



Accounts for the year ended

31 March 2014

Trust Housing Association Limited is a Registered Scottish Charity No. SC009086

Registered by The Scottish Housing Regulator HEP 143

Registered under the Co-operative and Community Benefits Societies Act 2014 No. 1778R(S)

Trust Housing Association Limited

A Registered Scottish Charity

Accounts for the year ended 31 March 2014

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Trust Housing Association Limited

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Board of Management and Directors as at 31 March 2014

Chair: P Russell FCCA
Vice-Chair: H Pearson

Board Members:

W R Clarkson MCMI	I R M Crawford MA (Hons) MHSM
E Davidson	L Dunlop MA (Hons) MSc MCIH
W Wilkinson BSc Math Science, MBA (Dist)	A P L Harper LLB (Hons) DipLP WS
J C Howie CPFA	D Inskip
P Kinloch AMRSH	A Martin
J Tod BSc Civil Engineering	J R Burke FRICS
K McDonald MA (Hons) MCIPR	

Isle of Arran Homes Sub Committee Members:

Chair: A Martin
Vice-Chair: S Alison

J Bruce	B Cameron
L Dunlop MA (Hons) MSc MCIH	J Le Masurier
E McMaster	P McNamara
J Nichols	P Russell FCCA
H Price	

Directors:

R McDougall FCIH	Chief Executive and Company Secretary
G Veryan MCIH	Deputy Chief Executive and Director of Customer Services
D A McIndoe MRICS	Director of Property and Development
J Marshall FMAAT, CPFA	Director of Financial Services
K Nicholson MA (Hons), FCIPD	Director of Corporate Services

Company Secretary:

R McDougall FCIH

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Auditors:

Mazars, Chartered Accountants and Registered Auditors, Apex 2, 97 Haymarket Terrace, Edinburgh, EH12 5HD (External Auditor)

Scott Moncrieff, Chartered Accountants and Registered Auditors, Exchange Place, 3 Semple Street, Edinburgh EH3 8BL (Internal Auditor)

Bankers:

The Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh EH2 2YB

Unity Trust Bank, Nine Brindleyplace, Birmingham, B1 2HB

Solicitors:

Maclay Murray & Spens, Quatermile One, 15 Lauriston Place, Edinburgh EH3 9EP

T C Young, 7 West George Street, Glasgow G2 1BA

Registered under the Industrial and Provident Societies Act 1965 No. 1778R(S)

Registered by The Scottish Housing Regulator HEP 143

Trust Housing Association Limited is a Registered Scottish Charity No. SC009086

Registered Office: 12 New Mart Road, Edinburgh EH14 1RL

Board of Management Report

1. The Association

1.1 Background

Trust Housing Association (originally known as Kirk Care Housing Association) was formed in 1973 out of a desire to provide sheltered housing for older people in Scotland.

The Association is registered with the Financial Services Authority as a non-profit making company, is a registered charity under the Charity and Trustee Investment (Scotland) Act 2005 and is Registered by HM Revenue and Customs as having charitable status.

The Association is registered under Section 3 of the Housing Associations Act 1985 by The Scottish Housing Regulator.

1.2 Charitable Objects

The Association's mission is *"to provide quality homes and services that promote independent living"*. The future demographic increase forecast for the elderly population is likely to stimulate demands for the increasingly specialist nature of developing and managing housing and related services for older people from those with particular and special skills, expertise and experience.

The forms of provision required to meet today's needs can be grouped broadly into six categories:

- (i) **General Needs Housing** is mainly available on the Isle of Arran. As the name implies, general needs housing is family housing of varying designs and sizes.
- (ii) **Amenity Housing**, for the more active older person, is specially designed or adapted for ease and does not necessarily contain emergency alarm equipment although the Association now makes such provision and links the houses into a centralised alarm system.
- (iii) **Retirement Housing** was created in response to changes in demand and reductions in housing support funding for sheltered services. Staff provide enhanced housing management services for tenants who will continue to receive the benefits associated with sheltered housing, but without housing support.

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- (iv) **Sheltered Housing**, for the less active, more dependent and vulnerable older people meets the same basic design requirement as amenity housing but includes a call system and co-ordinator service.
- (v) **Very Sheltered Housing** for frailer older people is designed to barrier free standards, and offers enhanced housing management support and meals provision. Staff cover provided is 24 hours a day, seven days a week.
- (vi) **Housing with Care** provides for the holistic delivery of landlord, housing support and personal care services by an on site staff team. It allows for all tenants to have access to two meals each day. This model is increasingly being supported by local authorities who regard the service as delivering a cost effective alternative to residential care.

The Association's remit also includes providing for those in other areas of need and Trust has completed projects for the elderly deaf and the severely disabled.

1.3 Plans for 2014/15

We continue to face unprecedented financial challenges with the severest economic constraints experienced in a generation. In response to the very real and severe reductions in local authority funding, the Board has determined that in future, the housing support services within each Council area must at least break even financially. Councils will be asked to contract housing support services for three years at a time in order to provide continuity and certainty, at real/true cost funding level. Meetings will be held with each Council, with priority being given to those Councils in whose area we are experiencing the most severe losses.

Where Councils are unable or unwilling to fund services to the required levels, then sheltered services will be changed to retirement housing. Retirement housing will no longer deliver housing support services and will be deregistered with the Care Inspectorate.

As we enter year three of this new approach to housing support funding reductions, we find that the rate of change to Retirement Housing is actually slower than we anticipated. This is largely due to local authorities deciding at the last minute to maintain existing funding levels rather than cut funding, allowing us to maintain our existing service levels. It seems inevitable however the continued reduction in support funding will continue for the foreseeable future.

Below we provide an outline of our responses to the main strategic challenges facing Trust as an organisation. These are our priorities for 2014/15;

- **Defining Quality**

We believe as an organisation we should attempt to lay down a marker now for the future quality of homes and services we provide. We believe that,

should we, for any reason, be unable to achieve that fundamental level of service quality due to financial constraints, we would rather withdraw from delivering that service as it would be preferable to us delivering sub-standard, sub-quality services. The Quality Outcomes Framework being developed will establish just exactly what we mean when we talk about “*Quality Services*”.

- **Redesigning Services**

As stated earlier, we are embarking on a journey which will see us reconfigure services across many of our developments. The move from Sheltered Services to Retirement Housing will not be easily achieved. Residents may perceive a reduction in service and at the same time no obvious advantages in cost. For staff, they may see their terms and conditions diminish as the services provided locally, reduce.

Regrettably however the need for change is vital. We cannot continue to lose money by providing services which are not sufficiently funded, to do so would be merely to ignore the realities all around us. We need to cut our cloth accordingly and ensure we operate within financial parameters where income covers our costs.

- **Asset Management**

Our Asset Management Strategy aims to prioritise our housing stock by helping us determine those properties requiring the greatest resources. The Asset Management Strategy not only classifies the physical condition of the stock, but superimposes the demand side of the equation to provide an overall assessment of the relative popularity of each of our developments. Work that has already been started will continue and intensify to deal head on with issues of demand. This may include:

- Redesign of our existing properties to make these more attractive to our customers.
- Redesign of our services to make these flexible, personalised and sustainable.
- Continuing to review the potential for acquiring additional housing stock through stock transfer where such proposals would offer advantages to Trust in the future.
- Continuing to review the potential for disposal of housing stock where the economic, social and management grounds justified such an approach.

- **Trust Enterprises Limited (TEL)**

In tandem with the move away from our traditional role with Sheltered Housing, we are developing opportunities for Trust Enterprise Limited to help provide additional services to our clients.

As the availability of public funding makes some services increasingly difficult to deliver, it is possible that TEL might be able to provide those services on a rechargeable costs basis. It is our hope that not only can we provide quality services to customers who might otherwise lose familiar local support, but can also offer staff the option of alternative employment where service cuts threaten possible cuts in employment terms and conditions. The key difference between the services provided by TEL and Trust are that those from TEL should be non charitable and generate sufficient profit to cover its' costs.

- **Public Relations and Marketing**

The number of people aged 75 and over is projected to increase by 84% between 2008 and 2033. This huge demographic shift in the population profile will have enormous implications for society in future and the nature of the services we provide. With our experience and expertise, we believe we are well placed to advise and lobby both central and local government on the necessity to adapt and review the range and type of housing support and personal care services provided to people in the future. This is particularly true around the discussions concerning the Social care and Health Integration proposals.

As well as lobbying actively for appropriate policies at national level, we will continue to develop our brand identity and aim to promote and enhance the Trust name at all levels. Our aim is to be much more active in this role.

- **Lobbying Health and Social Care**

The Scottish Government has now implemented legislation to formally link Health and Social Care Integration but regrettably determined that Housing should not form part of that formal arrangement.

We believe that the services we provide are uniquely designed to ideally contribute to exactly the type of holistic and comprehensive approach being envisioned and need to work hard to get our message across and inform our Health and Social care colleagues about what exactly is available.

- **Customer Demand and Expectations**

As stated earlier, the demographic projections suggest many more older people will be living longer and be available to access the type of services we provide. But just how sure are we that the services we offer are tailored to the needs and aspirations of older people in future?

We intend doing much more to survey our client group to establish more accurately just what type of accommodation and support older people aspire to for the future.

- **Business Review**

The world is changing like never before and it behoves us to adapt and evolve in response. Traditional working practices are constantly being challenged and amended and the very structure and nature of the housing sector in Scotland is under greater scrutiny than ever before.

The Board of Trust have always considered change to be a constant factor which we should factor in to our business strategy, not reluctantly, but by embracing the opportunities it provides. The Business Strategy review is but another step on the road to future planning and business assessment to ensure we have the most appropriate business model for the 21st century challenges facing us.

1.4 Results

Trust Housing Association is pleased to report the results for the year ended 31 March 2014. The Association has delivered a strong performance in the year with growth in revenue and with financial stability, in difficult trading conditions, remaining sound. The Income and Expenditure Account shows a surplus for the year of £1,475k and this will increase our reserves. Trust faces further challenges ahead and the Association must be financially sound to meet those challenges going forward. Strengthening our reserves this will allow the association to meet ongoing financial pressures and aid the development of a sustainable future.

1.5 Membership

Membership of the Association is open to all who are interested in the work of Trust Housing Association Limited. Every member, on payment of £1.00 is entitled to one share in the Association. Trust Housing Association Limited has a membership which now stands at 480 members (2013 – 500).

1.6 Relations with our Membership

All Association members are invited to attend our Annual General Meeting, held in September each year; this is the formal method by which the Chair and Chief Executive, on behalf of the organisation, report to our membership on an annual basis. The meeting is attended by Board Members and the Strategic Management Group representing the Association. Association members are invited to ask questions during the meeting and to meet with Board Members and the Staff over refreshments after the meeting. In addition, Board members will continue their

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scheduled visits to several different developments each year, seeking their views on the work of Trust and any specific issues and queries they may have.

1.7 Staff

The key to our success is a high quality and dedicated work force. The Association recognises that staff need to understand and share the objectives of the Association and seeks to foster good relations with our employees via regular communications and consultation. Selection for employment and promotion is based on the objective assessment of ability and experience. As Scotland's first housing association to be achieve the nationally recognised Investor in Diversity (IID) standard and a long standing Investor in People (IIP) organisation, Trust is committed to delivering the highest level of training and development and for ensuring that our workplaces are free from unlawful discrimination of any sort.

We have just completed an 18 month Investors in People (IIP) review and received an excellent report from our assessor. Again Trust demonstrated comprehensive evidence and exceeded the IIP standard. We are firmly committed to the development of our staff through providing comprehensive training and development opportunities. During 2013/14 we delivered over 900 training days in a variety of subjects. These include Welfare Benefits, an HR Workshop on Difficult Conversations and a new Confident Communication training course to meet an identified training need. In addition we have developed a Dementia Awareness programme based on the Promoting Excellence Framework which will be delivered in May 2014. We are also piloting training on Stroke Awareness to ensure staff skills and knowledge are up to date. We upgraded from Microsoft Office 2007 to 2010 and delivered a training programme to all office based staff to support the upgrade. We continue to progress well with our SVQ qualification programme to meet SSSC Registration requirements. We applied for a grant from the Voluntary Sector Development Fund and received £14,000 to support this important training programme. At present we have 69% of staff who have achieved their award and a further 6% currently studying, with further training scheduled to start soon. We also have several staff undertaking Professional Qualifications relating to their job roles, these include an MSc in Property Development and a Post Graduate Diploma in Housing Studies. E-Learning continues to be a popular option and we have added Food Hygiene to our current options list.

1.8 Equal Opportunities programme – Funding (2013-14)

The **Equal Opportunities Programme** received for the following projects:

Older People Services Development Project – has been developed to help and support Black and Minority Ethnic older people gain access to benefits and services.

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- The project is funded by the **Big Lottery Fund** with restricted grant funding totalling £476,796 agreed until June 2016. The project, which started in July 2011, has received £94,622 in the financial year 2013-14.

Memories Project – to capture memories of people who arrived in Scotland in the 1950's and 1960's

- Funded by the **Heritage Lottery Fund** for an amount of £48,700 for two years. The project was completed in February 2014 and the full amount was claimed with the end of the project report completed.

2 Governance

2.1 Board of Management

We have had two Board Member resignations during the year but have also been fortunate to have new members join the Board. As a result we are currently in the happy position of having a full Board Member compliment, including two tenants of the Association, with 15 full time and one prospective member on the Board who is also a tenant.

We have very recently reviewed our Board Members Information Pack due to a governance review and as part of that process are continuing our Board Member Appraisal process carried out by the Chair and Vice Chair of the association.

We have recently been informed that we have been reclassified from low to medium risk by the Scottish Housing Regulator as a result of their engagement with us over the last year. The Board will continue to work closely with the Regulator to ensure we comply with all aspects of the regulatory requirements expected of us.

The Board has overall authority and accountability for the operation of the business. Board meetings are conducted in a way which allows open discussion and enables Board members to challenge and test the strategy, policy and proposals put forward by the Strategic Management Group and staff.

The Board's responsibilities include:

- Responsibility for the overall leadership of Trust
- Approval of the corporate/business strategy, annual budget and plans to achieve the Association's objectives
- Determining policy and the overall direction of the Association
- Approving the Annual Report and Accounts
- Establishing effective systems of governance and internal control and the annual review of their effectiveness
- Authorising material acquisitions, disposals, investments, capital projects and other significant transactions

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- Monitoring the Association's overall performance in relation to its strategies, plans, budgets and decisions
- Providing support and guidance to the Chief Executive and through him/her ensure staff deliver procedures and services on the ground which reflect the corporate plan.

The Board met 8 times during the year.

2.2 Statement of Responsibilities of the Board of Management

The Industrial and Provident Societies Acts 1965 to 2003 require the Board of Management to prepare accounts for each financial year which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those accounts, the Board of Management are required to:

- (i) Select suitable Accounting Policies and apply them consistently;
- (ii) Make judgements and estimates that are reasonable and prudent;
- (iii) Follow applicable Accounting Standards; and
- (iv) Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management are 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 accounts comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing (Scotland) Act 2010, the Accounting Determination in terms of section 68(1) Housing Act 2010 ("Accounting Determination") and the Statement of Recommended Practice (SORP) 2010. 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.

2.3 Related Parties

During the year there were 2 (2013 – 2) members of the Management Committee (including former members and co-opted members) who were also tenants of the Association. All tenancies are on normal secure tenancy terms and their position as a committee member cannot be used to their advantage.

During the year North Ayrshire Council continued to be ably represented by Councillors John Bruce and Peter McNamara, who sat on the Isle of Arran Sub Committee and made a valuable contribution to the work of the Sub Committee. Once again, all transactions with North Ayrshire Council are made on normal terms, and the Council representatives are unable to use their position to any advantage.

3. Statement of Internal Financial Controls

The Board of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates.

The systems of internal financial controls are designed to manage risks that may impede the achievement of the business objectives rather than to eliminate those risks entirely. The systems of internal financial control therefore provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board of Management has established the following key procedures to provide effective internal financial control.

- (i) A comprehensive budget is prepared annually and is approved by the Board.
- (ii) The Strategy Sub-Committee meet regularly to review actual results and investigate any significant variance from the Association's budget.
- (iii) A Corporate Strategy that forecasts 5 years ahead is updated annually, and is approved by the Board.
- (iv) Written standing orders including details of any delegated authority and a Financial Control Framework.
- (v) The Association's external auditors have attended all meetings of the Audit Committee, as well as attending the AGM.
- (vi) The Audit Committee reviews the system of internal controls and reports to the Board thereon. It receives reports from the internal and external auditors and Senior Management Team which assess the efficiency of internal control and make recommendations for any improvements. The Convenor of the Audit Committee reports the outcome of committee meetings to the Board and provides minutes of the meetings.

Internal Audit Services have been provided to Trust by Scott Moncreiff, Chartered Accountants and Registered Auditors during 2013/14. During the year Scott Moncreiff reviewed the following key areas of the Association's work; Core Financial Systems, Asset Management and planned responsive maintenance, Housing Management voids and Follow up. A number of recommendations have been accepted and if not already done so, will be implemented during 2014/15. We are pleased to report that the audits highlighted no major weaknesses in controls.

The Board of Management has reviewed the effectiveness of the system of internal financial controls for the year ended 31 March 2014, and are satisfied that the existing controls and the resources in place to improve these controls are sufficient

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to safeguard the assets and prevent material loss. If weaknesses are found in the system of internal financial control, appropriate action is put in place.

4. Going Concern

After making enquiries, the Strategic Management Group have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

5. Auditors and audit information

Each person who is a Board Member at the date of approval of this report confirms that:

- so far as the Board Member is aware, there is no relevant audit information of the which the Association's auditor are unaware; and
- each Board Member has taken all the steps that he ought to have taken as a Board Member to make himself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The External Auditors Mazars LLP wish to offer themselves for re-election, resolutions concerning their re-appointment will be placed before the Annual General Meeting.

By order of the Board of Management



P Russell
Chair

24 July 2014

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

We have audited the financial statements of Trust Housing Association Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the 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).

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of the Responsibilities of the Board of Management set out on page 12, the Board is responsible for the preparation of financial statements and for being satisfied that they 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.

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 auditor's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements;

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure 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 Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010, the Accounting Determination in terms of section 68(1) Housing Act 2010 ("Accounting Determination") and the Charities and Trustee Investment (Scotland) Act 2005.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion;

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Mazars LLP.

Mazars LLP

Chartered Accountants

Statutory Auditor

Apex 2

97 Haymarket Terrace

Edinburgh

EH12 5HD

Date *6/8/14*

Income and Expenditure Account
for the year ended 31 March 2014

		2014	2013
	<i>Notes</i>	£'000	Restated £'000
Turnover	2	20,003	18,471
Less: operating costs		(17,808)	(16,741)
Operating surplus	7	2,195	1,730
Profit on sale of fixed assets		-	82
Interest receivable and other income		20	25
Interest payable and other charges	8	(739)	(716)
Surplus for the year		1,475	1,121

All operations are continuing

Statement of Total Recognised Gains and Losses
for the year ended 31 March 2014

		2014	2013
	<i>Notes</i>	£'000	£'000
Surplus for the year		1,475	1,032
Prior year adjustment	23	-	89
Total recognised gains and losses		1,475	1,121

The notes on pages 21 to 36 form part of these Financial Statements.

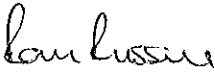
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Balance Sheet as at 31 March 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
Tangible fixed assets					Restated
Housing properties	9		129,605		127,211
Less: HAG	9		(98,675)		(98,308)
Less: Other public grants	9		(6,153)		(5,870)
			24,777		23,033
Other	9		3,524		3,348
<i>Total fixed assets</i>			28,301		26,381
Current assets					
Debtors	10		1,548		1,035
Cash at bank and in hand			2,858		2,423
			4,406		3,458
Creditors: amounts falling due within one year					
	11		7,307		7,555
Net current liabilities			(2,901)		(4,097)
<i>Total assets less current liabilities</i>			25,400		22,284
Creditors: amounts falling due after more than one year					
	12		(15,751)		(14,110)
Net assets			9,649		8,174
Capital and reserves					
Share capital	14		1		1
Restricted reserves	15		96		104
Revenue Reserve	16		9,552		8,069
			9,649		8,174

The Financial Statements were approved and authorised for issue by the Board of Management on 24th July 2014 and were signed on its behalf:


P Russell, Chair
24 July 2014

 
Board Member R McDougall, Secretary

The notes on pages 21 to 36 form part of these Financial Statements.

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Cash Flow Statement for the year ended 31 March 2014

		2014		2013	
	Notes	£'000	£'000	£'000	£'000 Restated
Reconciliation of operating surplus to net cash inflow from operating activities					
Operating surplus			2,195		1,730
Depreciation charges			1,173		976
Provision for Bad Debts			-		16
Service and Heating Equalisation Accounts			245		1,053
Decrease in debtors			(513)		(291)
(Decrease)/Increase in creditors			(191)		2,893
Net cash inflow from operating activities			2,908		6,377
Returns on investments and Servicing of finance					
Capital expenditure	(i)		(720)		(691)
Financing	(i)		(3,338)		(7,919)
Increase/(Decrease)in cash			1,150		(2,233)
(Cash is defined as cash in hand and deposits repayable on demand)					
Reconciliation of net cash flow to Movement in net debt					
(Decrease)/Increase in cash in the period	(ii)		434		(755)
Cash to repay housing loans		916		868	
Cash acquired as housing loan		(2,500)	(1,584)	(2,346)	(1,478)
Change in net debt			(1,150)		(2,233)
Net debt at 1 April 2013			(12,691)		(10,458)
Net debt at 31 March 2014			(13,841)		(12,691)

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Notes to the Cash Flow Statement for the year ended 31 March 2014

(i)	Gross cash flows	2014		2013	
		£'000	£'000	£'000	£'000
Returns on investments and servicing of finance					
	Interest received	20		25	
	Interest paid	(739)		(716)	
			(720)		(691)
Capital expenditure					
	Payments to acquire tangible fixed assets	(5,197)		(8,093)	
	Receipt of HAG and other grants	1,689		51	
	Receipts from sales of shared ownership properties	-		59	
	Receipts from sale of right to buy	-		64	
	Receipts from sales of other fixed assets	-		-	
			(3,508)		(7,919)
Financing					
	Loans acquired	2,500		2,346	
	Loans repaid	(916)		(868)	
			1,584		1,478
(ii) Analysis of changes in net debt					
	At				At
	1 April	Cash	Other		31 March
	2013	Flows	Changes		2014
	£'000	£'000	£'000		£'000
	Bank and short term deposits	2,424	434	-	2,858
	Debt due within 1 year	(1,004)	57	-	(947)
	Debt due after 1 year	(14,110)	(1,641)	-	(15,751)
	Total	(12,691)	(1,150)	-	(13,841)

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Notes to the Accounts

1. Accounting Policies

1.1 Basis of Accounting

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards and with the Accounting Determination in terms of 68(a) Housing Act 2010 ("Accounting Determination") and with the Statement of Recommended Practice 2010: Accounting by Registered Social Housing Providers.

1.2 Turnover

Turnover represents rental and service charge income receivable from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and the Scottish Government's Housing and Investment Division.

1.3 Housing Properties

Housing properties are stated at cost, are split by component category and include the cost of acquiring the land, site clearance costs and construction. In addition to this the costs also include replacement components and medical adaptations.

1.4 Housing Association Grant

For developments under the 1988 Housing Act, Housing Association Grant is paid directly to the Association as required to meet liabilities during the development process. Housing Association Grant is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

When a component is replaced the grant associated with a component is written off. This becomes a contingent liability where the grant is repayable.

1.5 Depreciation

(i) Housing Properties

Depreciation is charged on the original cost of properties (after deducting land costs, Housing Association Grant and other grants) on a straight line basis over the expected useful life of the property.

Housing properties held for letting;

Structure	50 years
Kitchens	20 years
Central heating systems	20 to 30 years
Roofs	50 years
Windows	30 years
Lifts	30 years

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Notes to the Accounts (continued)

Electrics	30 years
Doors	30 years
Common facilities	15 to 30 years
Bathrooms	30 years
External fabric	35 years
Shared Ownership	50 years

Periodic reviews are undertaken to confirm that no financial impairment has arisen to reduce the value of any class of property to an amount less than the carrying value in the accounts.

(ii) Other Fixed Assets

Other Fixed Assets include office properties, office equipment, furniture and computer hardware and software. Depreciation is charged from the date of purchase to the date of disposal.

Office properties	50 years
Office equipment	5 years
Computer hardware & software	5 years
Motor vehicles	4 years
Furniture & equipment	10 years

These Other Fixed Assets are depreciated on a straight line basis over the expected useful life of the asset.

1.6 **Contribution to Pension**

2013/14 has seen significant change for Trust in relation to pension provision.

From 1st April until 30th June 2013 the Association participated in a multi-employer defined benefit pension scheme (SHAPS DB). Within this scheme, pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned.

Actuarial valuations are carried out on a triennial basis, any surplus or deficiency in valuation which may arise from time to time is corrected by adjusting the rate of contributions over the average remaining service lives of current employees. This scheme has created an ongoing deficit liability for Trust, payment of which is included in the accounts.

From 1st July 2013 all current SHAPS DB scheme members who wished to transfer to the new SHAPS Defined Contribution (DC) scheme did so and a very small number transferred to Personal Defined Contribution Pension schemes that Trust will contribute to on the same basis.

From 1st November 2013 the association has engaged in an auto enrolment scheme with the People's Pension. This is also a defined contribution

Notes to the Accounts (continued)

scheme and as a result of postponement, payroll deductions and scheme membership commenced from 1st February 2014.

The new defined contribution schemes in place from 1st July onwards create no liability for the association beyond the contributions made by the Association to the schemes.

1.7 Restricted Reserves

The Restricted Reserve has been created mainly from charitable donations and bequests and is used for development specific projects. Amounts utilised in respect of development specific projects are transferred from Restricted Reserves to Revenue Reserves as incurred.

1.8 Service Charge and Heating Charge Equalisation Accounts

Charges for landlord services and heating are charged to tenants at a level that is expected to recover expenditure on services for the year. Any over or under charges which are carried forward in these equalisation accounts are taken into account when the landlord service and heating charge is calculated for the following year.

1.9 Interest Payable

All interest payable in the year in connection with the development, construction or acquisition of housing properties is charged to the income and expenditure account in the period in which it falls due for payment. The basis of the interest payable is the Schedule of Interest Charges agreed with the financing institution during the establishment of the loans.

1.10 Shared Ownership Properties

All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Income and Expenditure Account. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost less any provision for depreciation or impairment.

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Notes to the Accounts (continued)

1.11 Contingent Liability

Where grant is allocated to components that are then replaced, the grant will be written off and a contingent liability created to recognise the potential repayment of the grant, where the grant may be repayable.

2. Particulars of turnover, operating costs and operating surplus or deficit

	Turnover	Operating Costs	Operating Surplus or Deficit	Operating surplus or Deficit for Previous Period of Account Restated
	£'000	£'000	£'000	£'000
Social letting	17,299	15,192	2,106	1,775
Other activities	2,704	2,616	89	(45)
Total	20,003	17,808	2,195	1,730

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Notes to the Accounts (continued)

3. Lettings and Other Related Information

Particulars of turnover, operating costs and surplus before taxation.

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Housing Support income £'000	Other income £'000	Total Turnover £'000	Operating costs – bad debts £'000	Other operating costs £'000	Operating surplus or deficit £'000	Operating surplus or deficit for previous period of account £'000
Support activities									
Support activities	-	-	2,498	-	2,498	-	2,357	141	(12)
Other activities									
Other activities : Equal Opportunities	-	166	-	-	166	-	186	(21)	(16)
Other activities : Recoverable VAT	-	-	-	-	-	-	-	-	9
Other activities : Arran Care and Repair	-	39	-	-	39	-	73	(34)	(28)
Other activities : Donations	-	-	-	2	2	-	-	2	2
Total from other activities	-	204	2,498	2	2,704	-	2,616	89	(45)
Total from other activities for the previous period of account	-	234	2,369	2	2,605	-	2,650	(45)	

Notes to the Accounts (continued)

4. Income from Lettings

	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Ownership £'000	2014 Total £'000	2013 Restated Total £'000
Rent receivable net of identifiable Services charges	1,040	7,563	81	8,684	8,200
Service charges receivable (eligible for housing benefit)	26	5,341	1	5,368	4,916
Service charges receivable (not eligible for housing benefit)	12	3,593	-	3,605	3,181
	1,078	16,497	82	17,657	16,297
Gross rents receivable					
Less: Rent losses from voids	(25)	(434)	-	(459)	(537)
Net rents receivable	1,053	16,063	82	17,198	15,760
Revenue grants from local authorities & other agencies	-	101	-	101	106
Total turnover from social letting activities	1,053	16,164	82	17,299	15,866
Expenditure on letting activities					
Service costs	18	7,349	-	7,367	6,748
Planned and cyclical maintenance including major repairs costs	14	415	3	432	437
Management	191	4,643	5	4,839	4,254
Reactive maintenance	76	1,344	11	1,431	1,473
Bad debts – rents and service charges	-	-	-	-	-
Depreciation of social housing	67	724	14	805	555
Impairment of social housing	-	-	-	-	-
Major repairs expenditure	-	173	-	173	302
Stock condition surveys	-	80	-	80	37
Miscellaneous costs	-	65	-	65	285
Operating costs for social letting activities	366	14,793	33	15,192	14,091
Operating surplus for social lettings	687	1,371	49	2,106	1,775

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Notes to the Accounts (*continued*)

5. Officers' Emoluments

	2014 £'000	2013 £'000
Aggregate emoluments payable to Officers. (excluding pension contributions and benefits in kind). Officers are defined as members of the Strategic Management Group		
Total emoluments (including pension contributions and benefits in kind)	450	442
Payments as compensation for loss of office	39	-
	489	442
	2014 £'000	2013 £'000
Emoluments (excluding pension contribution) of the Chief Executive Officer amounted to:	77	77
Pension Contributions of the highest paid Officer amounted to:	6	3
	No. of Officers	No. of Officers
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:		
£60,001 to £70,000	2	2
£70,001 to £80,000	1	1
The Officers are ordinary members of the pension schemes described in Notes 1.6 and 21. No enhanced or special terms apply to membership and they have no other pension arrangements to which the Association contributes. The Association's pension contributions for the Officers in the year amounted to £25,851 (2013 £24,249).		
No emoluments were paid to the Board of Management during the year.		
	£'000	£'000
Total expenses reimbursed to the Board of Management in so far as not chargeable to United Kingdom income tax.	4	4
	4	4

Notes to the Accounts (continued)

6. Employee Information

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

	2014	2013
	Number of staff	Number of staff
Office staff	85	83
Development based staff	225	216
	310	299

The average number of staff employed during the year was:

	Number of staff	Number of staff
Office staff	96	93
Development based staff	437	405
	533	498

	£'000	£'000
Staff costs (including directors emoluments):		
Wages and salaries	8,300	7,590
Social Security costs	530	460
Pension costs	638	573
	9,468	8,623

7. Operating Surplus

	£'000	£'000
		Restated
Operating surplus is stated after charging:		
Depreciation	1,172	976
Repairs: cyclical, planned and day to day	2,033	2,201
Auditors' remuneration – audit services	16	16
Auditors' remuneration – non-audit services	-	-

8. Interest Payable and Other Charges

	£'000	£'000
On loans payable wholly or partly in more than 5 years:		
Amounts payable to Banks and Building Societies	739	662

Notes to the Accounts (continued)

9. Tangible Fixed Assets

	Housing Properties held for letting £'000	Shared Ownership Housing Properties £'000	Housing properties in the course of construction £'000	Total Housing Properties £'000	2014 Total £'000	2013 Restated Total £'000
Cost						
At beginning of year	132,236	412	4,910	137,558	137,558	128,898
Additions						1,594
Additions: New Properties	-	-	2,104	2,104	2,104	4,263
Additions: Existing Properties	5,483	29	388	5,900	5,900	-
Additions: Components	(1,095)	-	1,750	655	655	3,767
Additions: Adaptations	-	-	-	-	-	-
Disposals during year	(675)	-	-	(675)	(675)	(580)
Transfers	-	-	(3,581)	(3,581)	(3,581)	(384)
At end of year	135,949	441	5,571	141,961	141,961	137,558
Depreciation						
At beginning of year	10,347	1	-	10,348	10,348	9,922
Charge for year	848	1	-	849	849	766
Grant Amortisation Adj	1,597	-	-	1,597	1,597	-
Disposals during year	(438)	-	-	(438)	(438)	(340)
At end of year	12,354	2	-	12,356	12,356	10,348
Net Book Value						
At beginning of year	121,889	411	4,910	127,210	127,210	118,338
At end of year	123,595	439	5,571	129,605	129,605	127,210
Housing Association and other grants						
At beginning of year	100,099	386	3,693	104,178	104,178	101,803
Additions during year	283	-	2,238	2,521	2,521	2,602
Disposals during year	(68)	-	-	(68)	(68)	(151)
Amortisation of Grant Transfers	(1,596)	-	-	(1,596)	(1,596)	-
At end of year	2,428	-	(2,635)	(207)	(207)	(76)
At end of year	101,146	386	3,296	104,828	104,828	104,178

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Notes to the Accounts (continued)

	Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Development Furniture £'000	Total Other Assets £'000	2014 Total £'000	2013 Restated Total £'000
Cost							
At beginning of year	3,955	63	1,809	750	6,577	6,577	6,269
Additions during year	-	-	440	243	683	683	308
Disposals during year	-	-	(183)	-	(183)	(183)	-
Transfers	-	-	-	-	-	-	-
At end of year	3,955	63	2,066	993	7,077	7,077	6,577
Depreciation							
At beginning of year	1,568	63	1,481	118	3,230	3,230	2,893
Charge for year	79	-	161	83	323	323	337
Disposals during year	-	-	-	-	-	-	-
At end of year	1,647	63	1,642	201	3,553	3,553	3,230
Net Book Value							
At beginning of year	2,387	-	328	632	3,347	3,347	3,376
At end of year	2,308	-	424	792	3,524	3,524	3,347

Development allowances received in the year amounted to £52,307 (2013: £47,181).

Notes to the Accounts (*continued*)

10. Debtors

	2014	2013
	£'000	£'000
Amounts falling due within one year:		
Rental debtors	454	464
Other debtors	925	435
Prepayments and accrued income	169	136
	<u>1,548</u>	<u>1,035</u>

11. Creditors due within one year

	2014	2013
	£'000	£'000
Rent in advance	134	111
Housing loans	947	1,004
Other taxation and social security	166	165
Creditors and accruals	3,295	3,754
Service Equalisation Account	2,765	2,521
	<u>7,307</u>	<u>7,555</u>

12. Creditors due after more than one year

	2014	2013
	£'000	£'000
Housing loans	<u>15,751</u>	<u>14,110</u>

Housing loans:

	2014	2013
	£'000	£'000
In one year or less	947	1,004
Between one and two years	947	1,004
Between two and five years	2,841	3,012
In five years or more	11,963	10,094
	<u>16,698</u>	<u>15,114</u>

Housing loans are secured by legal charges against certain housing properties.

Our loan debt at 31 March 2014 comprised:

- Loans from Nationwide with a balance of £5.7m, with repayments concluding from 2019 to 2035, at fixed interest rates for the duration of the loans.
- Loans from The Royal Bank of Scotland, with a total balance of £7.3m, with repayments concluding from 2019 to 2031, at fixed rates for the duration of the loans.
- A loan with Unity Trust Bank of £3.7m which is at a variable interest rate.

Notes to the Accounts (*continued*)

13. Rent Arrears and Rent

	2014	2013
Rent arrears	£524,910	£529,312
Average monthly rent	£283	£270
Average rental increase	4.4%	8.0%

14. Called Up Share Capital

	2014	2013
	£	£
Shares of £1 each issued and fully paid:		
At beginning of year	1,044	999
Movement during year	18	45
At end of year	<u>1,062</u>	<u>1,044</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.

15. Restricted Reserves

	£,000
Reserves as at 1 April 2013	104
Transfer to revenue reserve	<u>(8)</u>
Closing balance as at 31 March 2014	<u>96</u>

16. Reconciliation of Movement in Accumulated Surplus

	£,000	£,000
		Restated
Revenue reserve as at 1 April 2013		7,466
Prior year adjustment (Note 23)		603
Revenue reserve as at 1 April 2013 (as restated)		8,069
Surplus	1,475	
Transfer from restricted reserves	8	
	<u> </u>	1,483
Revenue reserve carried forward		<u>9,552</u>

Notes to the Accounts (continued)**17. Units in Management**

	2014	2013
	No. of Units	No. of Units
Housing accommodation	352	351
Supported accommodation	2,217	2,201
Shared ownership	9	10
Total number of units	<u>2,578</u>	<u>2,562</u>

18. Accommodation Managed by Others

Name of Managing Body	2014	2013
Leonard Cheshire Foundation	16	16
Glasgow (Pollock) Bield	15	15
Stirling (awaiting conversion – not let)	12	12
Total number of units	<u>43</u>	<u>43</u>

19. Investments in Subsidiary

Trust Housing Association Limited has set up a wholly-owned trading subsidiary named Trust Enterprises Limited; the subsidiary will be used to separate our core charitable activities from those likely to generate commercial trading income and incur related expenditure. Any surpluses generated through the subsidiary will be gift-aided back to Trust Housing Association Limited.

On 13 June 2008, Trust Housing Association Limited purchased 1 Ordinary Share of £1 at par.

The subsidiary has not been consolidated in these results. In accordance with section 13 of the Friendly and Industrial and Provident Societies Act 1968 the consent of the regulator has been obtained on the basis that it would be of no real value to members of the society in view of the insignificant amounts involved.

During the year, the subsidiary generated revenue of £224k and incurred costs of £257k. Gross assets of the subsidiary as at 31 March 2014 were £259k and the subsidiary had net liabilities of £74k. During the year the Association paid expenses of £145k on behalf of the subsidiary (2013 £28k). At the year end, an amount of £250k was outstanding (2013 £105k).

Accounts in compliance with the Companies Act 2006 will be prepared and submitted to Companies House.

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20. Capital and Other Commitments

	£'000	£'000
Capital Expenditure that has been contracted for but has not been provided for in the accounts	<u>4,766</u>	<u>8,180</u>

21. Pensions – SHAPS

Trust participates in the Scottish Housing Associations' Pension Scheme.

The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employer 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.

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 last formal valuation of the Scheme was performed as at 30 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 £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

22. Contingent Liabilities

Trust has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SFHA Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Trust was £20.47m.

The contingent liability from component replacements is £372,023 as at 31st March 2014. The liability as at 31st March 2013 was £304,130.

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23. Prior Year Adjustment

Trust Housing Association Limited has implemented a new Fixed Asset register during the financial year. Following extensive data conversion and ensuring consistency across all asset categories, this has resulted in a restatement of cumulative depreciation. Comparative figures have been restated to reflect these changes.

	2013
	£
Cumulative Housing Property depreciation	10,986
Adjustment to Housing Property depreciation	<u>(640)</u>
	10,346
Cumulative Housing Property depreciation	3,193
Adjustment to Housing Property depreciation	<u>37</u>
	3,230
Total adjustment	(603)
Prior year adjustment to revenue reserve brought f/w	(603)

In the year ended 31 March 2013, the depreciation charge for the year should have been £1,049k. An actual depreciation charge of £1,138k was recognised resulting in a prior year adjustment relating to 31 March 2013 of £89k. The remainder of the prior year adjustment relates to earlier financial periods.

24. Post Balance Sheet Events

There are no post balance sheet events.

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Registered under the Industrial and Provident Societies Act, 1965 to 2003 No. 1778 R (S)
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