

**Trafalgar Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HAC212**

**FCA Reference No. 2316R(S)**

**Scottish Charity No. SC038597**

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## CONTENTS

	<b>Page</b>
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

**TRAFALGAR HOUSING ASSOCIATION LIMITED**

---

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2015**

**MANAGEMENT COMMITTEE**

Eleanor Shannon	Chairperson
Harriet Haire M.B.E	Vice-chairperson
Robert McKay	
George Norwood	Secretary
Margaret Barr	
John Munro	
Lily Lyden	
Christine McVay	(Resigned July 2014)
Michelle Lyden	
Allan Kenny	(Appointed 19 December 2014 / Resigned 26 August 2015)
Kirsty Madzine	(Appointed 19 December 2014)
Catherine Parker	(Appointed 19 December 2014)

**EXECUTIVE OFFICERS**

Paul McShane	Director
Margaret Livingstone	Senior Housing Officer
Alison Leabody	Property Services Manager

**REGISTERED OFFICE**

430A Dumbarton Road  
Dalmuir  
Clydebank  
G81 4DX

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Royal Bank of Scotland  
30 Sylvania Way  
Clydebank  
G81 1TS

**SOLICITORS**

T.C Young  
30 George Square  
Glasgow  
G2 1LH

**FINANCE AGENTS**

Lethame Business Services Ltd  
5 Cloverhill Gardens  
Strathaven  
ML10 6XB

---

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

**Legal Status**

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2316R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038597.

**Principal Activities**

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

**Review of Business and Future Developments**

The last financial year has seen unprecedented levels of investment within our housing stock. Our first three development phases in Trafalgar Street comprising some 116 homes have had boiler and kitchen replacements, and 23 homes have had older electric heating replaced with modern gas central heating systems. In addition to this 182 homes have had their insulation improved to meet modern standards. We are pleased that the investment of £309,101 means that all of our homes meet the Scottish Housing Quality Standard (SHQS). We made a surplus of £249,486 after capitalisation of some £253,037 of component renewals. Our rent levels remain amongst the lowest in West Dunbartonshire, and we have managed to increase our rents by only 1% for 2015/2016.

---

**REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015**

**Management Committee and Executive Officers**

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

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

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

**Statement of Management Committee's Responsibilities**

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

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to 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 2012. 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 OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

**Statement on Internal Financial Control**

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**Auditors**

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

**By order of the Management Committee**



**GEORGE NORWOOD**

Secretary

26 August 2015

---

REPORT BY THE AUDITORS TO THE MEMBERS  
TRAFALGAR HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory 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 Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



**ALEXANDER SLOAN**  
Chartered Accountants

GLASGOW  
26 August 2015



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

---

We have audited the financial statements of Trafalgar Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective Responsibilities of Management Committee and Auditors**

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

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

### **Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications 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 2015 and of its profit 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 2012.

### **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.



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

---

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

- 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.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
26 August 2015

## TRAFALGAR HOUSING ASSOCIATION LIMITED

---

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
<b>TURNOVER</b>	2.		1,059,678		1,045,651
Operating Costs	2.		<u>(798,508)</u>		<u>(757,849)</u>
<b>OPERATING SURPLUS</b>	9.		261,170		287,802
Gain On Sale Of Housing Stock	7.	2,338		9,415	
Interest Receivable and Other Income		11,209		16,716	
Interest Payable and Similar Charges	8.	<u>(25,231)</u>		<u>(54,796)</u>	
			<u>(11,684)</u>		<u>(28,665)</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<u>249,486</u>		<u>259,137</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

TRAFALGAR HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		24,005,464		23,998,579
Less: Social Housing Grant	11.(a)		(20,663,954)		(20,815,550)
: Other Public Grants	11.(a)		(245,223)		(248,008)
			<u>3,096,287</u>		<u>2,935,021</u>
Other fixed assets	11.(b)		62,041		68,358
			<u>3,158,328</u>		<u>3,003,379</u>
<b>CURRENT ASSETS</b>					
Debtors	12.	51,636		51,433	
Investments	20.	522,502		1,040,599	
Cash at bank and in hand		1,514,763		991,479	
			<u>2,088,901</u>	<u>2,083,511</u>	
<b>CREDITORS: Amounts falling due within one year</b>	13.	(424,424)		(384,241)	
<b>NET CURRENT ASSETS</b>			<u>1,664,477</u>		<u>1,699,270</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,822,805</u>		<u>4,702,649</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14.		(1,856,504)		(1,985,809)
<b>NET ASSETS</b>			<u>2,966,301</u>		<u>2,716,840</u>
<b>CAPITAL AND RESERVES</b>					
Share Capital	16.		139		164
Designated Reserves	17.(a)		2,321,964		2,072,478
Revenue Reserves	17.(b)		644,198		644,198
			<u>2,966,301</u>		<u>2,716,840</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 26 August 2015.

Chairperson



Vice-Chairperson



Secretary



TRAFALGAR HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED  
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	15.	364,783	445,444
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received	11,209	16,716	
Interest Paid	(25,231)	(54,796)	
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(14,022)	(38,080)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties	(257,941)	(128,714)	
Purchase of Other Fixed Assets	(2,218)		
Social Housing Grant Received	6,582	1,164	
Social Housing Grant Repaid	-	(45,723)	
Proceeds on Disposal of Properties	60,647	97,353	
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(192,930)	(75,920)
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		157,831	331,444
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		518,097	(15,722)
<b>Financing</b>			
Loan Principal Repayments	(152,649)	(156,852)	
Share Capital Issued	5	4	
<b>Net Cash Outflow from Financing</b>		(152,644)	(156,848)
<b>Increase in Cash</b>	15.	<u>523,284</u>	<u>158,874</u>

# TRAFALGAR HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **Basis Of Accounting**

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit 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.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and 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 11. 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	N/A
Structure	50 years
Bathrooms	30 years
Central Heating	30 years
Drainage	40 years
External Doors	25 years
Floor Coverings	20 years
Gutters & Downpipes	30 years
Internal Doors	30 years
Kitchens	20 years
Plumbing	30 years
Render	40 years
Rewiring	30 years
Roof	40 years
Windows	35 years

# TRAFALGAR HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Depreciation And Impairment Of Other Fixed Assets**

Other Fixed 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	4%
Furniture and Fittings	10%
Office Equipment	25%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Social Housing Grant And Other Grants**

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

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 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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal 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 fixed asset investment, which is matched with the grant received.

# TRAFALGAR HOUSING ASSOCIATION LIMITED

---

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **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.

##### **Capitalisation Of Development Overheads**

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

##### **Development Interest**

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

##### **Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.



# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,059,258	785,898	273,360	1,045,351	753,586	291,765
Other Activities	4.	420	12,610	(12,190)	300	4,263	(3,963)
<b>Total</b>		<b>1,059,678</b>	<b>798,508</b>	<b>261,170</b>	<b>1,045,651</b>	<b>757,849</b>	<b>287,802</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2015 Total £	2014 Total £
<b>Income from Lettings</b>				
Rent Receivable Net of Identifiable Service Charges	992,943	5,800	998,743	988,635
Service Charges Receivable	60,615	-	60,615	57,588
<b>Gross Rents Receivable</b>	<b>1,053,558</b>	<b>5,800</b>	<b>1,059,358</b>	<b>1,046,223</b>
Less: Rent losses from voids	100	-	100	872
<b>Net Rents Receivable</b>	<b>1,053,458</b>	<b>5,800</b>	<b>1,059,258</b>	<b>1,045,351</b>
<b>Total Income From Social Letting</b>	<b>1,053,458</b>	<b>5,800</b>	<b>1,059,258</b>	<b>1,045,351</b>
<b>Expenditure on Social Letting Activities</b>				
Service Costs	47,352	-	47,352	53,642
Management and maintenance administration costs	420,930	1,321	422,251	427,385
Reactive Maintenance	121,654	-	121,654	134,050
Bad Debts - Rents and Service Charges	1,160	-	1,160	3,199
Planned and Cyclical Maintenance, including Major Repairs	103,053	-	103,053	51,112
Depreciation of Social Housing	90,120	308	90,428	84,198
<b>Operating Costs of Social Letting</b>	<b>784,269</b>	<b>1,629</b>	<b>785,898</b>	<b>753,586</b>
<b>Operating Surplus on Social Letting Activities</b>	<b>269,189</b>	<b>4,171</b>	<b>273,360</b>	<b>291,765</b>
<b>2014</b>	<b>287,559</b>	<b>4,206</b>		

**TRAFALGAR HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. PARTICULARS OF TURNOVER, 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) 2015 £	Operating Surplus /(Deficit) 2014 £
Factoring	-	-	-	420	420	-	926	(506)	(1,056)
Other Activities	-	-	-	-	-	-	11,684	(11,684)	(2,907)
<b>Total From Other Activities</b>	-	-	-	420	420	-	12,610	(12,190)	(3,963)
<b>2014</b>	-	-	-	300	300	-	4,263	(3,963)	

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

	2015	2014
The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.	£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>54,188</u>	<u>52,612</u>
---	---------------	---------------

#### 6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>6</u>
Staff Costs were:	£	£
Wages and Salaries	216,880	214,616
Social Security Costs	18,420	18,133
Other Pension Costs	53,234	43,268
Temporary, Agency and Seconded Staff	21,037	15,603
	<u>309,571</u>	<u>291,620</u>

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	60,647	97,353
Cost of Sales	58,309	87,938
Gain On Sale Of Housing Stock	<u>2,338</u>	<u>9,415</u>

#### 8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	25,231	54,796
	<u>25,231</u>	<u>54,796</u>

#### 9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	98,963	96,146
Auditors' Remuneration - Audit Services	6,120	5,700
- Other Services	2,441	525
	<u>2,441</u>	<u>525</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.

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2014	24,851,496	86,581	24,938,077
Additions	274,619	-	274,619
Disposals	(185,899)	-	(185,899)
Schemes Completed	28,860	(28,860)	-
As at 31st March 2015	<u>24,969,076</u>	<u>57,721</u>	<u>25,026,797</u>
<b>DEPRECIATION</b>			
As at 1st April 2014	931,606	7,892	939,498
Charge for Year	90,120	308	90,428
Disposals	(5,962)	(2,631)	(8,593)
As at 31st March 2015	<u>1,015,764</u>	<u>5,569</u>	<u>1,021,333</u>
<b>SOCIAL HOUSING GRANT</b>			
As at 1st April 2014	20,750,280	65,270	20,815,550
Additions	6,582	-	6,582
Disposals	(158,178)	-	(158,178)
Schemes Completed	21,757	(21,757)	-
As at 31st March 2015	<u>20,620,441</u>	<u>43,513</u>	<u>20,663,954</u>
<b>OTHER CAPITAL GRANTS</b>			
As at 1st April 2014	248,008	-	248,008
Disposals	(2,785)	-	(2,785)
As at 31st March 2015	<u>245,223</u>	<u>-</u>	<u>245,223</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2015	<u>3,087,648</u>	<u>8,639</u>	<u>3,096,287</u>
As at 31st March 2014	<u>2,921,602</u>	<u>13,419</u>	<u>2,935,021</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £253,037 (2014 £97,269)

All land and housing properties are freehold.

**TRAFALGAR HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. TANGIBLE FIXED ASSETS (Continued)**

**b) Other Tangible Assets**

	Office Equipment £	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>				
As at 1st April 2014	83,167	162,546	24,883	270,596
Additions	-	2,218	-	2,218
As at 31st March 2015	<u>83,167</u>	<u>164,764</u>	<u>24,883</u>	<u>272,814</u>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2014	81,529	96,437	24,272	202,238
Charge for year	1,638	6,591	306	8,535
As at 31st March 2015	<u>83,167</u>	<u>103,028</u>	<u>24,578</u>	<u>210,773</u>
<b>NET BOOK VALUE</b>				
As at 31st March 2015	<u>-</u>	<u>61,736</u>	<u>305</u>	<u>62,041</u>
As at 31st March 2014	<u>1,638</u>	<u>66,109</u>	<u>611</u>	<u>68,358</u>

**TRAFALGAR HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. DEBTORS**

	2015	2014
	£	£
Arrears of Rent & Service Charges	20,983	19,552
Less: Provision for Doubtful Debts	<u>(12,655)</u>	<u>(11,615)</u>
Other Debtors	8,328	7,937
	<u>43,308</u>	<u>43,496</u>
	<u>51,636</u>	<u>51,433</u>

**13. CREDITORS: Amounts falling due within one year**

	2015	2014
	£	£
Housing Loans	148,014	171,358
Rent in Advance	43,826	47,636
Other Taxation and Social Security	5,057	-
Other Creditors	108,619	59,635
Accruals and Deferred Income	<u>118,908</u>	<u>105,612</u>
	<u>424,424</u>	<u>384,241</u>

At the balance sheet date there were pension contributions outstanding of £4,436 (2014 £5,283)

**14. CREDITORS: Amounts falling due after more than one year**

	2015	2014
	£	£
Housing Loans	<u>1,856,504</u>	<u>1,985,809</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	148,014	171,358
Between one and two years	150,010	173,271
Between two and five years	430,819	533,226
In five years or more	<u>1,275,675</u>	<u>1,279,312</u>
	2,004,518	2,157,167
Less: Amount shown in Current Liabilities	<u>148,014</u>	<u>171,358</u>
	<u>1,856,504</u>	<u>1,985,809</u>



TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>		2015	2014	
		£	£	
Operating Surplus				
Depreciation		261,170	287,802	
Change in Debtors		98,963	96,146	
Change in Creditors		(203)	(11,976)	
Share Capital Written Off		4,883	73,556	
		(30)	(84)	
Net Cash Inflow from Operating Activities		<u>364,783</u>	<u>445,444</u>	
 <i>Reconciliation of net cash flow to movement in net debt</i>				
	2015		2014	
	£	£	£	
Increase in Cash	523,284		158,874	
Cash flow from management of liquid resources	(518,097)		15,722	
Cash flow from change in debt	152,649		156,852	
	<u>157,836</u>		<u>331,448</u>	
Movement in net debt during year		157,836		
Net debt at 1st April 2014		(125,089)	(456,537)	
Net debt at 31st March 2015		<u>32,747</u>	<u>(125,089)</u>	
 <i>Analysis of changes in net debt</i>				
	At	Cash	Other	At
	01.04.14	Flows	Changes	31.03.15
	£	£	£	£
Cash at bank and in hand	991,479	523,284		1,514,763
Liquid Resources	1,040,599	(518,097)		522,502
Debt: Due within one year	(171,358)	152,649	(129,305)	(148,014)
Due after more than one year	(1,985,809)	-	129,305	(1,856,504)
Net Debt	<u>(125,089)</u>	<u>157,836</u>	<u>-</u>	<u>32,747</u>

# TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16. SHARE CAPITAL

### Shares of £1 each Issued and Fully Paid

At 1st April 2014	£
Issued in year	164
Cancelled in year	5
	<u>(30)</u>
At 31st March 2015	<u>139</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.

## 17. RESERVES

### (a) Designated Reserves

	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2014	470,829	1,601,649	2,072,478
Transfer to / (from) Revenue Reserves	-	249,486	249,486
At 31st March 2015	<u>470,829</u>	<u>1,851,135</u>	<u>2,321,964</u>

The transfer to/(from) Revenue Reserves is comprised of a transfer from Major Repairs Reserve of £309,101 and a transfer to Major Repairs Reserve of £558,587 resulting in a net transfer of £249,486.

### (b) Revenue Reserves

	Total £
At 1st April 2014	£
Surplus for the year	644,198
Transfer (to) / from Designated Reserves	249,486
	<u>(249,486)</u>
At 31st March 2015	<u>644,198</u>

## 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - New Build  
- Rehabilitation  
Shared Ownership

	2015 No.	2014 No.
	186	186
	115	115
	2	3
	<u>303</u>	<u>304</u>

# TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

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

8 members are tenants of the Association

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.

## 20. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	522,502	1,040,599

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS

##### General

Trafalgar 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.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined benefit option, contracted in

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Trafalgar Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 6 active members of the Scheme employed by Trafalgar Housing Association Limited. The annual pensionable payroll in respect of these members was £215,308. Trafalgar Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

# TRAFALGAR HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

# TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 21. RETIREMENT BENEFIT OBLIGATIONS (Continued)

### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Trafalgar Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Trafalgar Housing Association Limited will be required to pay £27,526 per annum as a contribution to the past service deficit. This will represent an increase/decrease of 3% in Trafalgar Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.