



Accounts for the year ended

31 March 2015

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

Registered by The Scottish Housing Regulator HEP 143

Registered under the Co-Operative & Community Benefit Societies Act 2014

Trust Housing Association Limited

A Registered Scottish Charity

Accounts for the year ended 31 March 2015

Contents	Page
Board of Management Report	5 - 14
Auditors' Report	15-16
Income and Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19 - 20
Notes to the Accounts	21 - 35

Trust Housing Association Limited

A Registered Scottish Charity

Board of Management and Directors as at 31 March 2015

Chair: P Russell FCCA

Vice-Chair: H Pearson

Board Members:

I R M Crawford MA (Hons) MHSM

E Davidson

W Wilkinson BSc Math Science, MBA (Dist)

J C Howie CPFA

P Kinloch AMRSH

J Tod BSc Civil Engineering

J R Burke FRICS

L Dunlop MA (Hons) MSc MCIH

A P L Harper LLB (Hons) DipLP WS

D Inskip

Sister J Lindsay

K McDonald MA (Hons) MCIPR

Audit and Performance Committee Members:

Convener: L Dunlop MA (Hons) MSc MCIH

J R Burke FRICS

E Davidson

J C Howie CPFA

Sister J Lindsay

I R M Crawford MA (Hons) MHSM

J Tod BSc Civil Engineering

K McDonald MA (Hons) MCIPR

Directors:

R McDougall FCIH (Resigned 05/15)

D A McIndoe MRICS

J Marshall FMAAT, CPFA

Gail Gourlay

Chief Executive and Company Secretary

Director of Property and Development

Director of Business Services

Director of Customer Services

Company Secretary:

R McDougall FCIH (Resigned 05/15)

The new Chief Executive and Company Secretary, Rhona McLeod, was appointed on 04/05/2015

Trust Housing Association Limited

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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, Quartermile One, 15 Lauriston Place, Edinburgh EH3 9EP

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

Registered under the **Co-Operative & Community Benefit Societies Act 2014**

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 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.
- (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 2015/16

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 the future, the housing support services within each Council area must at least break even financially. Councils will be asked to contract housing support services 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 manage our 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.

Last year we developed and approved our new Business Strategy for the five year period 2014 -19 entitled **Bright Future a new Chapter for Trust.**

As the name implies, we can worry about the challenges ahead and fear their ramifications or we can meet the opportunities they offer and shape the future to our own making. We chose to determine to make our own Bright Future.

So what does it mean for Trust?

- **Our Vision**

Having determined our purpose, as stated above, we revisited what it would take to achieve our purpose. Our conclusion – **“to be an excellent organisation that improves people’s lives, and is a market leading provider of quality homes and services.”** It’s ok to have a purpose and vision but how then do you ensure you move towards delivering on your aspirations.

By having clear strategic aims as well as a set of unambiguous values which govern behaviours, attitudes and culture within the organisation.

- **Our Strategic Aims**

Strategic Aim A - To understand and exceed customer expectations.

Strategic Aim B - To provide quality homes and maintain a viable asset base.

Strategic Aim C - To continuously develop and grow Trust as a thriving and sustainable business.

- **Our Values**

Innovative - **Aspirational** - **Collaborative** - **Agile**

All our values combine to provide our ethos which is quite simple – **“To care about people.”** We are in the people business and it’s our job to improve people’s lives as best we can. This means for staff as well as residents so that quality services are delivered by staff who enjoy their job and have a commitment to improving the lives of the people whom they serve. The model is perhaps best described graphically, as shown below:



- **New Leadership Structure**

Underpinning our new Business Strategy we completely restructured our management systems to both reduce overhead and operational costs as well as drive through the change process.

By combining departments and changing the way we work, we reduced the number of posts across the organisation at all levels which underlined in the most obvious way possible just how significant a change this represented to the new way of working.

Our management structures changed as a result, with the creation of an Executive Team – comprising the Chief Executive along with the Directors of Customer Services, Business Services and Asset Management Services respectively.

Below this we established the Leadership Team comprising the executive team above, along with five Head of Service posts comprising; the Head of Strategic Services, HR Services, Financial Services, Asset Management Services and Housing and Support Services respectively.

Having developed a dynamic business plan, allied to a talented and innovative management team the final piece of the jigsaw is the appointment of a new Chief Executive to take the organisation to the next level.

After 10 years of driving through the change agenda, Bob McDougall has decided to retire and follow other pursuits safe in the knowledge that the organisation is very much on an upward trajectory and looking forward to a very positive and progressive future.

- **Lobbying on the Health and Social Care Agenda**

Health and Social Care Integration is now moving ahead but without the formal involvement of Housing at the table.

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.

Part of our challenge in future is to continue to promote the opportunities and potential which exists to help health and social care colleagues wrestle with the challenges of hospital discharge and bed blocking.

- **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 were the key commissioners in establishing a national Customer Demand Research Project which has been gathering evidence over the winter/spring of 2014/15 and is due to report in early summer of 2015. For the first time, we will have empirical evidence of just exactly what the current pre retirement generation consider to be the housing priorities they identify for the future and help us shape services which better meet those aspirations.

- **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 2015. 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 £3,239k, of which, £2,029k was a transfer from the service equalisation account. This will increase our revenue reserve. Trust faces further challenges ahead and the Association must be financially sound to meet those challenges going forward. Strengthening our reserves 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 454 members (2014 – 480).

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 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 workforce. The Association recognises that staff need to understand and share the objectives of the Association and seeks to foster good relations with our staff 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 achieve the nationally recognised Investor in Diversity (IiD) standard and a long standing Investor in People (IiP) organisation, Trust is committed to the highest levels of training and development and for ensuring that our workplaces are free from unlawful discrimination of any sort.

We will undergo a full Investors in People (IiP) review in October 2015 and in addition to meeting the full standard we will aim for the additional Bronze Assessment which involves meeting a further 26 requirements. We are firmly committed to the development of our staff through providing comprehensive training and development opportunities. During 2014/15 we delivered over 1,000 training days in a variety of subjects. These included Adult Support and Protection, Load Management, Epilepsy Awareness and we rolled out a programme of Microsoft Office 2010 courses to support IT Software Upgrade. This will continue into 2015 and 2016 to cover all development based staff. Much of the IT training will take place at a local level with individual laptops for each delegate. This has proved a very popular and relevant training course. We continue to roll out the Promoting Excellence Framework at both Skilled and Informed levels, using a combination of pre-course work, discussion and DVD clips. We always strive to communicate with our staff in the most engaging and effective way. With this at the forefront of our mind, we have created our first internal training DVD. It has hints, tips and examples to help staff to deliver their personal plans to tenants. It features our own staff members and tenants as they work through a personal plan. It also gives specific examples of how the plan has helped to improve tenants' lives.

We continue to progress well with our SVQ qualification programme to meet SSSC Registration requirements. At present all of our Service Managers are registered

Trust Housing Association Limited

A Registered Scottish Charity

with SSSC. We applied for a grant from the Voluntary Sector Development Fund and successfully received £18,000 to support this important training programme. At present we have 65% of staff who have achieved their award or are currently studying, with further training scheduled to start throughout 2015. We also have several staff undertaking Professional Qualifications relating to their job roles. We continue to use E-Learning for our Fire Safety training.

Our staff are supported and encouraged to contribute to the objectives of the Association and to achieve their personal development goals in a variety of ways, including regular one to one meetings with their line manager and an annual appraisal.

1.8 Equal Opportunities programme – Funding (2014-15)

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

Older People Services Development Project – has been developed in joint partnership with Hanover (Scotland) and Bield Housing Associations to help and support Black and Minority Ethnic older people gain access to pension benefits and services.

- The project is funded by the **Big Lottery Fund**, for five years for restricted grant funding of **£476,796**. The project started from July 2011 till and will run until July 2016 and has received £97,289 in the financial year 2014/15.

2 Governance

2.1 Board of Management

We have had one resignation from the Board during the year but have not moved to fill the vacancy immediately. To help support and develop good governance we have engaged specialist consultants to work with us during 2015 to help develop a new appraisal system for Board Members. Additionally we have agreed that this work should be expanded to include a skills audit to help assist us with future recruitment. Consequently we have decided to hold the current board vacancy meantime pending our completion of the governance review.

We have recently submitted supplementary information to 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. Our current classification is Medium, similar to the bulk of Associations throughout Scotland.

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 Executive and Leadership Teams.

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
- 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 6 times during the year.

2.2 Statement of Responsibilities of the Board of Management

The Co-Operative and Community Benefit Societies Act 2014 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 Co-Operative and Community Benefit Societies Act 2014, 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 3 (2014 – 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 board members Wendy Wilkinson and Kenny McDonald have continued their employment with the Scottish Government. All transactions with the Scottish Government are made on normal commercial terms, and the board members cannot 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 2014/15. 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 2015/16. 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 2015, and is satisfied that the existing controls and the resources in place to improve these controls are sufficient 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 Executive Team 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 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.

A re-tendering exercise will be carried out for External Audit services for the accounts year ended 2015/16 onwards.

By order of the Board of Management



P Russell
Chair

Date 6 August 2015

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 2015 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 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 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 2015 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 Co-operative and Community Benefit Societies Act 2014, 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 Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion;

- A satisfactory system of control over transactions has not been maintained
- The Association has not kept proper accounting records
- The financial statements are not in agreement with the books of account
- 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

Income and Expenditure Account
for the year ended 31 March 2015

		2015	2014
	<i>Notes</i>	£'000	£'000
Turnover	2	23,183	20,003
Less: operating costs		(19,091)	(17,808)
Operating surplus	7	4,092	2,195
Profit on sale of fixed assets		(82)	-
Interest receivable and other income		13	20
Interest payable and other charges	8	(784)	(739)
Surplus for the year		3,239	1,475

All operations are continuing

The only recognised gains or losses was the surplus for the year.

The notes on pages 21 to 35 form part of these
Financial Statements.

Trust Housing Association Limited

A Registered Scottish Charity

Balance Sheet as at 31 March 2015

	Notes	2015		2014	
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties	9		132,769		129,605
Less: HAG	9		(99,875)		(98,675)
Less: Other public grants	9		(5,895)		(6,153)
			26,999		24,777
Other	9		3,209		3,524
<i>Total fixed assets</i>			30,208		28,301
Current assets					
Debtors	10		1,329		1,548
Cash at bank and in hand			3,385		2,858
			4,713		4,406
Creditors: amounts falling due within one year	11		4,624		7,307
Net current assets/(liabilities)			91		(2,901)
<i>Total assets less current liabilities</i>			30,299		25,400
Creditors: amounts falling due after more than one year	12		(17,412)		(15,751)
Net assets			12,887		9,649
Capital and reserves					
Share capital	14		1		1
Restricted reserves	15		93		96
Revenue Reserve	16		12,794		9,552
			12,887		9,649

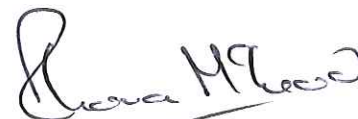
The Financial Statements were approved and authorised for issue by the Board of Management on 6 August 2015 and were signed on its behalf:



P Russell, Chair
6 August 2015



H Pearson, Vice Chair



R McLeod, Secretary

The notes on pages 21 to 35 form part of these Financial Statements.

Trust Housing Association Limited

A Registered Scottish Charity

Cash Flow Statement for the year ended 31 March 2015

		2015		2014	
	Notes	£'000	£'000	£'000	£'000
Reconciliation of operating surplus to net cash inflow from operating activities					
Operating surplus			4,092		2,195
Depreciation charges			1,192		1,173
Provision for Bad Debts			-		-
Movement in service equalisation Accounts			(1,730)		245
Decrease in debtors			219		(513)
(Decrease)/Increase in creditors			(2,668)		(191)
Net cash inflow from operating activities			1,105		2,908
Returns on investments and Servicing of finance					
Capital expenditure	(i)		(771)		(720)
Financing	(i)		(1,451)		(3,338)
			(1,117)		(1,150)
Increase/(Decrease)in cash			1,645		1,584
			528		434
<i>(Cash is defined as cash in hand and deposits repayable on demand)</i>					
Reconciliation of net cash flow to Movement in net debt					
	(ii)				
(Decrease)/Increase in cash in the period			528		434
Cash to repay housing loans		1,855		916	
Cash acquired as housing loan		(3,500)		(2,500)	(1,584)
Change in net debt			(1,117)		(1,150)
Net debt at 1 April 2014			(13,841)		(12,691)
Net debt at 31 March 2015			(14,958)		(13,841)

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Cash Flow Statement for the year ended 31 March 2015

(i)	Gross cash flows	2015		2014	
		£'000	£'000	£'000	£'000
	Returns on investments and servicing of finance				
	Interest received	13		20	
	Interest paid	(784)		(739)	
			(771)		(720)
	Capital expenditure				
	Payments to acquire tangible fixed assets	(4,439)		(5,197)	
	Receipt of HAG and other grants	20		1,689	
	Receipts from sales of shared ownership properties	-		-	
	Receipts from sale of Southbank units	2,869		-	
	Receipts from sales of other fixed assets	99		-	
			(1,451)		(3,508)
	Financing				
	Loans acquired	3,500		2,500	
	Loans repaid	(1,855)		(916)	
			1,645		1,584
(ii)	Analysis of changes in net debt				
		At			At
		1 April	Cash	Other	31 March
		2014	Flows	Changes	2015
		£'000	£'000	£'000	£'000
	Bank and short term deposits	2,858	527	-	3,385
	Debt due within 1 year	(947)	15	-	(932)
	Debt due after 1 year	(15,751)	(1,661)	-	(17,412)
	Total	(13,841)	(1,118)	-	(14,958)

Trust Housing Association Limited

A Registered Scottish Charity

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

Trust Housing Association Limited

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Lifts	30 years
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

Following changes to our pension arrangements in 2013/14 we now have the following arrangements in place.

1. SHAPS DC scheme – comprised mainly of former SHAPS DB scheme members with employer contributions of 6% of salary + employee contributions.
2. A small number of personal pensions where the contributions are as in 1. Above.
3. Our auto-enrolment scheme with the Peoples Pension which is on entry level scheme with contributions at 1% for both employee and employer.

None of the schemes create any liability to Trust beyond the contribution payments outlined above.

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Accounts (continued)

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 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.

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.

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Accounts (continued)

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
	£'000	£'000	£'000	£'000
Social letting	20,661	16,567	4,094	2,106
Other activities	2,522	2,524	(2)	89
Total	23,183	19,091	4,092	2,195

Trust Housing Association Limited

A Registered Scottish Charity

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	Supporting People 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	-	-	2,345	-	2,345	-	2,336	9	141
Other activities									
Other activities : Equal Opportunities	-	123	-	-	123	-	154	(31)	(21)
Other activities : Recoverable VAT	-	15	-	-	15	-	-	15	-
Other activities : Arran Care and Repair	-	36	-	-	36	-	33	3	(34)
Other activities : Donations	-	-	-	3	3	-	-	3	2
Total from other activities	-	174	2,345	3	2,522	-	2,524	(2)	89
Total from other activities for the previous period of account	-	204	2,498	2	2,704	-	2,616	89	

Notes to the Accounts (continued)

4. Income from Lettings

	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Ownership £'000	2015 Total £'000	2014 Total £'000
Rent receivable net of identifiable Services charges	1,100	7,953	84	9,137	8,684
Service charges receivable (eligible for housing benefit)	30	7,727	1	7,758	5,368
Service charges receivable (not eligible for housing benefit)	12	4,115	-	4,127	3,605
	1,142	19,795	85	21,022	17,657
Gross rents receivable					
Less: Rent losses from voids	(14)	(393)	-	(407)	(459)
Net rents receivable	1,128	19,402	85	20,615	17,198
Revenue grants from local authorities & other agencies	-	46	-	46	101
Total turnover from social letting activities	1,128	19,448	85	20,661	17,299
Expenditure on letting activities					
Service costs	27	8,334	1	8,362	7,367
Planned and cyclical maintenance including major repairs costs	23	519	4	546	432
Management	544	3,479	14	4,037	4,839
Reactive maintenance	80	1,548	10	1,638	1,431
Depreciation & Impairment of social housing	67	846	14	927	805
Major repairs expenditure	-	329	-	329	173
Stock condition surveys	-	43	-	43	80
Miscellaneous costs	-	686	-	686	65
Operating costs for social letting activities	741	15,783	43	16,567	15,192
Operating surplus for social lettings	387	3,665	42	4,094	2,106

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Accounts (*continued*)

5. Officers' Emoluments

	2015 £'000	2014 £'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)	579	450
Payments as compensation for loss of office	-	39
	579	489
	2015 £'000	2014 £'000
Emoluments (excluding pension contribution) of the Chief Executive Officer amounted to:	80	77
Pension Contributions of the highest paid Officer amounted to:	4	6
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:	No. of Officers	No. of Officers
£60,001 to £70,000	3	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 £26,491 (2014 £25,851).		
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.	3	4
	3	4

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Accounts (continued)

6. Employee Information

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

	2015 Number of staff	2014 Number of staff
Office staff	74	85
Development based staff	218	225
	<u>292</u>	<u>310</u>

The average number of staff employed during the year was:

	Number of staff	Number of staff
Office staff	81	96
Development based staff	465	437
	<u>546</u>	<u>533</u>

	£'000	£'000
Staff costs (including directors emoluments):		
Wages and salaries	7,997	8,300
Social Security costs	508	530
Pension costs	1,062	638
	<u>9,568</u>	<u>9,468</u>

7. Operating Surplus

	£'000	£'000
Operating surplus is stated after charging:		
Depreciation	1,192	1,172
Repairs: cyclical, planned and day to day	2,507	2,033
Auditors' remuneration – audit services	16	16
	<u>16</u>	<u>16</u>

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	<u>784</u>	<u>739</u>

Trust Housing Association Limited
A Registered Scottish Charity

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	2015 Total £'000	2014 Total £'000
<i>Cost</i>						
At beginning of year	135,949	441	5,571	141,961	141,961	137,558
Additions	2,590	-	5,018	7,608	7,608	8,659
Disposal	(925)	-	(2,869)	(3,794)	(3,794)	(675)
Transfers	3,445	-	(3,547)	(102)	(102)	(3,581)
At end of year	141,059	441	4,173	145,673	145,673	141,961
<i>Depreciation</i>						
At beginning of year	12,354	2	-	12,356	12,356	10,348
Charge for year	881	1	-	882	882	849
Grant Amortisation Adj	-	-	-	-	-	1,597
Disposals during year	(334)	-	-	(334)	(334)	(438)
At end of year	12,901	3	-	12,904	12,904	12,356
<i>Net Book Value</i>						
At beginning of year	123,595	439	5,571	129,605	129,605	127,210
At end of year	128,158	438	4,173	132,769	132,769	129,605
HAG and Other Grants						
At beginning of year	101,146	386	3,296	104,827	104,827	104,178
Additions during year	-	-	20	20	20	2,521
Disposals during year	(162)	-	-	(162)	(162)	(68)
Amortisation of grant transfer	-	-	-	-	-	(1,596)
Transfers	965	-	122	1,087	1,087	(207)
At end of year	101,949	386	3,437	105,773	105,773	104,828

Notes to the Accounts (continued)

	Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Development Furniture £'000	Total Other Assets £'000	2015 Total £'000	2014 £'000
Cost							
At beginning of year	3,955	63	2,066	993	7,077	7,077	6,577
Additions during year	1	-	95	131	226	226	683
Accruals	-	-	8	-	8	8	-
Disposals during year	(264)	-	(26)	(38)	(328)	(328)	(183)
Transfers	-	-	-	-	-	-	-
At end of year	3,691	63	2,143	1,086	6,983	6,983	7,077
Depreciation							
At beginning of year	1,648	63	1,642	201	3,553	3,553	3,230
Charge for year	74	-	144	98	315	315	323
Disposals during year	(67)	-	(26)	(1)	(94)	(94)	-
At end of year	1,654	63	1,760	298	3,775	3,775	3,553
Net Book Value							
At beginning of year	2,308	-	424	792	3,524	3,524	3,347
At end of year	2,037	-	383	788	3,209	3,209	3,524

Development allowances received in the year amounted to £58,837 (2014: £52,307).

Notes to the Accounts (continued)

10. Debtors

	2015	2014
	£'000	£'000
Amounts falling due within one year:		
Rental debtors	390	454
Other debtors	780	925
Prepayments and accrued income	160	169
	<u>1,329</u>	<u>1,548</u>

11. Creditors due within one year

	2015	2014
	£'000	£'000
Rent in advance	175	134
Housing loans	932	947
Other taxation and social security	145	166
Creditors and accruals	2,337	3,295
Service Equalisation Account	1,036	2,765
	<u>4,624</u>	<u>7,307</u>

12. Creditors due after more than one year

	2015	2014
	£'000	£'000
Housing loans	<u>17,412</u>	<u>15,751</u>

Housing loans:

	2015	2014
	£'000	£'000
In one year or less	932	947
Between one and two years	932	947
Between two and five years	2,796	2,841
In five years or more	13,683	11,963
	<u>18,343</u>	<u>16,698</u>

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

Our loan debt at 31 March 2015 comprised:

- Loans from Nationwide with a balance of £5.26m, 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 £9.50m, with repayments concluding from 2019 to 2031, at both fixed and variable rates for the duration of the loans.
- A loan with Unity Trust Bank of £3.59m which is at a variable interest rate.

Trust Housing Association Limited

A Registered Scottish Charity

Notes to the Accounts (continued)

13. Rent Arrears and Rent

	2015	2014
Rent arrears	£447,995	£524,910
Average monthly rent	£291	£283
Average rental increase	2.5%	4.4%

14. Called Up Share Capital

	2015	2014
	£	£
Shares of £1 each issued and fully paid:		
At beginning of year	1,062	1,044
Movement during year	5	18
At end of year	<u>1,067</u>	<u>1,062</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 2014	96
Transfer to revenue reserve	(3)
Closing balance as at 31 March 2015	<u>93</u>

16. Reconciliation of Movement in Accumulated Surplus

	£,000	£,000
Revenue reserve as at 1 April 2014		9,552
Surplus		3,238
Transfer from restricted reserves	<u>3</u>	
Revenue reserve carried forward		<u>12,794</u>

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

	2015	2014
	No. of Units	No. of Units
Housing accommodation	347	352
Supported accommodation	2,223	2,217
Shared ownership	8	9
Total number of units	<u>2,578</u>	<u>2,578</u>

18. Accommodation Managed by Others

Name of Managing Body	2015	2014
Leonard Cheshire Foundation	16	16
Southbank	21	-
Glasgow (Pollock) Bield	15	15
Stirling (awaiting conversion – not let)	12	12
Total number of units	<u>64</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 Co-Operative & Community Benefit Societies Act 2014 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 £219k and incurred costs of £237k. Gross assets of the subsidiary as at 31 March 2015 were £110k and the subsidiary had net liabilities of £94k. In the year the Association paid expenses of £37k (2014: £65k) on behalf of the subsidiary, purchased services totalling £17k (2014: £27k) from the subsidiary and was recharged £109k (2014: £107k) by the subsidiary for services provided on the Association's behalf.

At the year end, an amount of £161k was outstanding (2014 £250k).

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

Trust Housing Association Limited

A Registered Scottish Charity

20. Capital and Other Commitments	2015	2014
	£'000	£'000
Capital Expenditure that has been contracted for but has not been provided for in the accounts	<u>512</u>	<u>4,766</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 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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 2014. As of this date the estimated employer debt for Trust was £25.997m.

Trust Housing Association Limited

A Registered Scottish Charity

The contingent liability from component replacements is £533,721 as at 31st March 2015. The liability as at 31st March 2014 was £372,023.

24. Post Balance Sheet Events

There are no post balance sheet events.

Trust Housing Association Limited

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The Scottish Housing Regulator Registered No.
HEP 143

Trust Housing Association is a Registered
Scottish Charity No. SC009086



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