

Trafalgar Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HAC212

FCA Reference No. 2316R(S)

Scottish Charity No. SC038597

TRAFALGAR HOUSING ASSOCIATION LIMITED

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TRAFALGAR HOUSING ASSOCIATION LIMITED

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

MANAGEMENT COMMITTEE

Eleanor Shannon	Secretary
Harriet Haire M.B.E	Vice-chairperson
Robert McKay	Resigned October 2015
George Norwood	
Margaret Barr	
John Munro	Chairperson
Lily Lyden	
Michelle Lyden	
Allan Kenny	Resigned August 2015
Kirsty Madziva	Resigned March 2016
Catherine Parker	Resigned February 2016
Derek Johnsen	Appointed October 2015, Resigned March 2016
Bernadette Swindon	Appointed November 2015
Eileen McGhee	Appointed October 2015
Annemarie Bailey	Appointed November 2015
Robert Kane	Appointed January 2016, Resigned March 2016
Harry Robertson	Appointed January 2016

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

INTERNAL 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

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.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

Once again the Association has had a strong financial year, with a surplus of £309,837 increasing our cash position to £ 2,136,566, while continuing to invest substantially in our housing stock. This year we have continued to perform well across a range of performance indicators as indicated in our most recent Scottish Housing Charter Return.

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

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

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

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

In so far as the Management Committee are aware:

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

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations amounting to £1,900 (2015 £900).

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

ELEANOR SHANNON

Secretary

31st August 2016

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

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

A handwritten signature in black ink, appearing to read 'Alexander Sloan', written in a cursive style.

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
31st August 2016

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

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

Respective Responsibilities of Management Committee and Auditors

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

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

Scope of the audit on the Financial Statements

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

Opinion on the financial statements

In our opinion the Financial Statements:

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

Matters on which we are required to report by exception

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
31st August 2016

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

	Notes	2016		2015	
		£	£	£	£
REVENUE	2.		1,499,243		1,485,633
Operating Costs	2.		(1,166,703)		(1,083,688)
OPERATING SURPLUS	9.		332,540		401,945
Gain On Sale Of Housing Stock	7.	2,483		2,338	
Interest Receivable and Other Income		14,937		11,209	
Interest Payable and Similar Charges	8.	(23,784)		(25,231)	
Other Finance Charges	11.	(16,339)		(11,000)	
			(22,703)		(22,684)
SURPLUS FOR YEAR			309,837		379,261
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			309,837		379,261

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 12 to 26 form part of these financial statements.

TRAFALGAR HOUSING ASSOCIATION LIMITED

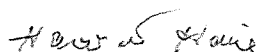
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

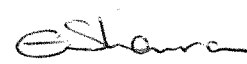
	Notes	2016		2015	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		13,981,490		14,403,752
Other Non Current Assets	12.(b)		55,145		62,041
			<u>14,036,635</u>		<u>14,465,793</u>
CURRENT ASSETS					
Receivables	13.	42,577		51,636	
Investments		1,031,829		522,502	
Cash at bank and in hand		1,104,737		1,514,763	
		<u>2,179,143</u>		<u>2,088,901</u>	
CREDITORS: Amounts falling due within one year	14.	(451,215)		(455,181)	
NET CURRENT ASSETS			<u>1,727,928</u>		<u>1,633,720</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,764,563</u>		<u>16,099,513</u>
CREDITORS: Amounts falling due after more than one year	15.	(1,851,955)		(2,027,313)	
DEFERRED INCOME					
Social Housing Grants	17.	(10,043,444)		(10,507,868)	
Other Grants	17.	(128,732)		(133,691)	
			<u>(10,172,176)</u>		<u>(10,641,559)</u>
NET ASSETS			<u>3,740,432</u>		<u>3,430,641</u>
EQUITY					
Share Capital	18.		93		139
Revenue Reserves			3,740,339		3,430,502
			<u>3,740,432</u>		<u>3,430,641</u>

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

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 31st August 2016.


Chairperson


Vice-Chairperson


Secretary

The notes on pages 12 to 26 form part of these financial statements.

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

	Notes	2016	2015
		£	£
Net Cash Inflow from Operating Activities	16.	399,838	381,461
Investing Activities			
Acquisition and Construction of Properties	(109,529)	(274,619)	
Purchase of Other Fixed Assets	-	(2,218)	
Social Housing Grant Received	-	6,582	
Social Housing Grant Repaid	(72,554)	-	
Changes on short term deposits with banks	(509,327)	518,097	
Proceeds on Disposal of Properties	42,669	60,647	
Net Cash (Outflow) / Inflow from Investing Activities		(648,741)	308,489
Financing Activities			
Interest Received on Cash and Cash Equivalents	14,937	11,209	
Interest Paid on Loans	(23,784)	(25,231)	
Loan Principal Repayments	(152,284)	(152,649)	
Share Capital Issued	8	5	
Net Cash Outflow from Financing		(161,123)	(166,666)
(Decrease) / Increase in Cash		(410,026)	523,284
Opening Cash & Cash Equivalents		1,514,763	991,479
Closing Cash & Cash Equivalents		1,104,737	1,514,763
Cash and Cash equivalents as at 31 March 2016.			
Cash		1,104,737	1,514,763
Bank overdraft		-	-
		1,104,737	1,514,763

The notes on pages 12 to 26 form part of these financial statements.

TRAFALGAR HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	164	3,051,241	3,051,405
Issue of Shares	5		5
Cancellation of Shares	(30)		(30)
Adjustment from transition to FRS 102		129,775	129,775
Surplus for Year		249,486	249,486
Balance as at 31st March 2015	139	3,430,502	3,430,641
Balance as at 1st April 2015	139	3,430,502	3,430,641
Issue of Shares	8		8
Cancellation of Shares	(54)		(54)
Unrealised movement on revaluation			-
Revaluation in year			-
Transfer to revenue Reserve on disposal		-	-
Surplus for Year		309,837	309,837
Balance as at 31st March 2016	93	3,740,339	3,740,432

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

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Revenue

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

Government Grants are released to income over the expected useful life of 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 the 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>
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 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	4%
Furniture and Fittings	10%
Office Equipment	25%

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

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

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

Estimation Uncertainty

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

Rent Arrears - Bad Debt Provision

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

Life Cycle of Components

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

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 an 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.

TRAFALGAR HOUSING ASSOCIATION LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) Exemptions taken in the transition to FRS 102

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

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

b) The Categorisation of Housing Properties

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

c) Identification of cash generating units

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

Financial Instruments - Basic

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

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

TRAFALGAR 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			Operating Surplus / (Deficit) £
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3.	1,498,768	1,154,858	343,910	1,485,213	1,071,078	414,135
Other Activities	4.	475	11,845	(11,370)	420	12,610	(12,190)
Total		1,499,243	1,166,703	332,540	1,485,633	1,083,688	401,945

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES				
	General Needs Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	1,008,044	3,438	1,011,482	998,743
Service Charges	60,468	-	60,468	60,615
Gross income from rent and service charges	1,068,512	3,438	1,071,950	1,059,358
Less: Rent losses from voids	1,013	-	1,013	100
Net Rents Receivable	1,067,499	3,438	1,070,937	1,059,258
Grants released from deferred income	423,353	-	423,353	425,955
Revenue grants from Scottish Ministers	4,478	-	4,478	-
Other revenue grants	-	-	-	-
Total turnover from affordable letting activities	1,495,330	3,438	1,498,768	1,485,213
Expenditure on affordable letting activities				
Management and maintenance administration costs	427,070	1,264	428,334	421,581
Service Costs	45,648	-	45,648	47,352
Planned and cyclical maintenance, including major repairs	67,300	-	67,300	103,053
Reactive maintenance costs	131,551	-	131,551	121,654
Bad Debts - rents and service charges	10,683	-	10,683	1,160
Depreciation of affordable let properties	469,610	1,732	471,342	376,278
Operating costs of affordable letting activities	1,151,862	2,996	1,154,858	1,071,078
Operating surplus on affordable letting activities	343,468	442	343,910	414,135
2015	409,964	4,171		

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.

TRAFALGAR HOUSING ASSOCIATION

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

	£	£	£	£	£	£
	Total	Operating Costs	Operating Surplus / (Deficit)	2015	2014	2013
Factoring	475	475	733	(258)		(506)
Other activities	-	-	11,112	(11,112)		(11,684)
Total From Other Activities	475	475	11,845	(11,370)		(12,190)
2015	420	420	12,610	(12,190)		

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.

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

2016	2015
£	£

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

No Pension contributions were made to Officers receiving greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)	<u>55,565</u>	<u>54,188</u>
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Total Compensation paid to key management personnel	<u>62,291</u>	<u>60,814</u>
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Consideration paid for services of key management personnel paid to third parties	<u>25,114</u>	<u>21,037</u>
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6. EMPLOYEE INFORMATION

	2016	2015
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>6</u>
The average total number of Employees employed during the year was	<u>6</u>	<u>6</u>
Staff Costs were:	£	£
Wages and Salaries	228,602	216,880
Social Security Costs	19,039	18,420
Other Pension Costs	25,471	25,560
Temporary, Agency and Seconded Staff	25,114	21,037
	<u>298,226</u>	<u>281,897</u>

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK		
	2016	2015
	£	£
Sales Proceeds	42,669	60,647
Cost of Sales	<u>40,186</u>	<u>58,309</u>
Gain On Sale Of Housing Stock	<u>2,483</u>	<u>2,338</u>

8. INTEREST PAYABLE & SIMILAR CHARGES		
	2016	2015
	£	£
On Bank Loans & Overdrafts	<u>23,784</u>	<u>25,231</u>

9. SURPLUS FOR YEAR		
	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	478,238	384,813
Auditors' Remuneration - Audit Services	6,206	6,120
Auditors' Remuneration - Other Services	1,194	2,441
Gain on sale of fixed assets	<u>2,483</u>	<u>2,338</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>16,339</u>	<u>11,000</u>

TRAFALGAR 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 £	Completed Shared Ownership Properties £	Total £
COST			
As at 1st April 2015	24,969,076	57,721	25,026,797
Additions	109,529	-	109,529
Disposals	(117,882)	-	(117,882)
Schemes Completed	-	-	-
As at 31st March 2016	<u>24,960,723</u>	<u>57,721</u>	<u>25,018,444</u>
DEPRECIATION			
As at 1st April 2015	10,591,876	31,169	10,623,045
Charge for Year	469,610	1,732	471,342
Disposals	(57,433)	-	(57,433)
As at 31st March 2016	<u>11,004,053</u>	<u>32,901</u>	<u>11,036,954</u>
NET BOOK VALUE			
As at 31st March 2016	<u>13,956,670</u>	<u>24,820</u>	<u>13,981,490</u>
As at 31st March 2015	<u>14,377,200</u>	<u>26,552</u>	<u>14,403,752</u>

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £109,529 (2015 £253,037)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £146,160. The amount capitalised is £109,529, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £109,529 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £11,015,237 (2015 - £11,370,259).

TRAFALGAR 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	Office Equipment £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2015	83,167	164,764	24,883	272,814
Additions	-	-	-	-
Eliminated on Disposals	-	-	-	-
As at 31st March 2016	<u>83,167</u>	<u>164,764</u>	<u>24,883</u>	<u>272,814</u>
AGGREGATE DEPRECIATION				
As at 1st April 2015	83,167	103,028	24,578	210,773
Charge for year	-	6,591	305	6,896
Eliminated on disposal	-	-	-	-
As at 31st March 2016	<u>83,167</u>	<u>109,619</u>	<u>24,883</u>	<u>217,669</u>
NET BOOK VALUE				
As at 31st March 2016	<u>-</u>	<u>55,145</u>	<u>-</u>	<u>55,145</u>
As at 31st March 2015	<u>-</u>	<u>61,736</u>	<u>305</u>	<u>62,041</u>

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	26,706	20,983
Less: Provision for Doubtful Debts	(22,588)	(12,655)
	4,118	8,328
Other Receivables	38,459	43,308
	<u>42,577</u>	<u>51,636</u>

14. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	154,062	148,014
Rent in Advance	36,725	43,826
Other Taxation and Social Security	5,505	5,057
Other Payables	145,018	108,619
Liability for Past Service Contributions	28,045	27,114
Accruals and Deferred Income	81,860	122,551
	<u>451,215</u>	<u>455,181</u>

At the balance sheet date there were pension contributions outstanding of £1,987 (2015 £0)

15. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	153,783	170,809
Housing Loans	1,698,172	1,856,504
	<u>1,851,955</u>	<u>2,027,313</u>
Housing Loans		
Amounts due within one year	154,062	148,014
Amounts due in one year or more but less than two years	157,679	150,010
Amounts due in two years or more but less than five years	421,584	430,819
Amounts due in more than five years	1,118,909	1,275,675
	<u>1,852,234</u>	<u>2,004,518</u>
Less: Amount shown in Current Liabilities	154,062	148,014
	<u>1,698,172</u>	<u>1,856,504</u>
Liability for Past Service Contributions		
Amounts due within one year	28,045	27,114
Amounts due in one year or more but less than two years	31,046	26,962
Amounts due in two years or more but less than five years	93,801	88,225
Amounts due in more than five years	28,936	55,622
	<u>181,828</u>	<u>197,923</u>
Less amount shown in Current Liabilities	28,045	27,114
	<u>153,783</u>	<u>170,809</u>

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

Lender	Security	Effective Interest Rate	Monthly	Variable / Fixed
The Royal Bank of Scotland	Standard Security over 47 properties	1.10%		2024 Variable
Nationwide Building Society	Standard Security over 35 properties	1.07%		2027 Variable
The Royal Bank of Scotland	Standard Security over 39 properties	1.10%		2030 Variable
Co-operative Bank	Standard Security over 26 properties	1.50%		2019 Variable
Bank of Scotland	Standard Security over 38 properties	1.25%		2025 Variable
The Royal Bank of Scotland	Standard Security over 99 properties	1.19%		2033 Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	332,540	401,945
Depreciation	478,238	384,813
Amortisation of Capital Grants	(423,353)	(425,955)
Change in debtors	(874)	(203)
Change in creditors	29,680	31,891
Unwinding of Discount on Pension Liability	(16,339)	(11,000)
Share Capital Written Off	(54)	(30)
Balance as at 31st March 2016	<u>399,838</u>	<u>381,461</u>

17. DEFERRED INCOME

	2016 £	2015 £
<i>Social Housing Grants</i>		
Balance as at 1st April 2015	10,507,868	11,081,505
Additions in year	-	6,582
Released / Repaid as the result of property disposal	(44,627)	(158,178)
Amortisation in Year	(419,797)	(422,041)
Balance as at 31st March 2016	<u>10,043,444</u>	<u>10,507,868</u>
<i>Other Grants</i>		
Balance as at 1st April 2015	133,691	140,390
Additions in year	-	-
Released / Repaid as the result of property disposal	(1,403)	(2,785)
Amortisation in Year	(3,556)	(3,914)
Balance as at 31st March 2016	<u>128,732</u>	<u>133,691</u>
Total	<u>10,172,176</u>	<u>10,641,559</u>

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

	2,016 £	2,015 £
Amounts due within one year	423,353	425,955
Amounts due in one year or more	9,748,823	10,215,604
	<u>10,172,176</u>	<u>10,641,559</u>

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	139
Issued in year	8
Cancelled in year	<u>(54)</u>
At 31st March 2016	<u>93</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.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	185	186
General Needs - Rehabilitation	115	115
Shared Ownership	<u>2</u>	<u>2</u>
	<u>302</u>	<u>303</u>

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

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

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

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

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

Rent Received from Tenants on the Committee	£ 33,490
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At the year end total rent arrears owed by the tenant members of the Committee were £375

21. DETAILS OF ASSOCIATION

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

The Association's principle place of business is 430A Dumbarton Road, Dalmuir, Clydebank.

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

22. GOVERNING BODY MEMBER EMOLUMENTS

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

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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.

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

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

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

Based on the provisional valuation the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £32,245 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. Once finalised the proposals will replace the original plan which was expected to have lasted 10 years.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £181,826 (2015 - £197,923). 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 3.58%.

The Association made payments totalling £27,554 (2015: £26,751) to the pension scheme during the year.

TRAFALGAR HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. 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	3,158,328	11,307,465	14,465,793	3,003,379	11,747,696	14,751,075	
Investment	-	-	-	-	-	-	
Debtors due after more than a year	-	-	-	-	-	-	
Negative Goodwill	-	-	-	-	-	-	
Current Assets	2,088,901	-	2,088,901	2,083,511	-	2,083,511	
Current Liabilities	(424,424)	(30,757)	(455,181)	(384,241)	-	(384,241)	
Non Current Liabilities	(1,856,504)	(170,809)	(2,027,313)	(1,985,809)	(191,236)	(2,177,045)	
Deferred Income	-	(10,641,559)	(10,641,559)	-	(11,221,895)	(11,221,895)	
	2,966,301	464,340	3,430,641	2,716,840	334,565	3,051,405	
Capital & Reserves	(2,966,301)	(464,340)	(3,430,641)	(2,716,840)	(334,565)	(3,051,405)	

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated	Effect of Transition	As Restated	
	£	£	£	£
Revenue		1,059,678	425,955	1,485,633
Operating Costs		(798,508)	(285,180)	(1,083,688)
Other Income		2,338	-	2,338
Exceptional item		-	-	-
Interest Receivable		11,209	-	11,209
Interest Payable		(25,231)	-	(25,231)
Change in Fair Value of Financial Inst.		-	-	-
Other Finance Income / Costs		-	(11,000)	(11,000)
		249,486	129,775	379,261
Surplus		249,486	129,775	379,261

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