,351	10,298,082	4,250,269	12,882,483	10,028,095	2,854,388
Other Activities	4.	952,750	922,216	30,534	1,015,109	902,805	112,304
Total		15,501,101	11,220,298	4,280,803	13,897,592	10,930,900	2,966,692

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			2016 Total £	2015 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Revenue from Lettings					
Rent Receivable Net of Service Charges	11,265,569	705,978	97,976	12,069,523	10,951,090
Service Charges	284,928	110,426	430	395,784	346,502
Gross income from rent and service charges	11,550,497	816,404	98,406	12,465,307	11,297,592
Less: Rent losses from voids	51,119	35,092	1,717	87,928	42,974
Net Rents Receivable	11,499,378	781,312	96,689	12,377,379	11,254,618
Grants released from deferred income	1,948,327	214,757	7,888	2,170,972	1,627,865
Total turnover from affordable letting activities	13,447,705	996,069	104,577	14,548,351	12,882,483
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,027,513	194,704	66,916	3,289,133	3,570,745
Service Costs	330,767	107,883	-	438,650	368,546
Planned and cyclical maintenance, including major repairs	906,500	69,929	-	976,429	1,516,843
Reactive maintenance costs	1,433,808	101,418	-	1,535,226	1,322,180
Bad Debts - rents and service charges	94,240	-	-	94,240	111,785
Depreciation of affordable let properties	3,684,393	254,209	25,802	3,964,404	3,137,996
Operating costs of affordable letting activities	9,477,221	728,143	92,718	10,298,082	10,028,095
Operating surplus on affordable letting activities	3,970,484	267,926	11,859	4,250,269	2,854,388
2015	2,583,276	286,015	9,502		

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	£	£	£	£	£	£	£	£	£	£	£	£	£
	Grants from Housing Associations	Grants from Charities	Grants from Local Authorities	Grants from Other	Subsidy Income	Other Income	Total Income	Operating Costs	Operating Costs	Operating Costs	Operating Costs	Operating Surplus (Deficit)	Operating Surplus (Deficit)
Wider Role Activities	110,228	-	455,434	-	-	-	565,662	-	-	582,095	(16,433)	(15,077)	(15,077)
Factoring	-	-	-	254,004	-	-	254,004	-	-	267,994	(13,990)	39,740	39,740
Support Activities	-	946	-	-	946	-	946	-	-	1,167	(221)	(32,913)	(32,913)
Development and construction of property acti	-	-	-	-	-	-	-	-	-	8,501	(8,501)	(1,890)	(1,890)
Energy Efficiency Grants	-	-	-	-	-	-	-	-	-	-	-	86,758	86,758
Other activities	-	-	-	132,138	-	-	132,138	-	-	62,459	69,679	35,686	35,686
Total From Other Activities	110,228	946	455,434	386,142	946	462,764	952,750	-	922,216	30,534	112,304	112,304	112,304
2015	125,396	91,139	335,810	462,764	91,139	1,015,109	902,805	-	902,805	112,304	112,304	112,304	112,304

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

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

Emoluments payable to Chief Executive (excluding pension contributions)

Total Compensation paid to key management personnel

2016	2015
£	£
136,102	73,835
13,066	7,088
74,942	73,835
245,541	240,967

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	1	-
£70,001 to £80,000	1	1

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

The average total number of Employees employed during the year was

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2016	2015
No.	No.
63	64
73	76
£	£
2,138,381	2,247,946
161,676	171,053
187,528	197,399
-	-
2,487,585	2,616,398

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. (LOSS) / GAIN ON SALE OF HOUSING STOCK		
	2016	2015
	£	£
Sales Proceeds	132,330	1,927,290
Cost of Sales	161,398	60,175
(Loss) / Gain On Sale Of Housing Stock	<u>(29,068)</u>	<u>1,867,115</u>

8. INTEREST PAYABLE & SIMILAR CHARGES		
	2016	2015
	£	£
On Bank Loans & Overdrafts	2,346,417	1,849,888
	<u>2,346,417</u>	<u>1,849,888</u>

The above reflects the interest charge as calculated using the effective interest rate method. The actual interest paid during the year was £1,776,393 (2015: £1,489,362).

9. SURPLUS FOR YEAR		
	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	4,152,467	3,290,560
Auditors' Remuneration - Audit Services	15,648	13,100
Operating Lease Rentals - Land & Buildings	55,078	55,078
Operating Lease Rentals - Other	17,967	18,890
Gain on sale of fixed assets	<u>(29,068)</u>	<u>1,867,115</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

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>69,038</u>	<u>246,584</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

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 £	Total £
COST				
As at 1st April 2015	164,726,208	1,673,805	1,283,612	167,683,625
Additions	2,667,431	950,694	6,351	3,624,476
Disposals	(480,801)	-	(11,894)	(492,695)
As at 31st March 2016	<u>166,912,838</u>	<u>2,624,499</u>	<u>1,278,069</u>	<u>170,815,406</u>
DEPRECIATION				
As at 1st April 2015	28,765,566	-	323,775	29,089,341
Charge for Year	3,924,800	-	25,802	3,950,602
Disposals	(287,743)	-	(3,263)	(291,006)
As at 31st March 2016	<u>32,402,623</u>	<u>-</u>	<u>346,314</u>	<u>32,748,937</u>
NET BOOK VALUE				
As at 31st March 2016	<u>134,510,215</u>	<u>2,624,499</u>	<u>931,755</u>	<u>138,066,469</u>
As at 31st March 2015	<u>135,960,642</u>	<u>1,673,805</u>	<u>959,837</u>	<u>138,594,284</u>

Additions to housing properties includes capitalised development administration costs of £56,671 (2015 - £53,094) and capitalised major repair costs to existing properties of £1,136,280 (2015 £2,047,827)

All land and housing properties are freehold.

Total major repair expenditure on existing properties in the year amounted to £1,269,155. The amount capitalised is £1,136,280, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,136,280 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £61,469,832 (2015 - £62,798,391).

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS (Continued)

b) Other Tangible Assets	Commercial Property £	Calton Heritage & Learning Centre £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2015	244,397	671,176	3,332,693	1,270,255	5,518,521
Additions	-	-	-	17,323	17,323
Eliminated on Disposals	-	-	-	-	-
As at 31st March 2016	244,397	671,176	3,332,693	1,287,578	5,535,844
AGGREGATE DEPRECIATION					
As at 1st April 2015	33,437	28,635	292,787	1,140,293	1,495,152
Charge for year	6,569	14,394	102,503	64,597	188,063
Eliminated on disposal	-	-	-	-	-
As at 31st March 2016	40,006	43,029	395,290	1,204,890	1,683,215
NET BOOK VALUE					
As at 31st March 2016	204,391	628,147	2,937,403	82,688	3,852,629
As at 31st March 2015	210,960	642,541	3,039,906	129,962	4,023,369

12. CAPITAL COMMITMENTS

	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	97,000

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

13. COMMITMENTS UNDER OPERATING LEASES

	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,975	8,074
Later than one year and not later than five years	107,184	150,065
Later than five years	-	-

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Arrears of Rent & Service Charges	591,623	660,485
Less: Provision for Doubtful Debts	(331,729)	(392,206)
	259,894	268,279
Social Housing Grant Receivable	1,015,356	392,384
Other Receivables	632,623	639,207
Amounts Due from Group Undertakings	13,778	5,720
	<u>1,921,651</u>	<u>1,305,590</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Housing Loans	898,995	857,634
Trade Payables	622,301	614,254
Rent in Advance	671,376	618,479
Social Housing Grant in Advance	103,966	40,686
Other Taxation and Social Security	55,948	61,328
Consultants and Contractors	62,948	89,342
Other Payables	47,642	68,446
Liability for Past Service Contributions	494,204	479,809
Accruals and Deferred Income	312,323	323,852
	<u>3,269,703</u>	<u>3,153,831</u>

At the balance sheet date there were pension contributions outstanding of £67,434 (2015 £67,714)

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Liability for Past Service Contributions	2,463,874	2,889,039
Housing Loans	43,399,117	44,751,614
	<u>45,862,991</u>	<u>47,640,653</u>
<i>Housing Loans</i>		
Amounts due within one year	898,995	857,634
Amounts due in one year or more but less than two years	902,016	878,717
Amounts due in two years or more but less than five years	3,482,780	2,679,345
Amounts due in more than five years	39,014,320	41,193,552
	44,298,111	45,609,248
Less: Amount shown in Current Liabilities	898,995	857,634
	<u>43,399,116</u>	<u>44,751,614</u>
<i>Liability for Past Service Contributions</i>		
Amounts due within one year	494,204	479,809
Amounts due in one year or more but less than two years	508,839	494,204
Amounts due in two years or more but less than five years	1,619,953	1,572,769
Amounts due in more than five years	335,082	822,067
	2,958,078	3,368,849
Less: Amount shown in Current Liabilities	(494,204)	(479,809)
	<u>2,463,874</u>	<u>2,889,039</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Lender	Security	Effective Interest Rate	Maturity	Variable/ Fixed
Nationwide	Standard Security over 13 properties	4.60%	2029	Fixed
Nationwide	Standard Security over 18 properties	4.60%	2031	Fixed
Nationwide	Standard Security over 16 properties	4.60%	2033	Fixed
Nationwide	Standard Security over 33 properties	LIBOR +0.46%	2035	Variable
Nationwide	Standard Security over 6 properties	4.60%	2030	Fixed
Nationwide	Standard Security over 8 properties	4.60%	2028	Fixed
Nationwide	Standard Security over 31 properties	4.60%	2029	Fixed
Nationwide	Standard Security over 57 properties	4.60%	2034	Fixed
Nationwide	Standard Security over 46 properties	4.60%	2031	Fixed
Nationwide	Standard Security over 18 properties	4.60%	2031	Fixed
RBS	Standard Security over 88 properties	5.48%	2035	Fixed
RBS	Standard Security over 72 properties	5.48%	2037	Fixed
RBS	Standard Security over 579 properties	6.15%	2035	Fixed/Variable
RBS	Standard Security over 344 properties	5.06%	2024	Variable
THFC	Standard Security over 153 properties	3.54%	2031	Variable

All of the Association's bank borrowings are repayable on a quarterly basis with the principal either being amortised over the term of the loan or repaid at the end of the term of the loan.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.22% (2015 - 2.22%)

17. STATEMENT OF CASH FLOWS

	2016 £	2015 £
<i>Reconciliation of operating surplus to balance as at 31st March 2016</i>		
Operating Surplus	4,280,803	2,966,692
Depreciation	4,152,467	3,290,560
Change in Provisions for liabilities and charges	(36,531)	(19,266)
Amortisation of Capital Grants	(2,170,972)	(1,627,865)
Change in debtors	6,911	207,093
Change in creditors	(413,934)	(563,535)
Unwinding of Discount on Pension Liability	(69,038)	(246,584)
Share Capital Written Off	(13)	(15)
Balance as at 31st March 2016	5,749,693	4,007,080

18. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	77,826,132	53,994,872
Additions in year	2,545,956	25,427,254
Released / Repaid as the result of property disposal	(112,557)	(53,120)
Amortisation in Year	(2,086,392)	(1,542,874)
Balance as at 31st March 2016	78,173,139	77,826,132
<i>Other Grants</i>		
Balance as at 1st April 2015	2,750,010	2,809,991
Additions in year	-	25,685
Released / Repaid as the result of property disposal	(1,810)	(674)
Amortisation in Year	(84,580)	(84,991)
Balance as at 31st March 2016	2,663,620	2,750,010
Total	80,836,759	80,576,143

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. DEFERRED INCOME (Continued)

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

	2016	2015
	£	£
Amounts due within one year	2,170,972	1,627,865
Amounts due in one year or more	78,665,787	78,948,278
	<u>80,836,759</u>	<u>80,576,143</u>

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	157
Issued in year	42
Cancelled in year	(13)
At 31st March 2016	<u>186</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs	2,805	2,787
Shared Ownership	61	62
Supported Housing	189	189
	<u>3,055</u>	<u>3,038</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

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

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

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

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

Rent Received from Tenants on the Board of Management	£ 18,196
Factoring Charges received from owners on the Board of Management	569

At the year end total factoring arrears owed by the factored owners of the Board of Management was £20

22. NEGATIVE GOODWILL

	2016	2015
	£	£
Balance as at 1st April 2015	789,301	816,787
Release during the year	<u>(27,486)</u>	<u>(27,486)</u>
As at 31st March 2016	<u>761,815</u>	<u>789,301</u>

23. 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 423 London Road, Glasgow, G40 1AG.

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

24. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £1,541 in the year by way of reimbursement of expenses.(2015 - £1,824). No remuneration is paid to Board members in respect of their duties in the Association.

25. PROVISIONS FOR LIABILITIES AND CHARGES

Furniture & Flooring Replacement	2016	2015
	£	£
Balance as at 1st April 2015	598,172	617,438
Decrease in Provision	<u>(36,531)</u>	<u>(19,266)</u>
Balance as at 31st March 2016	<u>561,641</u>	<u>598,172</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 INVESTMENTS

	2016 £	2,015 £
Investments In Subsidiaries		
As at 31st March 2016 & 31st March 2015	<u>100</u>	<u>100</u>

In the opinion of the Board of Management 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 Statement of Financial Position.

The Association has three 100% owned subsidiaries Thenue Housing Services Limited, Calton Heritage & Learning Centre, and Thenue Trust. The relationship between the Association and its subsidiaries is set out in an independence agreement between The Association and the individual subsidiaries.

The following transactions took place between the Association and Thenue Housing Services Limited during the year: The Association incurred costs on behalf of its subsidiary Thenue Housing Services Limited of £10,349 (2015 - £7,672). These costs have been recharged to Thenue Housing Services Limited. At the year end, the amount owing by Thenue Housing Services Limited to the Association was £5,779 (2015 - £2,491).

The aggregate amount of capital and reserves and the results of Thenue Housing Services Limited for the year ended 31st March 2016 were as follows:

	2016 £	2015 £
Capital & Reserves	<u>50,202</u>	<u>49,707</u>
Profit for the year before taxation	<u>494</u>	<u>37</u>

The Association also administers the funds of the Calton Heritage & Learning Centre. In the period to 31 March 2016 the Association administered £157,616 of income (2015: £180,391) and £122,547 of expenditure (2015: £135,518) on behalf of the charity. At the year end, the Association was owed £8,000 (2015: £3,028).

The total funds and results of Calton Heritage & Learning Centre for the year ended 31st March 2016 were as follows:

	2016 £	2015 £
Total Funds	<u>112,055</u>	<u>76,986</u>
Profit for the year	<u>35,069</u>	<u>44,873</u>

The Association also administers the funds of Thenue Trust. In the period to 31 March 2016 the Association administered £Nil of income (2015: £77) and £21 of expenditure (2015: £Nil) on behalf of the charity. At the year end, the Association was owed £Nil (2015: £200).

The total funds and results of Thenue Charitable Trust for the year ended 31st March 2016 were as follows:

	2016 £	2015 £
Total Funds	<u>2,356</u>	<u>2,377</u>
Loss for the year	<u>(11)</u>	<u>77</u>

The Association participates in a shared equity arrangement at 31 March 2016. At this date the Association has expended £2,539,394 on shared equity properties.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

General

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

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

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

The last provisional valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £490,867 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have continued to September 2027.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £2,940,423 (2015 - £3,350,147). 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 2.22%.

The Association made payments totalling £478,364 (2015: £464,431) to the pension scheme during the year in respect of the past service deficit.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 TRANSITION TO THE FINANCIAL REPORTING STANDARD

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

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

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

Reconciliation of Capital & Reserves							
At 31 March 2015				At 31 March 2014			
Note	As previously Stated	Effect of Transition	As Restated	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£	£	£	£
Non Current Assets (i)	61,906,198	80,711,455	142,617,653	48,390,564	56,836,120	105,226,684	
Investment	100	-	100	100	-	100	
Debtors due after more than a year	-	-	-	-	-	-	
Negative Goodwill	(789,301)	-	(789,301)	(816,787)	-	(816,787)	
Current Assets	3,199,089	-	3,199,089	3,412,962	-	3,412,962	
Current Liabilities (ii)	(2,633,630)	(520,201)	(3,153,831)	(2,553,173)	(495,949)	(3,049,122)	
Non Current Liabilities (ii)	(43,906,203)	(3,734,450)	(47,640,653)	(33,462,582)	(3,607,150)	(37,069,732)	
Provision for Liabilities & Charges	(598,171)	-	(598,172)	(617,437)	-	(617,437)	
Deferred Income (i)	-	(80,576,143)	(80,576,143)	-	(56,804,862)	(56,804,862)	
	17,178,082	(4,119,338)	13,058,743	14,353,647	(4,071,842)	10,281,806	
Capital & Reserves	(17,178,082)	4,119,339	(13,058,743)	(14,353,647)	4,071,841	(10,281,806)	

Reconciliation of Retained Surpluses for the Year			
Year Ended 31 March 2015			
Note	As previously Stated	Effect of Transition	As Restated
	£	£	£
Revenue (i)		12,269,727	13,897,592
Operating Costs (i) & (ii)		(9,862,647)	(10,930,900)
Other Income		1,894,601	1,894,601
Exceptional item		-	-
Interest Receivable		12,110	12,110
Interest Payable		(1,489,362)	(1,849,888)
Change in Fair Value of Financial Inst.		-	-
Other Finance Income / Costs		-	(246,584)
		2,824,429	2,776,931
Surplus		2,824,429	2,776,931

Notes to the Reconciliations

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

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

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